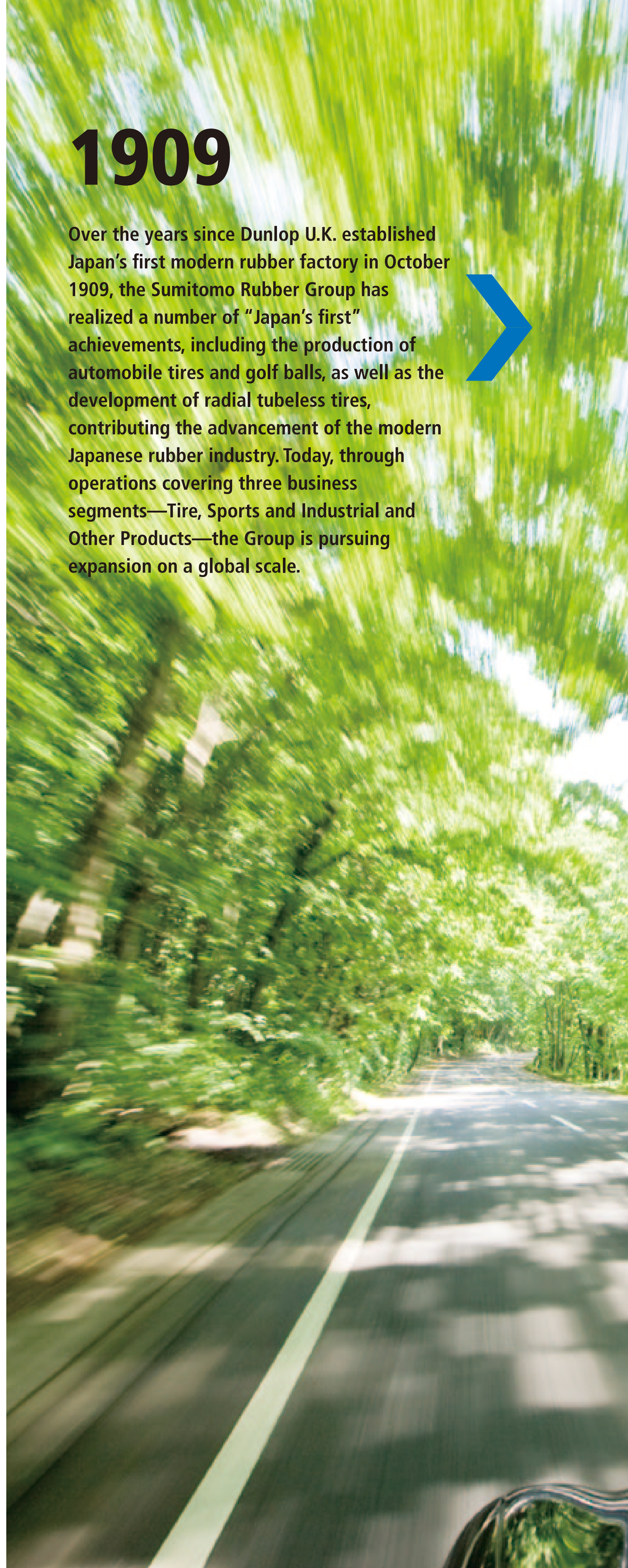
SUMITOMO RUBBER GROUP

Annual Report **2011**

SUMITOMO RUBBER INDUSTRIES, LTD.

Contents

Cautionary Statements with Respect to Forward-Looking Statements
Statements made in this annual report with respect to Sumitomo Rubber Industries, Ltd.'s current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Sumitomo Rubber. These statements are based on the Company's and the Group's assumptions and beliefs in light of the information currently available to them. Sumitomo Rubber cautions that a number of potential risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements and advises readers not to place undue reliance on them.



1909

Over the years since Dunlop U.K. established Japan's first modern rubber factory in October 1909, the Sumitomo Rubber Group has realized a number of "Japan's first" achievements, including the production of automobile tires and golf balls, as well as the development of radial tubeless tires, contributing the advancement of the modern Japanese rubber industry. Today, through operations covering three business segments—Tire, Sports and Industrial and Other Products—the Group is pursuing expansion on a global scale.

2015

In line with the Sumitomo Rubber Group Long-Term Vision, in which we have set fiscal 2015 as the year for attaining our targets, we aim to maximize our corporate value through sustainable growth. Specifically, we intend to become a corporate group that generates superior corporate value through the application of our proprietary competencies, namely, our front-line operational skills, leading development capabilities, and technological expertise, in addition to achieving the industry's top earnings power. Reflecting efforts to expand its global business and earnings capabilities, the Sumitomo Rubber Group achieved record-high sales and profit in fiscal 2011.

GEARING UP FOR THE NEXT PHASE OF GROWTH

FISCAL 2015 LONG-TERM VISION

Net sales	¥800 billion
Operating income ratio	10% or more
Equity ratio	40%
ROE	15% or more

The Sumitomo Rubber Group operations cover three business segments: Tire, Sports and Industrial and Other Products. In the Tire business, the Group boasts a high share of the domestic fuel-efficient tire market and is expanding its market presence overseas, mainly in Asian countries. In the Sports business, the Group develops premium golf goods and tennis equipment under brands tailored to specific regional needs. In the Industrial and Other Products business, the Group is striving to expand sales of medical rubber parts and anti-vibration dampers, areas of great growth potential.

Composition of Net Sales by Business Segment

Tire Business

87%

DUNLOP
FALKEN
GOODYEAR

Sports Business

9%

XXIO
SRIXON
Cleveland GOLF

Industrial and Other Products Business

4%

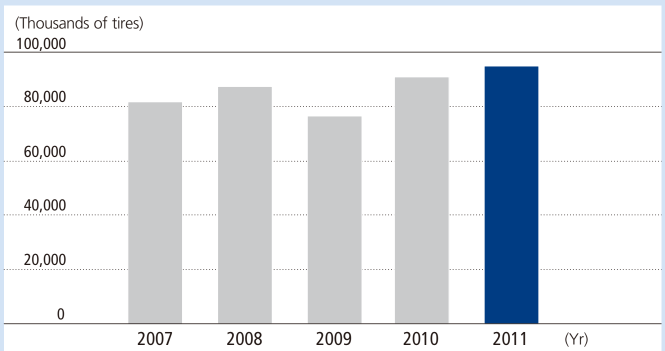
MIRAIE
Gripcoat
Hibrid-Turf

History

1909	1913	1954	1963	1966	1984
Dunlop U.K. established Japan's first modern rubber factory. Began production of bicycle tires and tubes, and solid rickshaw tires	Produced Japan's first automobile tire	Developed Japan's first tubeless tire	Sumitomo assumed management of company. Changed name to Sumitomo Rubber Industries, Ltd.	Started mass-production of Japan's first radial tire "SP3"	Acquired six tire plants in UK, Germany and France as well as Dunlop Tyre Technical Division in UK

Tire Sales Volume

94,880 thousand tires

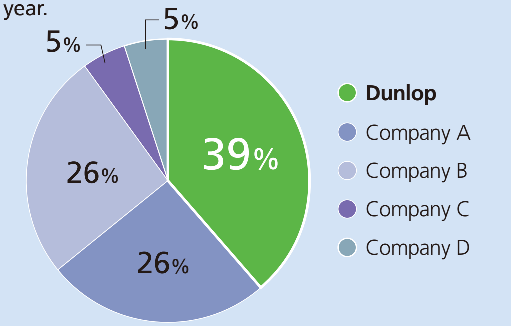


During fiscal 2011, the domestic sales volume of tires for original equipment markets declined year on year following the Great East Japan Earthquake. However, demand for tires for domestic replacement, overseas original equipment and overseas replacement markets showed steady growth, leading to the total volume of sales in the Tire business rising by about 4,010 thousand tires from the previous fiscal year.

Position in Japan's Fuel-Efficient Tire Market

According to the JMA Research Institute's survey of fuel-efficient tire* sales volume by maker, conducted through the top two domestic automobile goods store chains handling tires, Dunlop held 39% of the fiscal 2011 market, thus claiming the highest market share for the second consecutive year.

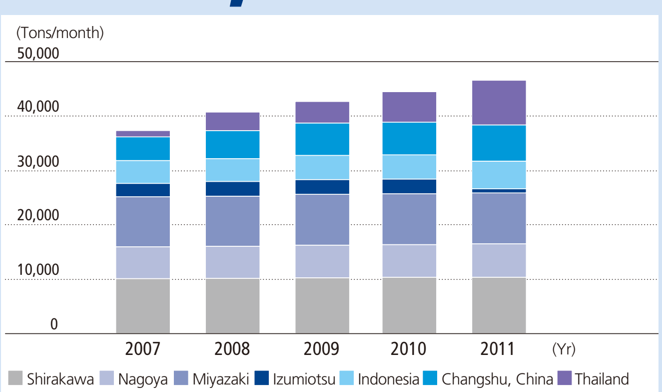
No. 1



* Tires that meet criteria for rolling resistance and gripping performances stipulated by the Japan Automobile Tyre Manufacturers Association, Inc. (JATMA)

Tire Production Capacity

46,550 tons/month

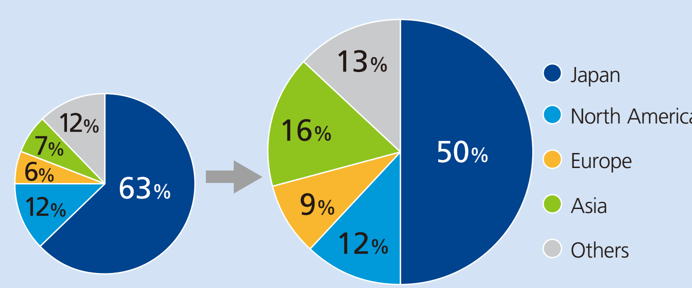


In the Tire business, Sumitomo Rubber Industries constantly works to achieve an optimal global production system with the aim of enhancing supply capacity and cost competitiveness in growing markets. Owing to such efforts, the Group's ratio of overseas to overall production capacity as of fiscal 2011 rose to 43%.

Overseas Sales Ratio

In the Tire business, global sales are steadily growing, particularly in Asian markets. In the Sports business, the Sumitomo Rubber Group is seeing brisk sales expansion in North America, Europe and Asia. Reflecting these trends, the overseas sales ratio reached 50% in fiscal 2011.

50%



Overseas sales ratio 37%
2006

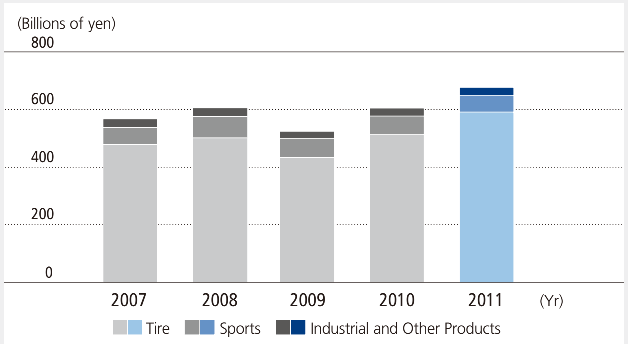
Overseas sales ratio 50%
2011

1986	Acquired Dunlop Tire Corporation in the U.S.
1999	Formed alliance in tire business with The Goodyear Tire and Rubber Company of the U.S.
2003	Merged with The Ohtsu Tire & Rubber Co., Ltd. Established SRI Sports Limited (now Dunlop Sports Co. Ltd.) and SRI Hybrid Limited
2006	Introduced the Sumitomo Rubber Group Long-Term Vision
2009	Celebrated the Company's 100th anniversary
2010	Integrated Dunlop Falken Tyres Ltd. and SRI Hybrid Limited

Net Sales

¥676.9 billion

Year on Year
+12.0%

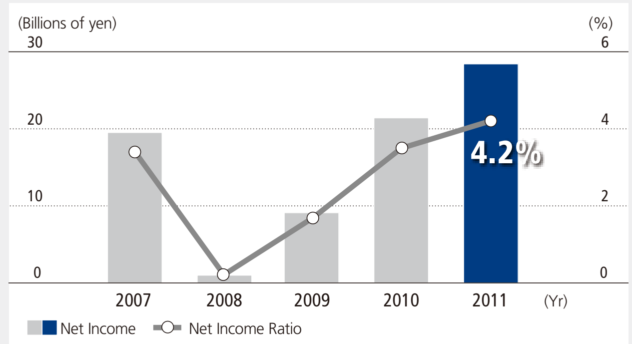


Net sales grew 12.0% year on year to ¥676.9 billion due to strong sales of tires both in Japan and overseas.

Net Income and Net Income Ratio

¥28.4 billion

Year on Year
+32.5%

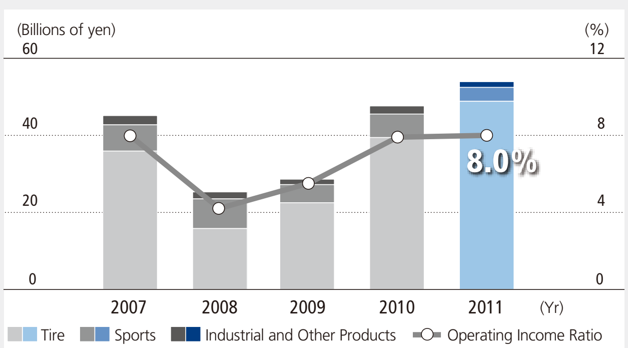


Net income surged 32.5% year on year to ¥28.4 billion, despite a loss on disaster amounting to approximately ¥4.7 billion as a result of the Great East Japan Earthquake and the eruption of Mount Shinmoe in the Kirishima mountain range.

Operating Income and Operating Income Ratio

¥53.9 billion

Year on Year
+13.4%

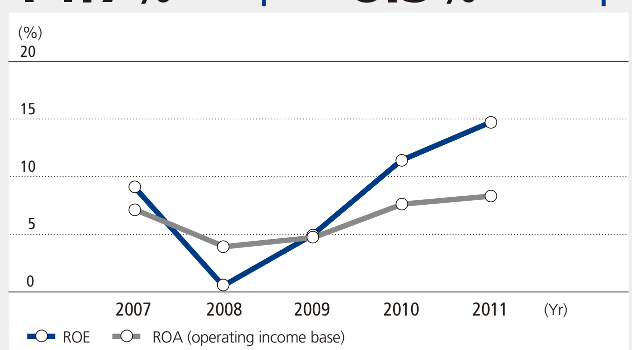


Operating income rose 13.4% year on year to ¥53.9 billion, owing to efforts to shift a greater portion of escalating raw material prices to sales prices as well as to improve the sales volume and product mix in the mainstay Tire business.

ROE and ROA

ROE
14.7%
Year on Year
+3.3pt

ROA
8.3%
Year on Year
+0.6pt



ROE grew 3.3 percentage points year on year to 14.7%, while ROA edged up 0.6 of a percentage point to 8.3% along with an increase in total assets.

2011

Jan. Company **Acquired the industry's first certification for a globally integrated ISO 14001 environmental management system**

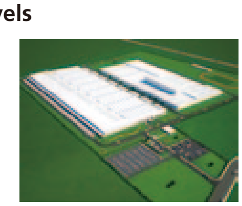
Mar. Tire **Held a groundbreaking ceremony for the Group's second tire factory in China in Changsha City, Hunan Province**

Tire **The Shirakawa Factory was damaged by the Great East Japan Earthquake**

Company **Tetsuji Mino assumed the post of Chairman of the Board and Representative Director and Ikuji Ikeda the President and CEO, Representative Director**

Apr. Tire **Restored the Shirakawa Factory to pre-quake operational levels**

May Tire **Established a tire production subsidiary in Brazil**

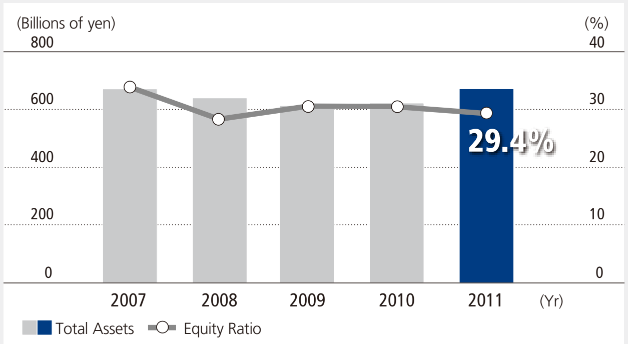


Oct. Tire **Received the Good Design Award for the LE MANS 4 fuel-efficient tire, which employs a special noise-absorbing sponge**

Total Assets and Equity Ratio

¥671.6 billion

Year on Year **+¥49.4 billion**

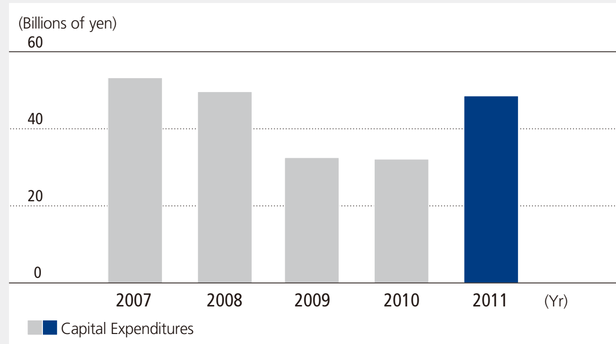


Total assets climbed ¥49.4 billion year on year to ¥671.6 billion due mainly to an increase in inventories along with escalating raw material prices.

Capital Expenditures

¥48.5 billion

Year on Year **+¥16.5 billion**

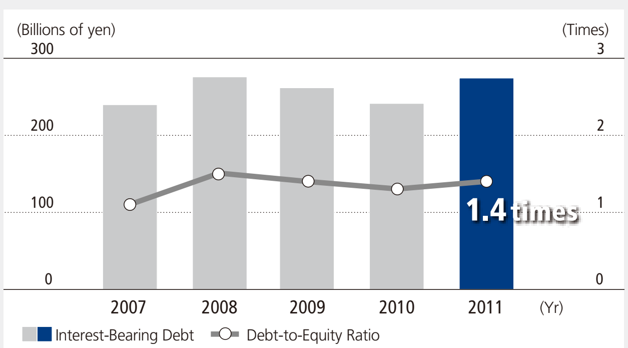


Total capital expenditures grew ¥16.5 billion year on year to ¥48.5 billion due mainly to investments aimed at increasing tire production capacity.

Interest-Bearing Debt and Debt-to-Equity Ratio

¥274.2 billion

Year on Year **+¥33.0 billion**

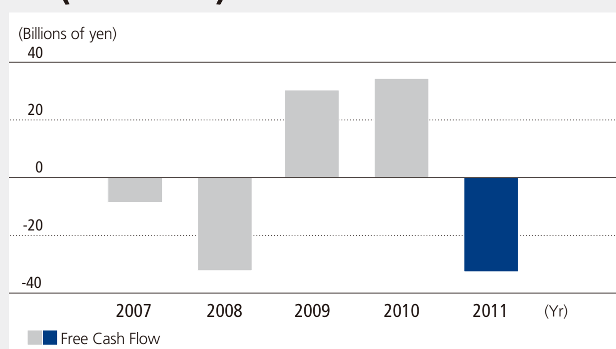


Interest-bearing debt as of the fiscal 2011 year-end increased ¥33.0 billion year on year to ¥274.2 billion, reflecting new debt financing and the issuance of bonds to procure funds.

Free Cash Flow

¥(32.6) billion

Year on Year **-¥66.9 billion**



Free cash flow for fiscal 2011 was a negative ¥32.6 billion. This was attributable mainly to cash outflows related to expanding production capacity outstripping total cash inflows.

Dec.

Sports **Launched the XXIO 7, the XXIO brand's seventh generation golf club**

Tire **Completed the prototype of a 100% fossil resource-free tire**

Tire **Released the ENASAVE PREMIUM fuel-efficient tire, which received an AAA classification under the tire labeling system for its rolling resistance**

Tire **Established 4D NANO DESIGN, a new material development technology**

Company **Received the Thomson Reuters 2011 Top 100 Global Innovator Award**

In Line with Its Long-Term Vision, the Sumitomo Rubber Group Will Endeavor to Further Enhance Earnings Capabilities

Attaining Record-High Sales and Profit

In the fiscal year ended December 31, 2011, the Sumitomo Rubber Group continued to face harsh operating conditions. Among the factors contributing to the situation were major price hikes for such raw materials as natural rubber, which saw prices reach a historic high in the beginning of fiscal 2011. In addition, domestic automobile production fell year on year due to the Great East Japan Earthquake while severe floods cramped production in Thailand.

Addressing the situation, the Sumitomo Rubber Group worked quickly to restore factory and business sites damaged by the Great East Japan Earthquake as well as to further enhance its earnings capabilities by expanding sales of high-value-added products, including fuel-efficient tires; reinforcing production capacity at various overseas factories; and making across-the-board efforts to improve productivity and reduce costs.

Reflecting these efforts, consolidated net sales in fiscal 2011 grew 12.0% year on year to ¥676,904 million and operating income rose 13.4% to ¥53,924 million. During the fiscal year under review, the Sumitomo Rubber Group recorded a ¥4,697 million loss on disaster due to the Great East Japan Earthquake and the eruption of Mount Shinmoe in the Kirishima mountain range. Despite such loss, consolidated net income surged 32.5% year on year to ¥28,386 million. Thus, the Group's sales and profit for the year under review were record highs.

Progress in Implementing Our Management Policy

In our previous annual report, we introduced a management policy in line with our Long-Term Vision. This policy was broken down into five themes aimed at realizing dynamic growth amid a rapidly changing environment. In this report, I would like to describe our progress under two of these themes, namely, the "establishment of international business structure" and the "consolidation of earnings and financial foundations to support growth path."

Management Policy Themes

1. Structural reform based on a long-range outlook
2. Establishment of international business structure
3. Consolidation of earnings and financial foundations to support growth path
4. Value sharing
5. Nurturing next-generation top management

Establishment of International Business Structure

In the Tire business, we are striving to reinforce our global supply system to meet rising demand, particularly in emerging nations. As part of such efforts, we are constructing a second factory in China—now the world's second largest automobile market—that is scheduled to come on line in July 2012. In addition, we decided to establish a tire factory in Brazil that will be the Group's first such manufacturing base for the Latin American market, initiating construction in January 2012. Furthermore, our factory in Thailand, which serves as a key base for the Group's global business development, has been expanding its production capacity and is expected to become one of the largest tire factories in the world. Sumitomo Rubber Industries is currently planning the construction of another new tire factory and will announce details of the plan in the current fiscal year.

In the Sports business, we are proactively developing businesses in the extensive U.S. market as well as the growing Asian market. During fiscal 2011, we increased the market share enjoyed by our golf balls in the United States while expanding sales in the burgeoning Chinese market. We also established a sales subsidiary in South Korea, the world's third largest golf goods market, in preparation for meeting local needs.

In the Industrial and Other Products business, our global business bases are steadily taking root. Our rubber glove production factory in Malaysia celebrated its 30th anniversary in 2011 and the Zhongshan Factory in China, which manufactures precision rubber parts for printers and photocopiers, marked its 10th anniversary.

Consolidation of Earnings and Financial Foundations to Support Growth Path

Under our Long-Term Vision, in which have set fiscal 2015 as the year for attaining our targets, we aim to "realize the industry's top earnings power." One of the numerical targets we set ourselves was achieving an operating income ratio of 10% or greater. Given the changes in the competitive environment, however, we need to reconsider this target, making 10% a milestone and aiming for a higher objective.

Numerical Targets and Achievements under the Long-Term Vision and the Medium-Term Management Plan

(Billions of yen)

	2007	2008	2009	2010	**2011**	2012 Target	2015 Target
Net sales	¥567.3	¥605.0	¥524.5	¥604.5	**¥676.9**	**¥700.0**	**¥800.0**
Operating income Operating income ratio	45.1 8.0%	25.7 4.2%	28.7 5.5%	47.6 7.9%	**53.9** **8.0%**	**62.0** **8.9%**	**10% or more**
Net income Net income ratio	19.5 3.4%	1.0 0.2%	9.1 1.7%	21.4 3.5%	**28.4** **4.2%**	**28.0** **4.0%**	**5% or more**
ROA (operating income base)	7.1%	3.9%	4.6%	7.7%	**8.3%**	**9.0%**	**10% or more**
ROE	9.1%	0.5%	4.9%	11.4%	**14.7%**	**13.0%**	**15% or more**
Interest-bearing debt	¥239.6	¥275.7	¥261.6	¥241.3	**¥274.2**	**¥260.0**	**¥200.0**
Equity ratio	33.9%	28.3%	30.5%	30.5%	**29.4%**	**35.0%**	**40.0%**
Debt-to-equity ratio	1.1 times	1.5 times	1.4 times	1.3 times	**1.4 times**	**1.1 times**	**0.7 times**

Amid a severe business environment encompassing the ongoing appreciation of the yen and raw material price hikes, Sumitomo Rubber Industries must work quickly to improve its current profit ratio in order to gain a competitive edge. Therefore, we need to secure "New Earnings" and, to this end, are currently engaged in "NEXT" activities.

As part of our "NEXT" activities, we are applying our proprietary technologies, such as eco-friendly technology, proven new production system and simulation technology, in our global business development initiatives to secure "New Earnings." As one of our medium- to long-term objectives, we aim to make efficient use of such "New Earnings" to promote "Total Optimization" across the board to achieve higher profit. To achieve this goal, we have established three targets: (1) boosting our competitive edge in the eco-friendly tire market; (2) enhancing cost-competitiveness and (3) increasing our technological advantage.

NEXT Activities

New Earnings	X	**Total Optimization**
Securing Next Earnings		Promoting Total Optimization

●Boosting Our Competitive Edge in the Eco-Friendly Tire Market

Responding to the tire labeling system* introduced in Japan in January 2010, Sumitomo Rubber Industries released ENASAVE series fuel-efficient tires in various sizes. The series has rapidly gained a leading position in the domestic fuel-efficient tire market. Moving forward and avoiding complacency with this success, we launched the ENASAVE PREMIUM tire in February 2012, which received an AAA classification under the tire labeling system for its rolling resistance. We will continue to strive to expand the fuel-efficient tire lineup.

In the current fiscal year, we are increasing our focus on global business development with regard to the ENASAVE brand. Starting with the Asian region, we will introduce the ENASAVE fuel-efficient tire in Thailand, China and Indonesia.

As a medium- to long-term theme in the development of fuel-efficient tires, we are aiming for a tire with half the rolling resistance of a conventional tire. Currently, we are making a steady progress with an eye to product release in 2015.

Furthermore, we have been addressing the issue of a fossil resource-free tire that poses minimal environmental burden from either a raw material or fuel cost perspective. Our efforts have been successful—we were able to replace the final 3% of fossil resource content of the ENASAVE 97 tire with naturally sourced ingredients. We presented a prototype of the 100% fossil resource-free tire at the Tokyo Motor Show held in December 2011. We are currently developing mass-production technology for the new tire and are expecting to introduce a commercial model in 2013.

* A labeling guideline to promote fuel-efficient tires

●Enhancing Cost-Competitiveness

We have consistently made achievements in the "ABC [Asian Best Cost] Project," which we launched in 2006. In recent years, however, the escalating prices of natural rubber and crude oil are negating past achievements. Therefore, we are striving to rationalize the entire production processes by using alternative materials, improving productivity and cutting fixed costs on both the production and sales fronts. Simultaneously, we will pursue the further reduction of overall costs from the "Total Optimization" perspective in order to build a structure more tolerant of market changes.

Specifically, we will work to ensure the optimal cost performance of production systems at all times, despite fluctuations in exchange rates and demand. We believe such efficiency will be achieved by standardizing our factories both in Japan and overseas, a move that will ensure that regardless of factory location, the quality and performance of our products will be uniform. This pursuit of the most cost-efficient manufacturing processes will not be limited to certain departments; rather, it will apply across the board. To this end, we have established a team specializing in the global procurement of reasonably priced materials. Through the ABC Project, we are aiming to achieve a competitive edge in emerging nations.

Based on the ABC Project concept, we will adopt a standardized tire manufacturing and sales system throughout the Asian region, including in China and Thailand, in fiscal 2012. We expect that stepped-up mass production in the region will yield reduced costs and improved competitiveness.

●Increasing Our Technological Advantage

In 1992, the Sumitomo Rubber Group launched a department specializing in simulations and has since proactively invested in the development of simulation technologies. Our advanced simulation technologies have been effectively applied in the design of tire tread patterns and golf ball dimples. We have also leveraged the capabilities of the Earth Simulator, a supercomputer, to analyze the nanostructure of materials that might significantly reduce the rolling resistance of tires. In 2012, the K computer, presently ranked as the world's fastest next-generation supercomputer, will come on line in Kobe City. We are planning to create innovative technologies as well as new materials and products by making use of the K computer.

The prototype of the *Taiyo* tire production system was completed in 1996, and we have since been steadily installing and upgrading it at our production facilities. We are currently working on the development of a next-generation production system that represents a considerable advance on the *Taiyo* system and expect our work to be finished by the end of 2012.

In the Industrial and Other Products business segment, we continually work to extend our technological advantages. One result of our efforts to date has been the creation of earthquake tremor absorption dampers made using a proprietary high damping rubber. We have introduced various types of dampers for use mainly in buildings and bridges. During fiscal 2011, we developed the MIRAIE damper for use in the construction of housing, and released it in March 2012.

Increasing Annual Dividends Paid by ¥3 Per Share

Sumitomo Rubber Industries regards the return of profits to shareholders as a priority issue. In light of this, the Company has established a basic policy to ensure long-term sustainable returns to shareholders while comprehensively reviewing the levels of dividend payout ratios on a consolidated basis, performance prospects and retained earnings. For fiscal 2011, we increased the year-end dividend ¥7 per share from the initial forecast of ¥8 per share to ¥15 per share. Combined with an interim dividend of ¥8 per share, annual cash dividends for the fiscal year under review totaled ¥23 per share, a ¥3 increase per share compared with the previous fiscal year. Accordingly, the consolidated payout ratio stood at 21.3%. For fiscal 2012, we plan for an annual cash dividend of ¥23 per share, comprising an interim dividend of ¥10 per share and the year-end dividend of ¥13 per share.

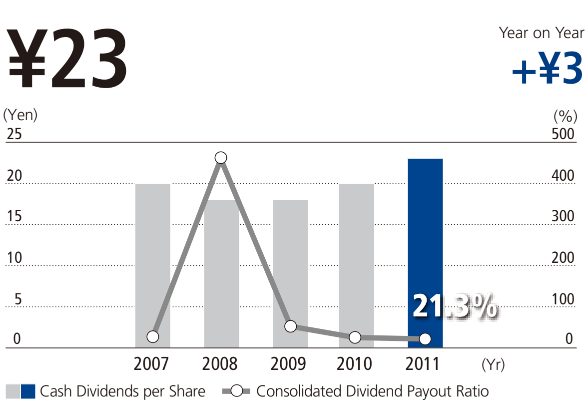
Advancing Toward Higher Goals

In "the Sumitomo Rubber Way," in which our values and principles of action are codified for the entire Group, the principle of "dedication to greater goals" is upheld. Adherence to this principle means that we will always strive to the utmost when pursuing our goals and thus attain greater growth. With all employees working in concert, the Sumitomo Rubber Group will strive to further enhance its earnings capabilities as it strives toward achieving the Long-Term Vision.

We will also fulfill our numerous social responsibilities, including in the areas of environmental preservation and compliance, to become a corporate group that meets society's expectations and wins its trust by delivering "genuine value."

We sincerely ask for your continued understanding and support.

Cash Dividends per Share and Consolidated Dividend Payout Ratio



Ikuji Ikeda
President and CEO, Representative Director

EXPANDING THE ECO-FRIENDLY TIRE LINEUP

On the back of rising environmental awareness and tightening environmental regulations for automobiles, it is anticipated that the use of eco-friendly tires will expand in the near future. In order to establish a competitive edge in this market, Sumitomo Rubber Industries is aggressively developing fossil resource-free and fuel-efficient tires.

100% fossil resource-free

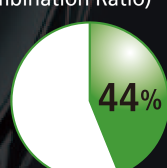
To replace the remaining 3% of fossil resource-based materials in the ENASAVE 97, namely, rubber antioxidants and vulcanization accelerators, Sumitomo Rubber Industries has developed a technology for synthesizing material compounds from biomass materials using a special catalyst. The Company also succeeded in adopting plant-based oil for the production of carbon black with a performance level equivalent to that of conventional carbon black.

What is a fossil resource-free tire?

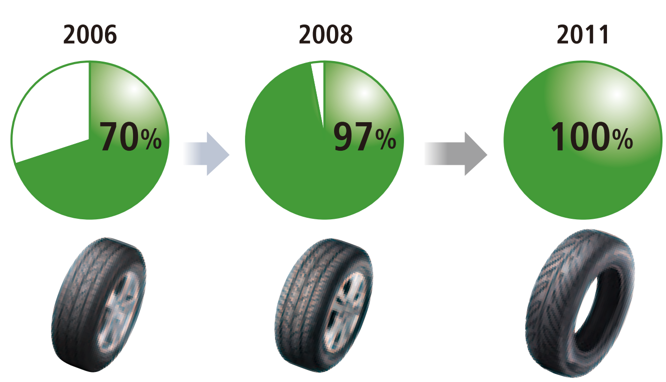
A tire made using a technology that replaces such fossil resources as petroleum and coal with natural materials

•Synthetic rubber	•Natural rubber and modified natural rubber
•Mineral oil	•Plant oil
•Carbon black	•Silica
•Synthetic fiber	•Plant-based fiber
•Antioxidant •Vulcanization accelerator	•Biomass-based material compounds

History of Fossil Resource-Free Tires
(Changes in the Material Combination Ratio)



Standard tire
(Digi-Tyre ECO EC201)



ENASAVE ES801

ENASAVE 97

The 100% fossil resource-free tire prototype

100% Fossil Resource-Free Prototype Tires Completed

The ratio of fossil resource-based materials in general passenger car tires is nearly 60%. It has therefore been an important focus of environmental technology research to develop tires from fossil resource-free materials. To that end, in 2006 Sumitomo Rubber Industries introduced the ENASAVE ES801 tire, which featured a fossil resource-based materials ratio of 70%. In 2008, this ratio was further improved to 97% with the ENASAVE 97 tire. In its recent

Tokyo Motor Show 2011
At the 42nd Tokyo Motor Show 2011 held in December 2011, Sumitomo Rubber Industries presented the latest lineup of the ENASAVE fuel-efficient tire series as well as the prototype of the 100% fossil resource-free tire, demonstrating the Company's state-of-the-art rubber development technology.

efforts, the Company has focused on applying a bio material technology, and it has succeeded in replacing the remaining 3% of the fossil resource-based materials—namely rubber antioxidants, vulcanization accelerators and carbon black—with naturally sourced ingredients, creating a prototype tire that is 100% fossil resource-free. Sumitomo Rubber Industries is currently conducting reliability assessments to test various qualities, including durability, while developing appropriate mass production technology with the aim of launching 100% fossil resource-free tires by 2013.

Sumitomo Rubber Industries to Expand Its Fuel-Efficient Tire Lineup and Commence Overseas Sales

In parallel with the introduction of the official tire labeling system in Japan in January 2010, Sumitomo Rubber Industries enhanced its lineup of fuel-efficient tires, which are offered in various sizes. This helped the Company stay at the top of the list in terms of the sales volume of fuel-efficient tires for two consecutive years.* Aiming to secure this position, in February 2012 Sumitomo Rubber Industries launched the ENASAVE PREMIUM tire, which received an AAA classification** under the tire labeling system for its rolling resistance. The Company also expanded its lineup of ENASAVE brand tires for commercial vehicles with the release of the ENASAVE VAN01 tire for vans in February 2012 and the ENASAVE SP LT38 tire for light trucks in the following month.

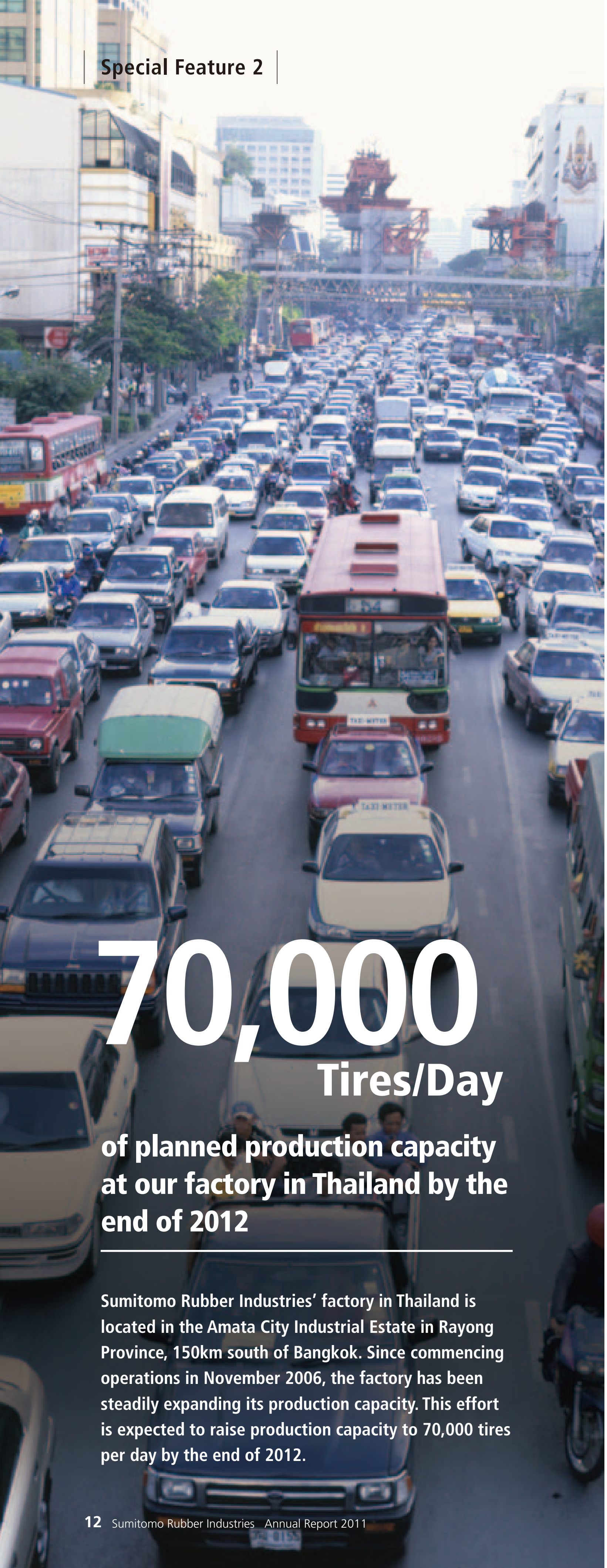
With regard to the global development of fuel-efficient tires, Sumitomo Rubber Industries plans to start introducing the ENASAVE EC503 tire in Thailand, China, India and Indonesia from 2012. In Europe, the Company is preparing to release products that will meet environmental regulations scheduled to be introduced in 2012. In other areas, including North America, the Company is steadily developing products based on relevant environmental regulations and market trends.

* Survey conducted by JMA Research Institute Inc. regarding the sales volume of fuel-efficient tires by manufacturer by two top retailers in 2010 and 2011 in Japan

** Two sizes in the lineup received AA classification

Establishment of New "4D NANO DESIGN" Material Development Technology

For the first time, Sumitomo Rubber Industries applied "4D NANO DESIGN," a new material development technology, to the development of the fuel-efficient rubber used in the ENASAVE PREMIUM tire. 4D NANO DESIGN technology is used to develop materials in a scientific and rational manner by studying the movement of particles on the nano-level in the course of material simulation and analysis. This new technology enables material design and development through the manipulation of materials on the nano-level. Leveraging the 4D NANO DESIGN technology, Sumitomo Rubber Industries will strive to accelerate the development of high-performance tires that can embody both eco-friendliness and safety.



70,000 Tires/Day

of planned production capacity at our factory in Thailand by the end of 2012

Sumitomo Rubber Industries' factory in Thailand is located in the Amata City Industrial Estate in Rayong Province, 150km south of Bangkok. Since commencing operations in November 2006, the factory has been steadily expanding its production capacity. This effort is expected to raise production capacity to 70,000 tires per day by the end of 2012.

STRENGTHENING THE INTERNATIONAL TIRE SUPPLY SYSTEM

The global tire market is expected to grow briskly, particularly in such emerging nations as the BRICs. In order to seize this growth opportunity, Sumitomo Rubber Industries is strengthening its international supply system.

Construction of New Factory in Brazil

In Brazil, Sumitomo Rubber Industries established its first tire factory in the Latin America region, conducting the groundbreaking ceremony in January 2012. Currently, in Brazil and other countries in Latin America, steady economic growth is supporting rapid expansion in the automotive industry that is, in turn, driving up demand for automobile tires. Backed by this factory in Brazil, the Company will strive to reinforce its supply system with an eye to further expanding the tire business in this region. Production is planned to commence in October 2013, and the Company expects to produce 15,000 radial tires for passenger cars per day by the end of 2016.

Overview of the Factory in Brazil

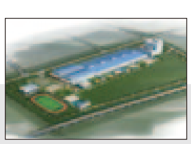
Company name:	Sumitomo Rubber do Brasil Ltda.
Location:	Fazenda Rio Grande City, Parana State
Establishment:	July 2011
Production commencement:	October 2013
Total investment:	Approximately 560 million real (¥28 billion)*
Production capacity:	2,200 tons/month (15,000 tires/day) (planned by the end of 2016)*

* Conversion: 1 real = ¥50 for the first-phase construction

Reinforcing Production Capacity in China and Thailand

With car ownership topping 100 million in China, steady growth is being seen in the nation's automobile industry. Aiming to win in this growing market, Sumitomo Rubber Industries is constructing its second Chinese factory in Hunan Province. The Company commenced test production at this factory in March 2012 in preparation for full-time operations in July.

At the factory in Thailand, which serves as the Company's key export hub for the international tire business, Sumitomo Rubber Industries raised daily production to 40,000 tires in 2010 and expects to expand this figure to approximately 70,000 tires by the end of 2012. Looking to the future, the Company is planning to increase the factory's production capacity to 90,000 tires per day by the end of 2014. The increase in capacity will make this factory one of the world's largest tire production facilities. To further strengthen its tire supply system on a global scale, Sumitomo Rubber Industries will make every effort to promote production expansion ahead of schedule.



Overview of the Second Factory in China

Company name:	Sumitomo Rubber (Hunan) Co., Ltd.
Location:	Changsha City, Hunan Province
Establishment:	September 2010
Production commencement:	July 2012
Total investment:	Approximately US$297 million
Production capacity:	30,000 tires/day 1st phase: 15,000 tires/day by the end of 2014 2nd phase: 30,000 tires/day by the end of 2017

Improving Investment Efficiency by Means of the New *Taiyo* Tire Production System

Sumitomo Rubber Industries' proprietary new *Taiyo* tire production system enables a fully automatic production process within a smaller facility while producing tires with enhanced precision and performance. With *Taiyo*, daily production volume can be flexibly increased in thousand unit increments if demand rises. Therefore, it offers extremely high investment efficiency. Since completing its first *Taiyo* prototype in 1996, Sumitomo Rubber Industries has continued to install and upgrade the *Taiyo* production system. Today, the Company is pursuing the development of a "new production system for the next generation" with the further advance of the *Taiyo* system and is devoting whole-hearted efforts to complete the development of the latest production system by the end of 2012.

30%

of the space needed for conventional production systems is required for the *Taiyo* production system

The 100% fossil resource-free tire prototype

TIRE Business

- Sumitomo Rubber Industries manufactures and sells tires, primarily the Dunlop, Falken and Goodyear brands.
- In 1999, Sumitomo Rubber Industries formed a global tire business alliance with The Goodyear Tire & Rubber Company. This alliance helped generate joint production and sales ventures in Europe and North America while boosting sales in Japan. Other benefits included synergies created through tire technology exchange and the joint procurement of raw materials and manufacturing equipment.

ENASAVE PREMIUM

*Two sizes in the lineup received AA classification

ENASAVE

ENASAVE is Dunlop's eco-friendly tire brand. The name derives from "Energy SAVE," i.e., to conserve fuel, and "NAture SAVE," i.e., to preserve nature.

80%

of Dunlop summer replacement tires are fuel efficient*

* Fuel-efficient tires as defined under the relevant labeling guideline

No. 1

sales volume for fuel-efficient tires for the second consecutive year, Dunlop continues to be a market leader

JMA Research Institute Inc. survey of two top retailers in Japan in 2011 and 2012 regarding the volume of fuel-efficient tire sales by manufacturer

Fiscal 2011 Results

Sales in the Tire business grew 15.0% year on year to ¥591,045 million for the fiscal year under review, while operating income surged 23.9% to ¥48,820 million.

The strong results were attributable to healthy domestic demand for both fuel-efficient and winter tires as well as sales growth in overseas markets.

On the earnings front, Sumitomo Rubber Industries' efforts to improve its product prices, sales volume and product mix yielded an increase in profit despite the ongoing rise in key material prices.

Domestic Replacement Market

Sales in the domestic replacement market increased in fiscal 2011. With regard to the summer tire lineup, the Company strived to expand sales of high-value-added products, including fuel-efficient tires. Specifically, during the fiscal year under review the Company introduced the new LE MANS 4 tire, which is known for fuel efficiency and quietness, ENASAVE series tires under the Dunlop brand and the new GT-Eco Stage tire under the Goodyear brand. The winter tire lineup saw favorable sales growth thanks to unusually heavy snowfalls in the beginning of 2011 as well as strong sales results toward the year-end.

Domestic Original Equipment Market

Despite a substantial drop in automobile production due to the Great East Japan Earthquake and heavy floods in Thailand, domestic original equipment sales rose year on year. This was attributable to the Company's efforts to promote high-value-added products, such as fuel-efficient tires, as well as to revise product prices in accordance with changes in raw material market prices.

Overseas Replacement Market

Despite economic deceleration in Europe and the United States, sales rose year on year due to brisk performances in emerging Asian and Latin American nations as well as Russia. In addition, local sales subsidiaries in Europe made steady progress in expanding marketing channels.

Overseas Original Equipment Market

Reflecting the effects of the Great East Japan Earthquake and heavy floods in Thailand, overseas automobile production saw a temporary decline. Nevertheless, the Company's sales topped those of the previous fiscal year, reflecting stepped-up marketing efforts to increase sales in tandem with growing overseas automobile production, particularly in China.

Fiscal 2012 Outlook

In fiscal 2012, Sumitomo Rubber Industries expects that in terms of volume, sales in the domestic replacement market—which grew vigorously thanks to growth in demand for winter tires in fiscal 2011—to remain on par. On the other hand, the Company expects sales increases in the domestic original equipment, overseas original equipment and overseas replacement markets, and, accordingly, overall sales in the Tire business segment are forecasted to grow. In the domestic market, Sumitomo Rubber Industries will introduce new products that will further enhance the fuel-efficient tire lineup. Overseas, the Company will strive to expand sales, focusing mainly on emerging countries where demand is brisk.

DUNLOP

ENASAVE EC202

FALKEN

ZIEX ZE912

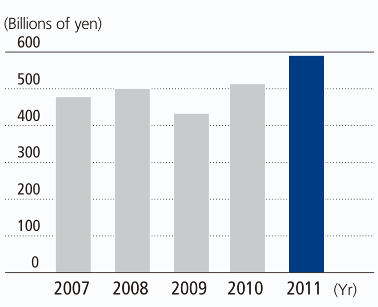
GOODYEAR

GT-Eco Stage

Net Sales

¥591.0 billion

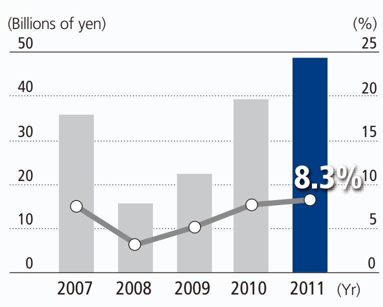
Year on Year **+15.0%**



Operating Income and Operating Income Ratio

¥48.8 billion

Year on Year **+23.9%**



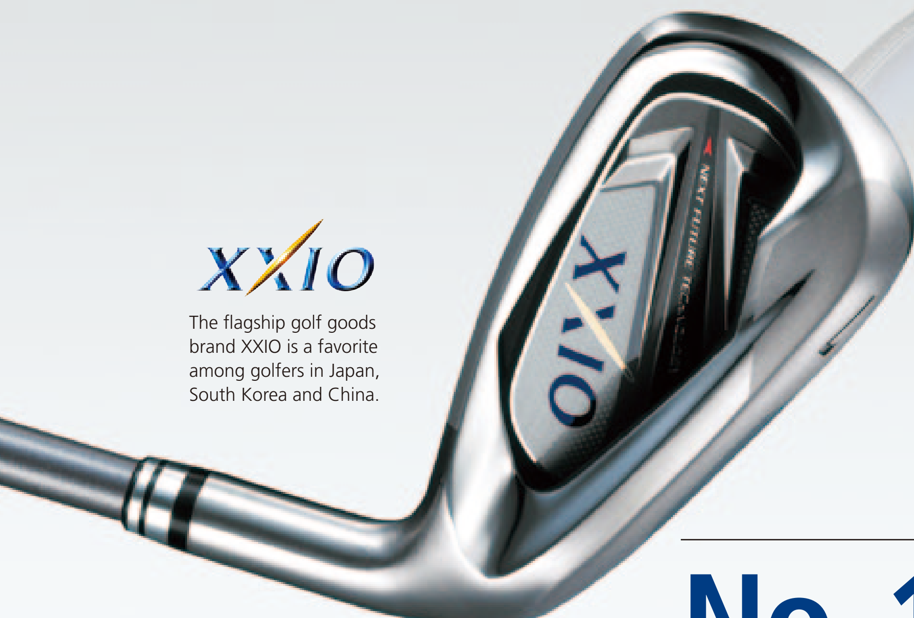
Year-on-Year Increase/Decrease in Tire Sales Volume

	2010	2011
Domestic original equipment	+17%	**-12%**
Overseas original equipment	+53%	**+8%**
Domestic replacement	+6%	**+9%**
Overseas replacement	+21%	**+7%**
Total	+19%	**+4%**
Total sales volume (millions of tires)	90.87	**94.88**

SPORTS Business

- Dunlop Sports Co. Ltd.,* a company spun off from Sumitomo Rubber Industries in 2003, plays a central role in the manufacturing and marketing of such items as golf clubs and golf balls. In the area of tennis equipment, the company offers several products, including rackets and balls.
- In its mainstay golf product lineups, Dunlop Sports has introduced the XXIO, SRIXON and Cleveland Golf brands on a global scale.
- Dunlop Sports was listed on the first section of the Tokyo Stock Exchange.

* In May 2012, SRI Sports Limited changed its corporate name to Dunlop Sports Co. Ltd.



XXIO

The flagship golf goods brand XXIO is a favorite among golfers in Japan, South Korea and China.

No. 1

ranking in terms of value of domestic shipments in 2011 for
- **Golf clubs**
- **Golf balls**
- **Tennis rackets** (tied for first place with rival)
- **Tennis balls**

The 2011 market share forecast based on the Sports Goods Industry 2012 by Yano Research Institute Ltd.

234 golfers in 24 countries worldwide

The number of professional golfers who have entered into goods use agreements with Dunlop Sports

As of March 28, 2012

Fiscal 2011 Results

Sales in the Sports business declined 7.7% year on year to ¥58,365 million, while operating income dropped 40.5% to ¥3,640 million. The decrease reflected weakness in the domestic golf and tennis goods market due to the effects of the Great East Japan Earthquake.

Golf

During the fiscal year under review, the number of golf course users was down from the previous fiscal year due to the Great East Japan Earthquake and heavy snowfalls in early 2011, conditions that caused personal consumption in the overall market to weaken significantly. Overseas, a downturn in consumer confidence was seen in South Korea and Europe despite ongoing market expansion in Southeast Asia and China.

Against this backdrop, Dunlop Sports enjoyed brisk sales of its mainstay XXIO sixth-generation golf clubs in Japan and, in December 2011, released the XXIO 7, the seventh generation in this golf club line. The XXIO 7 made a favorable start with a greater-than-expected sales volume. In golf balls, the SRIXON Z-STAR series, which are used by professional golfer Ryo Ishikawa, and the XXIO Super XD Plus series enjoyed expanded sales, contributing to an increased market share.

In Europe and the United States, the company introduced new golf clubs under the Cleveland Golf brand as well as golf balls under the SRIXON brand. Owing to aggressive sales promotion activities by its subsidiary Cleveland Golf Company, Inc., Dunlop Sports increased its share of the U.S. golf ball market, which is the world's largest.

However, stagnant conditions in the domestic market due to the Great East Japan Earthquake as well as the negative impact of the strong yen resulted in a year-on-year sales decrease for the golf goods business as a whole.

Tennis

During the fiscal year under review, Dunlop Sports enhanced the lineup of tennis rackets it offers under the SRIXON brand while introducing new NEOMAX series rackets under the Dunlop brand. The company also worked to expand sales of Pure Drive series rackets under the Babolat brand. Furthermore, Dunlop Sports endeavored to increase its brand value by entering into goods use agreements with world-class professional tennis players. Despite such efforts, sales of tennis equipment declined year on year.

Fiscal 2012 Outlook

In the midst of economic uncertainty and sluggish private-sector consumption, Dunlop Sports will make concerted efforts to enhance brand value and share in every market in which it operates by offering products that meet front-line needs.

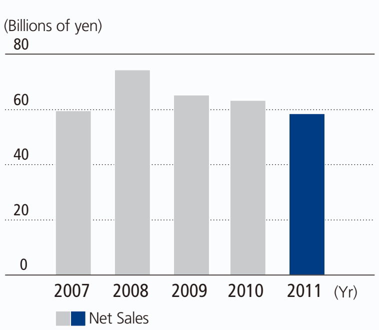
Golf goods under the SRIXON brand, introduced for professional and semiprofessional use, are preferred by leading golfers throughout the world and contribute to their tournament wins.

Introduced in 1979 in the United States, Cleveland Golf's wedges enjoy a high share of the U.S. golf club market.

Dunlop Sports' tennis balls are used in a number of important domestic tournaments

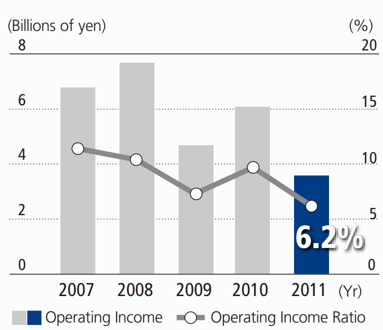
Net Sales

¥58.4 billion Year on Year **-7.7%**



Operating Income and Operating Income Ratio

¥3.6 billion Year on Year **-40.5%**



Sales Breakdown

(Billions of yen)

	2010	2011	Year-on-Year
Clubs	29.8	27.3	-8%
Balls	12.9	11.9	-8%
Shoes and accessories	8.7	7.9	-9%
Golf goods	51.4	47.0	-8%
Tennis goods	6.5	6.1	-6%
Licensing revenue	0.4	0.4	-10%
Sports goods	58.2	53.5	-8%
Others	5.0	4.9	-3%
Total	63.2	58.4	-8%

INDUSTRIAL AND OTHER PRODUCTS
Business

- **With Sumitomo Rubber Industries' Hybrid Rubber Products HQS. as its core, the Industrial and Other Products business offers a wide variety of products encompassing precision rubber parts for printers and photocopiers, high damping rubber, artificial turf for sporting use, floor coating, portable ramps for wheelchair use, rubber gloves, rubber gas tubes, offset printing blankets, marine fenders, rubber valves and medical rubber parts. The Company covers diverse needs that range from daily life to industrial applications.**

MIRAIE

The MIRAIE damper for houses uses Sumitomo Rubber Industries' high damping rubber technology. Capable of absorbing up to 70%* of the kinetic energy of an earthquake tremor, MIRAIE is also effective in buffering repeated aftershocks.

* Based on the results of in-house shake table experiments

No. 1

share of the domestic market for high damping rubbers for bridge cable use

Survey conducted by Sumitomo Rubber Industries in January 2012

Precision rubber parts for printers and photocopiers
Precision rubber parts for printers and photocopiers require accuracy on a micrometer scale. With production bases in Japan, China and Vietnam, Sumitomo Rubber Industries meets the needs of a wide variety of customers.

Fiscal 2011 Results

During fiscal 2011, sales in the Industrial and Other Products business edged down 0.2% year on year to ¥27,493 million, while operating income dropped 31.2% to ¥1,460 million.

Medical rubber parts enjoyed steady increases in sales, while those of rubber gloves and architectural floor materials were strong. However, sales of mainstay precision rubber parts for printers and photocopiers declined year on year due to a decrease in production at OA equipment makers affected by the Great East Japan Earthquake and heavy floods in Thailand as well as the appreciation of the yen.

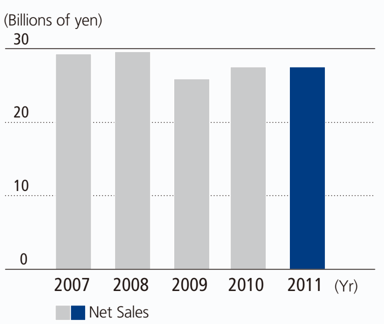
Fiscal 2012 Outlook

Given the current economic uncertainty, business conditions are expected to remain severe. Against this backdrop, Sumitomo Rubber Industries will strive to reinforce its production capacity for medical rubber parts in order to meet an expected increase in demand. By doing so, the Company will be in a position to expand its supply of these safe and high-quality products. Furthermore, Sumitomo Rubber Industries will release the MIRAIE damper, which employs the Company's proprietary high damping rubber, for use in the construction of housing. Along with the launch of this new product, Sumitomo Rubber Industries will undertake proactive sales promotion activities.

Net Sales

¥27.5 billion

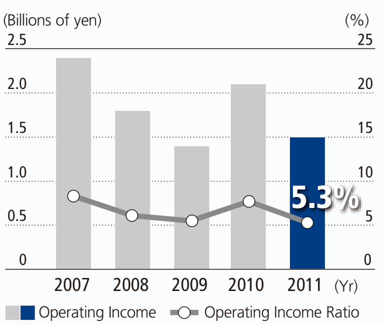
Year on Year **-0.2%**



Operating Income and Operating Income Ratio

¥1.5 billion

Year on Year **-31.2%**



Medical rubber parts
Exercising thorough quality control, Sumitomo Rubber Industries offers safe and high-quality medical rubber parts.

Rubber gloves
The extensive lineup of Dunlop rubber gloves encompasses products for household and industrial use.

Artificial turf for sporting use "Hibrid-Turf"
Realizing both superior safety and playability, the Hibrid-Turf is installed in a wide variety of sports facilities from professional pitches to school facilities nationwide.

Constantly targeting new value creation, the Sumitomo Rubber Group engages proactively in research and development (R&D). In addition to these efforts, the Group preserves the fruits of its research as intellectual property and has established structures to fully capitalize on its intellectual property rights.

R&D Activities

With the Sumitomo Rubber Industries' R&D organization and facilities as its core, the Sumitomo Rubber Group promotes R&D activities in wide-ranging fields—the tire, sports, industrial and other product businesses—in close cooperation with its subsidiaries and affiliates around the world. In addition, Sumitomo Rubber Industries has pursued the exchange of technology in its Tire business based on a global alliance with The Goodyear Tire & Rubber Company since 1999. In conjunction with this, the Company maintains dedicated project teams to carry out joint research on specific themes. Furthermore, the Tyre Technical Center, completed in 2009, is the key facility of the Group's R&D activities for tire technology as Sumitomo Rubber Industries promotes the development of next-generation, eco-friendly tires.

Total R&D expenses in the fiscal year under review amounted to ¥19,274 million, which accounted for 2.8% of consolidated net sales.

Tire Business

On the market from February 2012, the ENASAVE PREMIUM lineup was introduced by Sumitomo Rubber Industries under the Dunlop brand. ENASAVE PREMIUM tires are made from fuel-efficient rubber developed using 4D NANO DESIGN, a new material development technology. This product is an example of Sumitomo Rubber Industries' thorough pursuit of fuel economy. In fiscal 2011, R&D expenses in the Tire business totaled ¥16,771 million.

Sports Business

With R&D sections placed at both Dunlop Sports and Cleveland Golf Company, Dunlop Sports employs cutting-edge computer simulation to develop new technologies and products. Reflecting these activities, during fiscal 2011, Dunlop Sports released the XXIO 7—the seventh generation in the XXIO line—in December 2011. R&D expenses in the Sports business amounted ¥1,247 million.

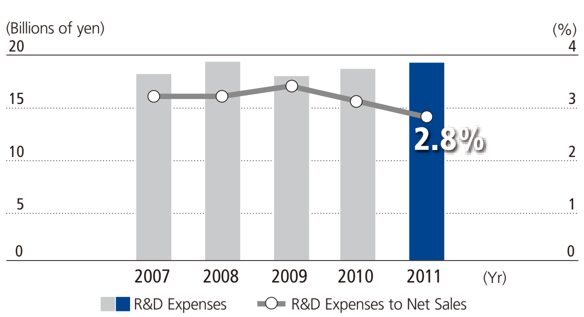
Industrial and Other Products Business

Sumitomo Rubber Industries develops products that meet consumer needs in each product field. During fiscal 2011, the Company developed the MIRAIE damper for use in the construction of housing. Released in March 2012, MIRAIE employs a unique high damping rubber that can absorb earthquake tremors. R&D expenses in the Industrial and Other Products business were ¥1,255 million.

R&D Expenses and R&D Expenses to Net Sales

¥19.3 billion

Year on Year **+3.1%**

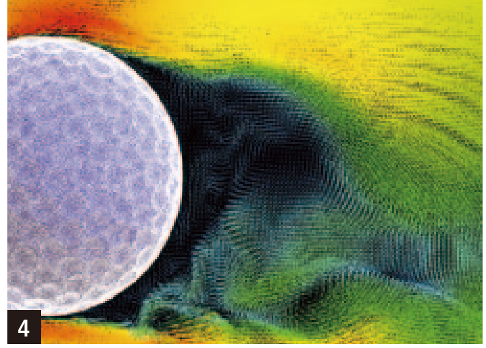


Intellectual Property Strategies

The Sumitomo Rubber Group carries out intellectual property activities in order to support its businesses. Activities include the acquisition and utilization of intellectual property rights, namely, patents, designs and trademarks, as well as the prevention of rights infringements.

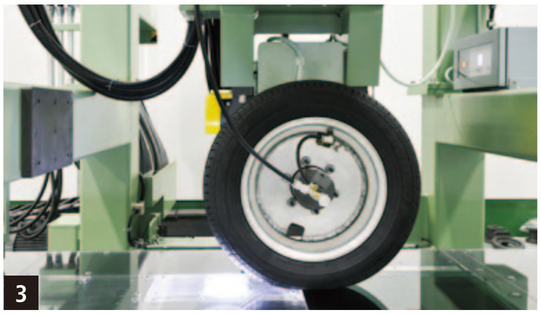
Globalization Initiatives

With the aim of realizing its Long-Term Vision for business expansion in overseas markets, the Sumitomo Rubber Group has expanded its



THOMSON REUTERS TOP100 GLOBAL INNOVATOR

5



1. Tyre Technical Center
   Equipped with state-of-the-art testing and measuring machines, the Tyre Technical Center is the Group's main tire R&D facility.
2. Inside-Drum Testing Machine
   A machine that monitors the key performance metrics of tires when cornering on dry, wet or icy roads
3. Friction Energy Measuring Equipment
   Equipment that measures the pressure volume, stress and slippage of tires as they traverse roads to determine their friction performance
4. Digital Impact Technology
   A high-quality simulation technology for analyzing—in increments of a 100 millionth of a second—the moment of impact when a golf club or tennis racket hits the ball
5. Sumitomo Rubber Industries received the Thomson Reuters 2011 Top 100 Global Innovator Award from Thomson Reuters. Given in recognition of innovation, this award has been granted to 100 leading global companies.

intellectual property business in Russia and CIS countries, Asia and South America in addition to Japan, Europe and the United States.

The following are three main activities to be conducted in each country.

(1) Securing industrial property rights (patents, designs and trademarks)
(2) Exercising rights against products that infringe on the Group's intellectual property
(3) Eliminating the inappropriate use of rights by third parties to protect the Group's legitimate business activities

The Group is particularly aware of cases that fall under the third of these, including the registration of designs that are identical or similar to the Group's tire designs and applications for trademarks that may infringe on the Group's main brands all around the world. The Group's business operations could be affected if such cases were neglected. Therefore, the Group takes countermeasures against such infringements as soon as they are detected.

Enhancement of Business Efficiency and Streamlining of Intellectual Property Ownership

Owing to the abovementioned globalization activities, the Group is required to handle expanding businesses related to intellectual property rights. Against this backdrop, the Group carries out its business operations in accordance with the following objectives.

(1) Authorization of all effective technology and streamlining of unprofitable rights
(2) Building a stronger relationship with patent offices

The Company is promoting the first objective by allocating personnel who hold concurrent positions in the R&D/Technological Development and Intellectual Property departments to serve as "patent liaisons" charged with bridging the gap between the two departments. Also toward this objective, the Group is informed by its patent commercialization rate, which is calculated by dividing the number of commercialized patents by the number of patents held. While enhancing the commercialization rate by accelerating the application and authorization of technologies to be commercialized as well as renouncing unused patents, the Group will endeavor to boost the cost performance of its intellectual property rights.

As to the second objective, the intellectual property business must have a cooperative relationship with patent office both in Japan and overseas. It is particularly necessary to reinforce communications with patent offices overseas in pursuit of globalization and efficient business operations. Intellectual Property department members work in tandem with patent attorneys and lawyers in each country to obtain authorization and litigation. By doing so, the Group aims to (a) build a stronger relationship with patent offices, (b) enhance business quality and accelerate operation efficiencies and (c) improve the skills of Intellectual Property department members.

Efficient Utilization of Patent Information

In order to maintain and control Sumitomo Rubber Group's patents, a database was compiled covering all intellectual property rights and placed under the Patent Control System. Data is regarded as administrative and technological information and is thus disclosed to the development divisions to support their technological development activities.

The Sumitomo Rubber Group values its competitors' patent information as a way of monitoring technical advances and preventing its products from infringing on other companies' rights. To that end, the Group distributes weekly patent bulletins to keep every technical division informed.

FUNDAMENTAL PHILOSOPHY OF THE SUMITOMO RUBBER GROUP'S CSR ACTIVITIES

CSR PHILOSOPHY	The Sumitomo Rubber Group carries out its GENKI Activities, which proactively contribute to the environment and communities, in order to become a trusted corporate citizen and part of a sustainable society.		
CSR GUIDELINE	**G**reen	GREEN INITIATIVE	1. Help curb global warming by planting trees 2. Establish better relationships with communities by planting trees
	Ecology	ECOLOGICAL PROCESS	3. Reduce CO_2 emissions 4. Implement worldwide environmental management
	Next	NEXT-GENERATION PRODUCT DEVELOPMENT	5. Develop environmentally friendly products 6. Pursue safety and comfort, economy, and quality
	Kindness	KINDNESS TO EMPLOYEES	7. Foster human resource development and make jobs rewarding 8. Create a safe, employee-friendly workplace 9. Achieve a work-life balance
	Integrity	INTEGRITY FOR STAKEHOLDERS	10. Ensure thorough corporate governance 11. Ensure thorough compliance 12. Promote dialog with stakeholders 13. Keep social contribution in constant motion

The Sumitomo Rubber Group proactively promotes CSR activities under the assumption that not only should efforts be made to raise economic value, but that it is essential to enhance social value as well. These endeavors are undertaken in order to realize sustainable growth and the creation of value, as stated in the Group's Long-Term Vision.

100%

of our domestic factories have switched from heavy oil to cleaner natural gas as boiler fuel

0%

of the Group's production facility waste is disposed of in landfills

1,000,000

trees have been planted since 2009

CSR Topics

The Sumitomo Rubber Group Will Finish Planting One Million Trees

To commemorate its 100th anniversary in 2009, the Sumitomo Rubber Group commenced the "One Million Trees Project for Local Forests," aiming to plant one million trees over the next 20 years at its production bases and in their neighboring areas in Japan and overseas. As part of this effort, the Group launched the Team ENASAVE Campaign, in which customers can participate in the Group's planting mangrove trees by purchasing a set of ENASAVE tires. This campaign was so favorably received that the Group fulfilled its goal of selling enough tires to plant one million trees in 2011, just three years after the project launch (the last tree will be planted by the end of 2012). Because this achievement came so much sooner than initially planned, the Group is setting a new target. The Sumitomo Rubber Group continues to promote greening activities around the world.

Promoting Biodiversity

The Sumitomo Rubber Group pursues biodiversity promotion activities at its business bases nationwide. For example, at Dunlop Sport's Ichijima Factory in Hyogo Prefecture, employees are nurturing Japan's national butterfly *Sasakia charonda*, commonly known as the Japanese emperor or the great purple emperor, and have begun to plant and grow Japanese hackberries to feed its larvae. This butterfly is on the IUCN* Red List of Near Threatened Species. In 2011, the fourth year since the project's launch, the Ichijima Factory was rewarded with the successful emergence of adult *Sasakia charonda*. In recognition of this and other greening activities, the Ichijima Factory received the 2011 Director-General's Award for Excellence in Greening Activities from the Kansai Bureau of Economy, Trade and Industry. Elsewhere, employees at the Kobe Head Office and Nagoya Factory voluntarily built biotopes to propagate other rare species. With help of its employees, the Sumitomo Rubber Group will continue to promote biodiversity conservation.

* The International Union for Conservation of Nature

CSR Fund Granted

In July 2009, Sumitomo Rubber Industries established the Sumitomo Rubber CSR Fund to support various activities aimed at addressing such socially important issues as the global environment. As part of such initiatives, Sumitomo Rubber Industries introduced a matching-gift program in which the Company deducts ¥200 each month from the salaries of participating employees as a donation to the fund, matching these contributions with an equivalent donation.

The scope of organizations that the fund helps subsidize includes: environmental preservation activities, including biodiversity promotion; disaster relief; traffic safety; and finding solutions to social issues besetting the communities around individual Group business sites. In the year under review, the Group expanded both the number and the geographical distribution of subsidy recipients. Specifically, in this second round of subsidies, the number of recipients grew from eight organizations in three locations to 17 organizations in six locations in Fukushima Prefecture, Tokyo, Aichi Prefecture, Osaka Prefecture, Hyogo Prefecture and Miyazaki Prefecture.

Providing Restoration Assistance in Areas Devastated by the Great East Japan Earthquake

To support restoration work following the Great East Japan Earthquake, the Sumitomo Rubber Group donated a total of ¥100 million to Fukushima, Miyagi and Iwate prefectures as well as ¥10,450 thousand in contributions from Group employees to the Japan Red Cross. In addition, the Group contributed approximately ¥100 million worth of gas hose for temporary housing, work gloves and other goods, while subsidizing seven NPOs that support disaster victims and restoration activities. Also, volunteer employees visited disaster areas four times to help clear debris and clean houses.

For details on the Group's CSR activities, please read the Sumitomo Rubber Group CSR Report, which is also available on the Group website.

http://www.srigroup.co.jp/english/csr/index.html

Sumitomo Rubber Industries' basic management policy is to enhance its corporate value as a promising and reliable global company for the benefit of all stakeholders, including shareholders. Under this policy, the Company considers the enhancement of corporate governance as a major management objective in its efforts to better fulfill its social responsibility and enhance its transparency. This policy will help to strengthen Group management and establish deep relationships of trust with society, while ensuring Groupwide business efficiency.

Corporate Governance Structure

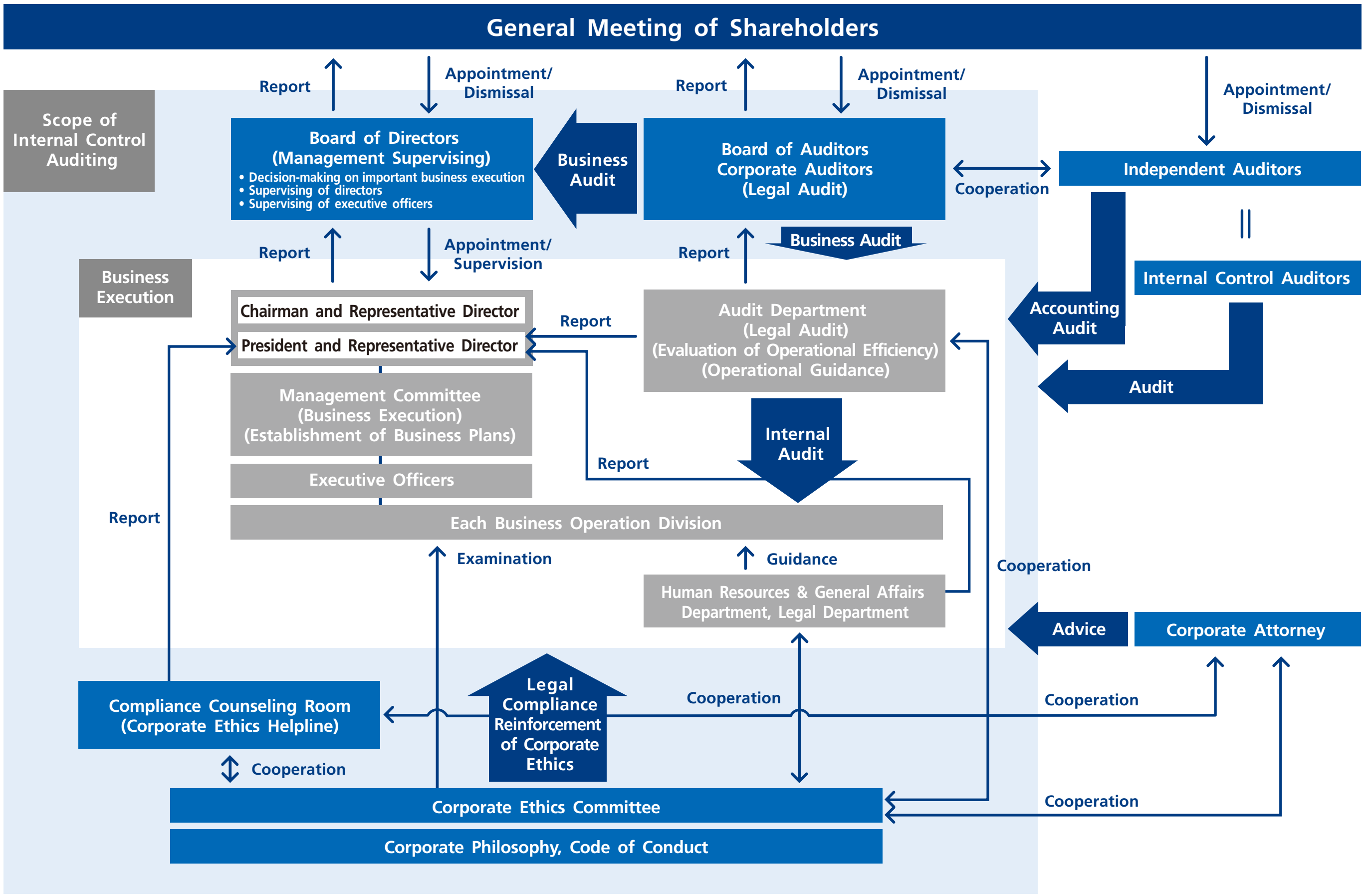
Sumitomo Rubber Industries has adopted a corporate system with a Board of Auditors and maintains directors, a general meeting of shareholders, accounting auditors and the following bodies.

The Company's Board of Directors deliberates and determines matters of managerial importance and supervises directors' execution of operations. As of March 29, 2012, the Board of Directors was composed of 11 members, two of whom were external directors.

Corporate auditors independently audit directors' execution of operations. As of March 29, 2012, the Company adopted a structure of five corporate auditors, two of whom are full-time corporate auditors. Full-time corporate auditors attend important internal meetings and confirm important documents for approval.

The Board of Auditors is composed of all of the Company's corporate auditors. To reinforce the management auditing function, three of the five corporate auditors serve as external auditors, securing a structure to conduct fair and objective audits.

In addition to the abovementioned organizations stipulated under Japan's Corporation Law, the Company established a Management Committee composed of internal directors and executive officers appointed by the president. With the attendance of full-time corporate auditors, the Management Committee makes prompt mana-



gerial decisions based on discussions or the reporting of matters considered to be important to management.

Furthermore, the Company adopted an executive officer system in March 2003. This system was put in place with the aim of establishing a management structure that promotes the separation of management supervision and execution, clarifies the rights and responsibilities of each business and promptly responds to changes in the business environment. As of March 29, 2012, there were 16 executive officers, eight of whom did not serve concurrently as directors.

Audits by Corporate Auditors, Internal Audits and Accounting Audits

In accordance with audit plans and policies set out by the Board of Auditors, each corporate auditor attends important meetings, including Board of Directors' meetings; hears reports on the status of job execution from directors and internal audits; reviews important approval documents; and implements on-site audits at the Head Office, major business sites and subsidiaries. In addition, corporate auditors review each others' reports on auditing status while working closely with accounting auditors to ensure that audits are conducted in an appropriate manner.

Sumitomo Rubber Industries' internal audit function is the responsibility of the Audit Department. Under the direct control of the president, the Audit Department is composed of 12 staff and one full-time assistant to the corporate auditors. The Audit Department conducts audits of the Group as a whole and evaluates its internal control system over the Group's financial reporting. In accordance with audit policies and annual internal audit plans, the Audit Department implements on-site audits of the Head Office, major business sites and subsidiaries to evaluate the efficacy, efficiency and degree of compliance adequacy in connection with the execution of operations at each division and department and related Group company. On the completion of an internal audit, the results and any recommendations for improvement are reported to the president and the Board of Auditors in an effort to ensure reciprocal collaboration. The Audit Department and accounting auditors facilitate closer collaboration as needed to fulfill their duties.

For accounting audits, the Company has entered into an audit agreement with KPMG AZSA LLC in line with the Corporation and the Financial Instruments and Exchange Laws.

External Directors and External Corporate Auditors

As of March 29, 2012, Sumitomo Rubber Industries had two external directors and three external corporate auditors.

Keizo Kosaka, one of the Company's external directors, attended 13 of the 14 Board of Directors' meetings held during 2011. Leveraging his abundant knowledge as a lawyer who excels at corporate legal affairs, he provides valuable comments and opinions from an objective perspective. Katsuhide Kurasaka, one of the Company's external directors, attended all of the 14 Board of Directors meetings held in 2011. Leveraging his experience as a member of the board at Sumitomo Electric Industries, Ltd., he offers advice regarding overall corporate management.

Tadao Kagono, one of the Company's external corporate auditors, attended all of the 14 Board of Directors' meetings as well as the 13 Board of Auditors' meetings held in 2011. He conducts audits from an objective perspective, leveraging his academic expertise and considerable knowledge as a university professor specializing in business administration. Shintaro Mitake, one of the Company's external corporate auditors, attended 13 of the 14 Board of Directors' meetings and all of the 13 Board of Auditors' meetings held in 2011. He conducts audits from an objective perspective, making use of his knowledge of finance and accounting as well as experience as a full-time corporate auditor at Sumitomo Electric Industries, Ltd.

Morihiro Murata, who was appointed as an external auditor at the Ordinary General Meeting of Shareholders held on March 29, 2012, is expected to conduct audits from an objective perspective, making use of his knowledge as a certified public accountant as well as a certified tax accountant while leveraging his experience as a part-time corporate auditor at Deutsche Securities Inc. and KAGOME CO., LTD.

In accordance with regulations stipulated by the Tokyo Stock Exchange and the Osaka Securities Exchange, Sumitomo Rubber Industries registered Messrs. Keizo Kosaka, Tadao Kagono and Morihiro Murata as independent directors and corporate auditors whose interests are not considered to be in conflict with the interests of the general shareholders.

Remuneration of Directors and Corporate Auditors

Total Amount of Remuneration for Directors and Corporate Auditors in Fiscal 2011

	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)		Number of persons to be paid
		Basic compensation	Bonuses	
Directors (excluding external directors)	403	293	110	13
Corporate auditors (excluding external corporate auditors)	42	42	—	3
External directors and external corporate auditors	23	23	—	5

Notes:
1. The number of persons to be paid refers to the total number of remuneration recipients.
2. As of December 31, 2011, Sumitomo Rubber Industries had 10 directors and five corporate auditors. The difference between the actual number of directors and corporate auditors and the number of persons to be paid is due to five directors and one corporate auditor resigning during the fiscal year under review.
3. The maximum total amount of remuneration for directors and corporate auditors was resolved not to exceed ¥600 million per year and ¥70 million per year, respectively, at the 115th Ordinary General Meeting of Shareholders held on March 29, 2007. In fiscal 2011, the Company paid ¥414 million in total to 15 directors and ¥54 million in total to six corporate auditors, including those who retired during the fiscal year under review.

The Remuneration Amount and Its Calculation Method

Sumitomo Rubber Industries' remuneration for directors consists of basic compensation and bonuses, and is paid within the framework approved at its General Meeting of Shareholders. The basic compensation is determined based comprehensively on each director's position, duties, responsibilities and the Company's business results. The amount of each bonus is determined in accordance with an evaluation of the Company's business results as well as each director's business execution.

The remuneration amount for corporate auditors is determined in discussions among corporate auditors and paid within the framework approved at the Company's General Meeting of Shareholders.

For the determination of the amount of remuneration for directors and corporate auditors, the Company maintains objectivity by making use of a third party's survey of Japanese companies with a business scale equivalent to that of Sumitomo Rubber Industries.

Internal Control System

Implementation and Status of the Internal Control System

Sumitomo Rubber Industries resolved its basic policy regarding the development of its internal control system based on Japan's Corporation Law at a Board of Directors' meeting and disclosed it to the public. In addition, the Company developed an internal control system based on the Financial Instruments and Exchange Law as well as evaluation, audit and practice standards as stipulated by the Financial Service Agency with the aim of reinforcing the Company's structure to ensure the appropriateness of both in-house and subsidiaries' financial reporting.

Compliance System

Based on compliance with social norms, which are stipulated in the Company's Code of Conduct, Sumitomo Rubber Industries maintains the guideline that corporate activities must adhere to laws and ordinances, social norms and public decency. In addition, the Company strives to increase awareness and ensure strict legal compliance. In order to fulfill its corporate social responsibility, Sumitomo Rubber Industries established the basic objective of complying with laws and its Articles of Incorporation while establishing a strict code of corporate ethics and ensuring sound business operations. To that end, the Company formulated its "Regulations on Corporate Ethics Activities" and established the Corporate Ethics Committee in February 2003. In addition, Sumitomo Rubber Industries set up a compliance counseling room directly controlled by the president as a corporate ethics helpline for employees. This enables the Corporate Ethics Committee to investigate any problems that arise and give sufficient attention to ensuring that those employees who come forward are not penalized. Furthermore, the Company pays close attention to legal aspects, taking advice from a corporate attorney as circumstances demand.

Risk Management System

With regard to a variety of management risks that could exert a significant impact on the Company's business operations, including issues with product quality, legal requirements, the business environment, credit, accidents and disasters, each division and department undertakes an advance analysis of potential risks and formulates appropriate countermeasures, which are discussed at management meetings in accordance with the risk management rules. When considering risk analysis and countermeasure formulation, the Company requests on an as-needed basis advice and instruction from specialists, such as corporate attorneys. For cross-departmental risks, each administration department works in close collaboration with related divisions and departments in their respective areas of operation to conduct Companywide countermeasures.

Furthermore, Sumitomo Rubber Industries established a Risk Management Committee based on its risk management rules. The Risk Management Committee controls Companywide risk management activities and investigates such activities to confirm whether the risk management system is effectively functioning. Should significant risks materialize, or be expected to materialize, the Company president will establish a risk control headquarters based on the risk management rules.

Directors, Corporate Auditors and Executive Officers (As of March 29, 2012)

BOARD OF DIRECTORS

Chairman of the Board and Representative Director
Tetsuji Mino

President and CEO, Representative Director
Ikuji Ikeda

Representative Director and Managing Executive Officer
Takaki Nakano

Representative Director and Managing Executive Officer
Hiroaki Tanaka

Director and Senior Executive Officer
Kenji Onga

Director and Senior Executive Officer
Minoru Nishi

Director and Senior Executive Officer
Yasutaka Ii

Director and Senior Executive Officer
Hiroki Ishida

Director and Senior Executive Officer
Yutaka Kuroda

Director
Keizo Kosaka

Director
Katsuhide Kurasaka

CORPORATE AUDITORS

Corporate Auditor (Full-time)
Toshiyuki Noguchi

Corporate Auditor (Full-time)
Yasuyuki Sasaki

Corporate Auditor
Tadao Kagono

Corporate Auditor
Shintaro Mitake

Corporate Auditor
Morihiro Murata

EXECUTIVE OFFICERS

Senior Executive Officer
Takahiro Fukumoto

Senior Executive Officer
Kouzaburo Nakaseko

Senior Executive Officer
Masafumi Takami

Executive Officer
Yasushi Tanaka

Executive Officer
Satoru Yamamoto

Executive Officer
Naoki Yamada

Executive Officer
Naofumi Harada

Executive Officer
Norifumi Fujimoto

11-Year Summary of Consolidated Financial Data

Sumitomo Rubber Industries, Ltd. and Its Consolidated Subsidiaries

				Millions of yen
Years ended December 31	**2011**	2010	2009	2008
For the year:				
Net sales	**¥676,904**	¥604,549	¥524,535	¥604,974
Cost of sales	**445,426**	387,678	334,249	412,824
Selling, general and administrative expenses	**177,554**	169,300	161,547	166,491
Operating income	**53,924**	47,571	28,739	25,659
Net income (loss)	**28,386**	21,427	9,093	1,021
Depreciation and amortization	**37,606**	37,885	37,425	35,475
Capital expenditures	**48,515**	32,055	32,484	49,601
R&D expenses	**19,274**	18,698	17,983	19,351
Cash flows from operating activities	**18,945**	69,725	64,525	25,879
Cash flows from investing activities	**(51,569)**	(35,400)	(34,260)	(58,067)
Cash flows from financing activities	**28,009**	(25,634)	(22,781)	34,088
At year-end:				
Total assets	**¥671,611**	¥622,243	¥613,230	¥639,941
Net assets	**222,175**	212,964	209,052	202,642
Equity	**197,661**	189,684	187,028	180,940
Interest-bearing debt	**274,216**	241,250	261,572	275,746

				Yen
Per share amounts:				
Net income (loss)	**¥ 108.20**	¥ 81.67	¥ 34.66	¥ 3.89
Net income—diluted	**—**	—	—	—
Cash dividends paid	**23.00**	20.00	18.00	18.00

				Percent
Key ratios and metrics:				
Operating income ratio	**8.0%**	7.9%	5.5%	4.2%
ROE	**14.7**	11.4	4.9	0.5
ROA (operating income base)	**8.3**	7.7	4.6	3.9
Equity ratio	**29.4**	30.5	30.5	28.3
Tire sales volume (millions of tires)	**94.88**	90.87	76.49	87.34
Number of employees	**22,320**	22,242	20,832	20,369
Number of shares issued at year-end	**263,043,057**	263,043,057	263,043,057	263,043,057
Number of treasury stock at year-end	**707,026**	704,248	699,745	696,200

Notes: 1. U.S. dollar amounts are converted solely for convenience at the rate of ¥78 per US$1.00, the approximate exchange rate prevailing at December 31, 2011.
2. From 2006, Sumitomo Rubber has applied the “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5, issued on December 9, 2005) and the “Accounting Standard for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance” (ASBJ Guidance No. 8, issued on December 9, 2005). Equity figures for 2006 and beyond represent the sum of total shareholders’ equity and total accumulated other comprehensive income in the consolidated balance sheets. For years prior to and including 2005, figures for the former shareholders’ equity categorization are shown.
3. Depreciation and amortization, and capital expenditure figures include both tangible assets and intangible assets.

							Millions of yen	Thousands of U.S. dollars (Note 1)
	2007	2006	2005	2004	2003	2002	2001	**2011**
	¥567,307	¥534,086	¥512,838	¥470,562	¥450,491	¥447,893	¥434,463	**$8,678,256**
	368,783	342,856	307,538	288,684	281,392	286,755	279,074	**5,710,589**
	153,398	154,440	155,374	136,352	131,333	129,394	132,813	**2,276,334**
	45,126	36,790	49,926	45,526	37,766	31,744	22,576	**691,333**
	19,499	27,586	25,640	19,169	13,095	8,239	(7,207)	**363,923**
	30,165	27,052	25,755	25,098	24,313	25,163	24,645	**482,128**
	53,205	45,308	40,415	36,881	29,171	30,557	25,372	**621,987**
	18,223	17,291	16,259	15,730	14,058	13,596	14,027	**247,103**
	56,594	23,872	38,984	32,056	44,225	50,700	42,359	**242,885**
	(65,167)	(33,923)	(42,878)	(37,622)	(28,545)	(31,269)	(25,284)	**(661,141)**
	8,692	14,687	(3,376)	7,609	(20,821)	(19,628)	(15,172)	**359,090**
	¥671,117	¥606,938	¥563,442	¥520,157	¥481,553	¥477,293	¥514,415	**$8,610,397**
	250,799	223,852	—	—	—	—	—	**2,848,397**
	227,780	202,003	174,267	145,492	110,395	101,633	107,391	**2,534,115**
	239,573	219,372	205,751	201,929	210,681	220,085	241,600	**3,515,589**
							Yen	U.S. dollars (Note 1)
	¥ 74.31	¥ 105.13	¥ 97.10	¥ 78.64	¥ 55.07	¥ 33.97	¥ (29.71)	**$ 1.387**
	—	—	—	—	—	—	—	**—**
	20.00	20.00	20.00	14.00	12.00	10.00	10.00	**0.295**
							Percent	
	8.0%	6.9%	9.7%	9.7%	8.4%	7.1%	5.2%	
	9.1	14.7	16.0	15.0	12.4	7.9	—	
	7.1	6.3	9.2	9.1	7.9	6.4	4.4	
	33.9	33.3	30.9	28.0	22.9	21.3	20.9	
	81.70	75.55	73.12	67.10	61.69	58.30	53.23	
	18,410	16,031	17,433	16,737	15,573	15,312	15,123	
	263,043,057	263,043,057	263,043,057	263,043,057	242,543,057	242,543,057	242,543,057	
	688,541	658,071	634,805	467,371	3,782,837	135,780	8,719	

Management's Discussion and Analysis

Scope of Consolidation

The Sumitomo Rubber Group's consolidated financial statements include those of Sumitomo Rubber Industries and its 65 consolidated subsidiaries, as well as 16 equity-method affiliates (7 nonconsolidated subsidiaries and 9 affiliated companies).

In fiscal 2011, ended December 31, 2011, three subsidiary companies were newly included in the Company's scope of consolidation while one was excluded. Two of these three newly included subsidiary companies are sport goods sales companies in China and Hong Kong, and their newfound status as consolidated subsidiaries is due to their increased importance to the Group. The remaining company is a newly established sport goods sales subsidiary in South Korea. The restructuring of retread tire-related subsidiaries led to the exclusion of one subsidiary company.

Business Environment

Looking at the world economy in fiscal 2011, emerging countries, especially in Asia, continued to enjoy brisk economic growth owing to vigorous demand. In Europe and the United States, financial uncertainty in some areas contributed significantly to economic deceleration around the world. The Japanese economy, on the other hand, showed signs of recovery, primarily in exports, at the beginning of fiscal 2011. However, due to the Great East Japan Earthquake, which struck on March 11, production was suspended for the most part. Production did gradually improve along with the restoration of supply chains, but the recovery was only mild due to power supply restrictions and the abrupt appreciation of the yen.

The business environment surrounding the Group remained severe due to such factors as escalating prices of key materials, including that for natural rubber, which reached a record-high at the beginning of fiscal 2011, and the fall of domestic automobile production volume to below the previous fiscal year's level due to the Great East Japan Earthquake and heavy floods in Thailand.

Revenues and Earnings

In fiscal 2011, consolidated net sales grew 12.0% from the previous fiscal year to ¥676,904 million. Overseas sales rose 18.8% to ¥336,059 million, raising the overseas sales ratio 2.8 percentage points to 49.6%.

The cost of sales increased 14.9% year on year to ¥445,426 million. The cost of sales ratio grew 1.7 percentage points to 65.8%, owing to increases in the prices of such raw materials as natural rubber. Gross operating profit rose 6.7% to ¥231,478 million.

Selling, general and administrative expenses grew 4.9% year on year to ¥177,554 million, and the ratio of selling, general and administrative expenses to net sales was down 1.8 percentage points to 26.2%.

As a result, operating income for the fiscal year under review climbed 13.4% to ¥53,924 million, while the operating income ratio edged up 0.1 of a percentage point to 8.0%.

Net other income (expenses) improved slightly from a negative ¥11,370 million in fiscal 2010 to a negative ¥10,145 million. Major factors included a ¥1,027 million increase in equity in earnings of affiliates and a ¥1,536 million decrease in impairment loss on fixed assets. During the fiscal year under review, the Company recorded a loss on disaster amounting to ¥4,697 million, reflecting losses on the Great East Japan Earthquake and the eruption of Mount Shinmoe in the Kirishima mountain range. For details, please see "Note 15. Loss on Disaster" of the Notes to Consolidated Financial Statements.

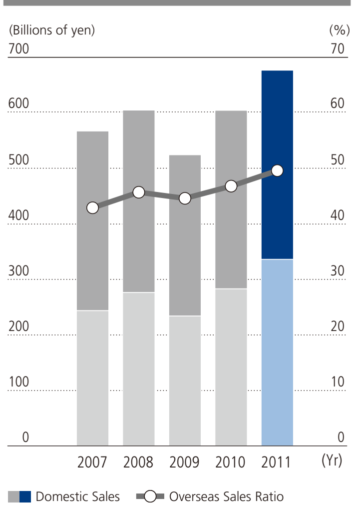
Reflecting these factors, income before income taxes and minority interests grew 20.9% year on year to ¥43,779 million. Income taxes rose 2.2% to ¥11,990 million, representing an effective tax rate of 27.4%, a decrease of 5.0 percentage points. After deducting minority interests in income, net income expanded 32.5% to ¥28,386 million.

Net income per share was ¥108.20, and ROE (on a net income basis) grew 3.3 percentage points to 14.7%, reflecting a substantial increase in net income.

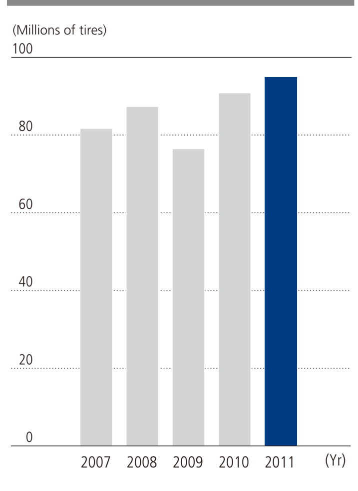
Results by Industry Segment

From the fiscal year under review, Sumitomo Rubber Industries adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, issued on March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2009). Neither of these items affected the content of Company's extant business segment categorizations, and the Company is thus able to provide year-on-year comparisons. Under Information by reportable segment, segment profit or loss corresponds to operating income in

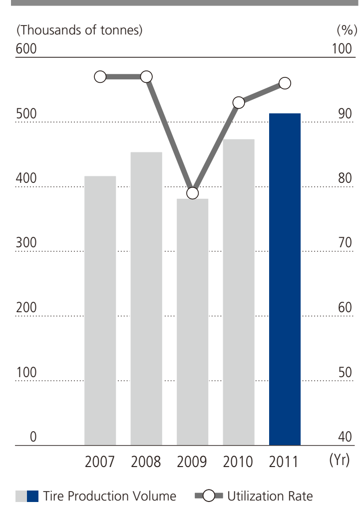
Domestic and Overseas Sales



Tire Sales Volume



Tire Production Volume and Utilization Rate



the Consolidated Statements of Income. Therefore, segment profit or loss of reportable segments in the current and subsequent fiscal years corresponds to the previously used category of operating income or loss under Information by industry segment.

Tire Business

Sales in the Tire business rose 15.0% year on year to ¥591,045 million, while operating income grew 23.9% to ¥48,820 million. To compensate for the substantial increase in raw material prices, the Company strived to shift a larger portion of this burden to sales prices across all markets, both in Japan and overseas. During the fiscal year under review, sales of tires in original equipment markets dropped due to automakers' scaling back production following the Great East Japan Earthquake and heavy flooding in Thailand. In the domestic replacement market, however, winter tires enjoyed brisk sales due to heavy snowfall in early 2011 as well as a seasonal surge in demand at the year-end. As a result, a negative effect on profit of approximately ¥55.2 billion due to high raw material prices was offset by approximately ¥47.9 billion in profit due to increased sales prices as well as approximately ¥23.2 billion in profit from improved sales volume and product mix, resulting in an overall increase in profit for the Tire business.

Sports Business

Sales in the Sports business declined 7.7% year on year to ¥58,365 million, while operating income dropped 40.5% to ¥3,640 million. During the fiscal year under review, New XXIO—the sixth-generation of our flagship golf clubs—enjoyed robust sales, while the XXIO 7, the seventh-generation of the same series, saw higher than anticipated sales. However, reflecting the stagnant domestic golf goods market due to the Great East Japan Earthquake as well as the impact of the strong yen, profit was down.

Industrial and Other Products Business

Sales in the Industrial and Other Products business edged down 0.2% from the previous fiscal year to ¥27,493 million, while operating income fell 31.2% to ¥1,460 million. Despite vigorous sales of medical rubber parts, rubber gloves and architectural floor materials, sales of mainstay precision rubber parts for printers and photocopiers fell below those of the previous fiscal year owing to scaled back production among OA equipment makers due to the Great East Japan Earthquake and heavy flooding in Thailand as well as a strong yen.

R&D Expenses

Research and development expenses increased 3.1% year on year to ¥19,274 million and as a ratio of consolidated net sales was 2.8%, down 0.3 of a percentage point from the previous fiscal year. The Tire business accounted for ¥16,771 million of these expenses, up 3.2% from the previous fiscal year, the Sports business ¥1,247 million, down 1.7%, and the Industrial and Other Products business ¥1,255 million, up 6.8%.

Dividends

Sumitomo Rubber Industries recognizes that the return of gains to shareholders is a priority issue. Backed by the comprehensive assessment of dividend payout ratios on a consolidated basis, performance prospects and the level of retained earnings, the Company maintains a basic policy of steadily rewarding shareholders over the long term. In addition, in accordance with a resolution the Company distributes retained earnings twice a year as dividends. The year-end dividend payment is resolved at the General Shareholders' meeting, while the interim dividend payment is determined at the Board of Directors' meeting.

The full-year dividend for fiscal 2011 increased ¥3 per share from the previous fiscal year to ¥23 per share, which comprised an ¥8 interim dividend and a ¥15 year-end dividend. The dividend payout ratio on a consolidated basis was 21.3%.

Financial Position

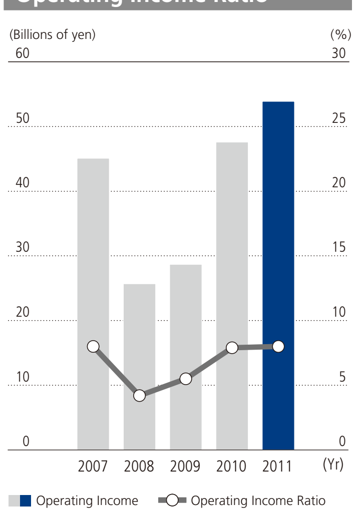
Total assets as of December 31, 2011, were up ¥49,368 million year on year to ¥671,611 million.

Total current assets rose ¥43,943 million to ¥325,428 million, due mainly to an increase in inventories along with escalating raw material prices.

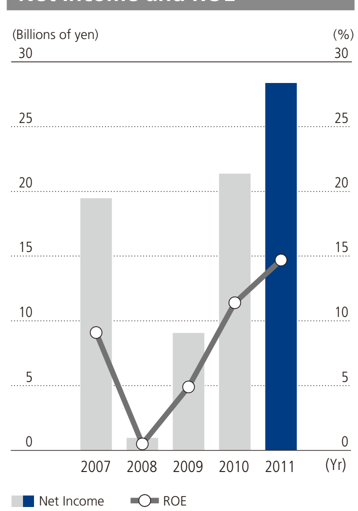
Total noncurrent assets climbed ¥5,425 million to ¥346,183 million, reflecting an increase in property, plant and equipment due to capital investment.

As of the end of the fiscal year under review, total liabilities were up ¥40,157 million from the previous fiscal year-end to ¥449,436 million. Interest-bearing debt as of the fiscal 2011 year-end increased

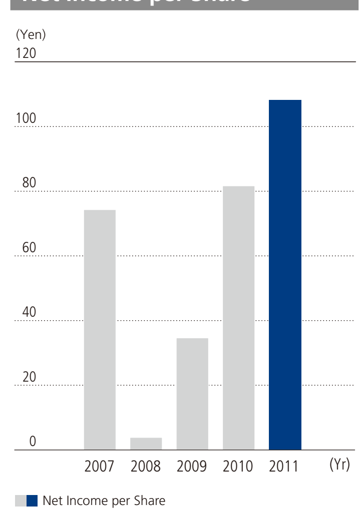
Operating Income and Operating Income Ratio



Net Income and ROE



Net Income per Share



¥32,966 million to ¥274,216 million, reflecting new debt financing and the issuance of corporate bonds to procure funds, regardless of such efforts as the repayment of borrowings and the redemption of corporate bonds. Accordingly, the debt-to-equity ratio deteriorated from 1.3 times as of the previous fiscal year-end to 1.4 times.

Total net assets at the fiscal year-end were up ¥9,211 million to ¥222,175 million, and net assets per share were ¥753.46, up from ¥723.04 at the previous fiscal year-end. Total equity, which is the sum of "shareholders' equity" and "accumulated other comprehensive income," grew ¥7,977 million year on year to ¥197,661 million. The equity ratio was down 1.1 percentage points to 29.4% due to the increase in total assets. ROA (on an operating income basis) edged up 0.6 of a percentage point to 8.3%.

Capital Expenditures

For two years, responding to a significant production decrease due to a rapid deterioration in global demand after the financial crisis in 2008, the Sumitomo Rubber Group adhered to a restrained capital investment policy. During the fiscal year under review, however, the Group's capital expenditures were ¥48,515 million (including leased tangible assets), a year-on-year rise of 51.3% used mainly to meet increased overseas sales of tires. The Tire business accounted for ¥45,777 million of the total, up 62.5% year on year. This capital expenditure was used for facility renovation aimed at boosting and streamlining production and improving labor efficiency. The Sports business spent ¥1,952 million, up 14.3% from the previous fiscal year, mainly for the improvement of golf ball production efficiency. The Industrial and Other Products business used ¥785 million, down 64.0% year on year, to increase medical rubber parts production volume at the Kakogawa Factory. The necessary funds were furnished through a combination of cash on hand, borrowings and corporate bonds.

Cash Flows

Net cash provided by operating activities was down ¥50,780 million year on year to ¥18,945 million. Major cash inflows included income before income taxes and minority interests, depreciation and amortization, major cash outflows included an increase in inventories and an increase in notes and accounts receivable—trade.

Net cash used in investing activities increased ¥16,169 million to ¥51,569 million, due mainly to the purchase of property, plant and equipment to meet the production capacity expansion.

Net cash provided by financing activities totaled ¥28,009 million, a turnaround from net cash used in financing activities of ¥25,634 million in the previous fiscal year. Despite cash dividends paid, the Company procured a net ¥35,299 million through a net increase in short-term loans payable; proceeds from long-term debt and newly issued bonds; and repayments of long-term debt and redemption of bonds.

These activities, along with the effect of exchange rate changes on cash and cash equivalents as well as changes in reporting entities, resulted in cash and cash equivalents at the end of the fiscal year under review declining ¥5,646 million to ¥28,511 million.

Free cash flow was a negative balance of ¥32,624 million. This was mainly owing to increases in inventories along with rising raw material prices as well as in capital expenditures. For the years ahead, the Sumitomo Rubber Group plans to step up capital expenditure, mainly to meet expanding demand overseas by reinforcing production capacity. Simultaneously, the Group will aim to expand the inflow of cash from operating activities by increasing sales volumes and improving profitability. By doing so, the Group will make every effort to ensure not only business growth but secure cash liquidity and improved financial standing.

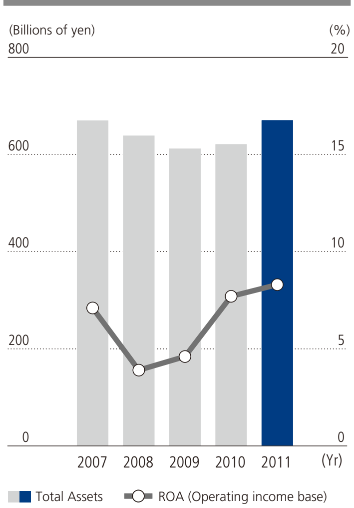
Outlook

Looking at the future of economies around the world, such emerging nations as China and India will continue to experience steady growth, while Europe and the United States can expect significantly weak growth, reflecting tight fiscal policies. Meanwhile, the Japanese economy is expected to be propped up by recovery-related demand growth related to the Great East Japan Earthquake. Given the deceleration of economies overseas, however, there is a concern over weakening exports.

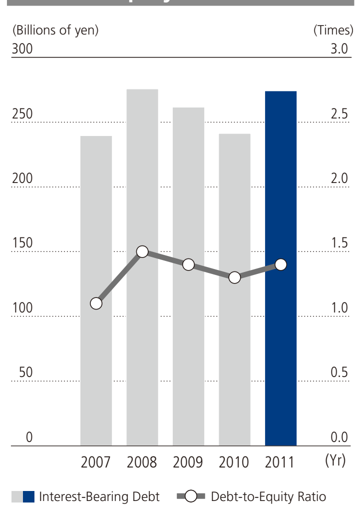
With the aim of addressing issues related to this severe business environment, the Group will take on various tasks while considering the risk factors mentioned in the following "Risk Information" section.

In the Tire business, Sumitomo Rubber Industries will further enhance the domestic lineup of fuel-efficient tires, while striving to expand sales in BRICs and Southeast Asian countries, where demand is robust. In addition, the Company will increase production capacity

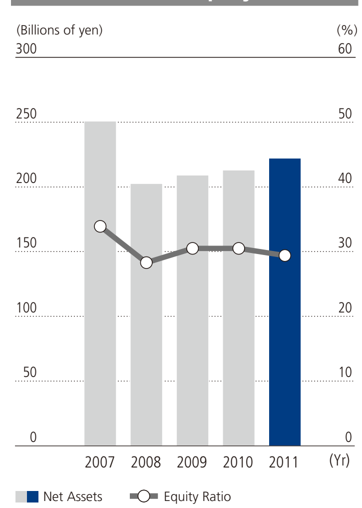
Total Assets and ROA



Interest-Bearing Debt and Debt-to-Equity Ratio



Net Assets and Equity Ratio



in response to growing sales around the world and improve the efficiency of its supply structure. In the Sports business, Dunlop Sports will develop products tailored to specific markets in Japan, Europe, the United States, Australia and Asia, while pursuing related sales strategies. By doing so, the company will increase the market shares of its golf clubs and balls. In the Industrial and Other Products business, Sumitomo Rubber Industries will strive to expand sales of medical rubber parts and earthquake vibration-control dampers for houses.

Risk Information

The Sumitomo Rubber Group has identified the following key risk factors that may affect its business performance and financial position.

Risk factors relating to future business results were determined based on information available to management as of the end of the fiscal year under review. The Group recognizes that such risks may occur, and it strives to address them accordingly.

Exchange Rate Fluctuations

Exchange rate fluctuations influence the value of the Group's exports, raw material procurement, foreign currency-denominated assets, liabilities and financial statements. The appreciation of the yen against foreign currencies such as the U.S. dollar may have an adverse effect on the Group's business performance and financial position. Since the Group has raised its consolidated overseas sales ratio from 25.2% in fiscal 2001 to 49.6% in fiscal 2011, the possibility exists that its results may be further affected by exchange rate fluctuations. The Sumitomo Rubber Group utilizes forward-exchange contracts and maintains a balance in its export and import activities on an individual currency basis with the aim of minimizing its exposure to exchange rate fluctuations. Such precautions, however, may not be sufficient to avoid all possible exchange rate fluctuation risks.

Change in Raw Material Prices

The Sumitomo Rubber Group's principal raw materials are natural rubber, petrochemicals and metals. The Group's operating results may thus be affected by price increases in natural rubber, crude oil, steel and other related materials.

Changes in Interest Rates

Promoting the reduction of interest-bearing debt to improve its financial standing, the Group also implements countermeasures to minimize the risk of changes in interest rates by using diversified financing methods and interest rate swaps. Despite these efforts, the Group's operating results and financial position may be affected in the event of rising fund procurement costs due to an increase in interest rates in the medium and long term.

Product Quality

In accordance with prescribed quality standards, the Sumitomo Rubber Group undertakes full-scale measures to assure product quality. Yet it is difficult to reduce the number of defective products and customer complaints to zero. To offset the possibility of any claims for damages resulting from defective products, the Group retains appropriate indemnity insurance. Despite this initiative, there is the possibility that a claim may occur that cannot be compensated by insurance. Furthermore, costs associated with the resolution of claims as well as product recalls or exchanges may arise. Such incidents may affect the Group's operating results, financial position and social standing.

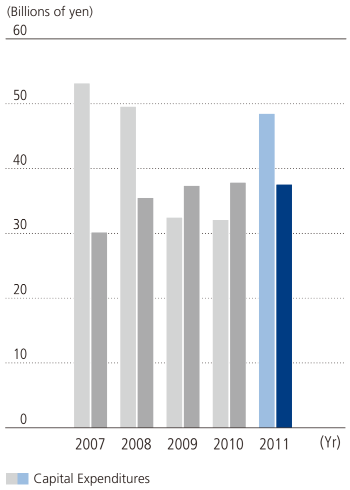
Alliance with Goodyear

Based on its alliance with Goodyear, the Group operates several joint ventures. Under the alliance, these joint ventures engage in tire production and sales in Europe and North America as well as tire sales in Japan in addition to the promotion of tire technology exchanges and procurement. The Group also maintains cross-shareholdings with Goodyear. As each joint venture is included in the Group's scope of consolidation as a consolidated subsidiary or an equity-method affiliate, changes in the alliance with Goodyear or the operating results of joint ventures may impact the Group's operating results.

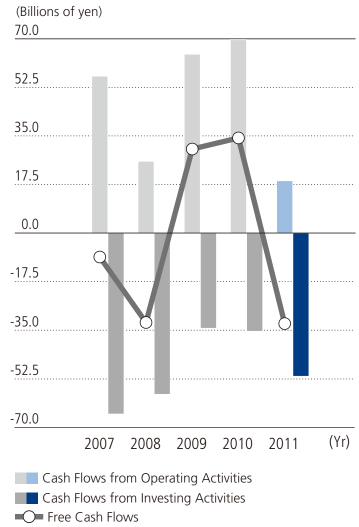
Disasters

Concentrating on Japan and other Asian countries, the Sumitomo Rubber Group develops its business on a global scale. The Group's operating results may be affected directly or indirectly by such events as natural disasters, disease, war and terrorism. Such events may have a negative impact on the Group's operating results.

Capital Expenditures/ Depreciation and Amortization



Cash Flows



Consolidated Balance Sheets

Sumitomo Rubber Industries, Ltd. and Its Consolidated Subsidiaries

December 31	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
Assets			
Current assets:			
Cash and time deposits (Notes 4 and 5)	**¥ 29,192**	¥ 35,391	**$ 374,256**
Notes and accounts receivable (Notes 5 and 17)—			
Trade	**150,225**	130,399	**1,925,962**
Other	**17,872**	15,304	**229,128**
Allowance for doubtful accounts	**(1,760)**	(1,540)	**(22,564)**
Inventories (Note 6)	**115,523**	85,570	**1,481,064**
Short-term loans (Note 17)	**163**	307	**2,090**
Deferred tax assets (Note 12)	**11,057**	10,291	**141,756**
Other	**3,156**	5,763	**40,462**
Total current assets	**325,428**	281,485	**4,172,154**
Investments and other assets:			
Investments in securities (Notes 5 and 7)	**14,045**	15,362	**180,064**
Investments in and advances to unconsolidated subsidiaries and affiliates (Notes 5 and 17)	**37,661**	40,767	**482,833**
Long-term loans	**3,102**	3,115	**39,769**
Deferred tax assets (Note 12)	**6,214**	5,616	**79,667**
Long-term prepaid expenses	**2,289**	2,228	**29,346**
Trademarks (Note 10)	**414**	725	**5,308**
Goodwill and other intangible assets	**17,801**	15,554	**228,218**
Prepaid pension cost (Note 13)	**23,071**	24,009	**295,782**
Other	**9,751**	9,051	**125,013**
Allowance for doubtful accounts	**(1,140)**	(1,200)	**(14,615)**
Total investments and other assets	**113,208**	115,227	**1,451,385**
Property, plant and equipment (Note 9):			
Land	**36,475**	36,706	**467,628**
Buildings and structures	**152,366**	150,555	**1,953,410**
Machinery and equipment	**459,691**	446,451	**5,893,474**
Leased assets	**5,317**	4,063	**68,167**
Construction in progress	**22,518**	11,691	**288,692**
Accumulated depreciation	**(443,392)**	(423,935)	**(5,684,513)**
Net property, plant and equipment	**232,975**	225,531	**2,986,858**
Total assets	**¥ 671,611**	¥ 622,243	**$ 8,610,397**

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	**2011**
Liabilities and Net Assets			
Current liabilities:			
Short-term borrowings (Notes 5 and 11)	**¥ 77,615**	¥ 52,270	**$ 995,064**
Current portion of long-term debt (Notes 5 and 11)	**20,541**	36,459	**263,346**
Notes and accounts payable (Notes 5 and 17)—			
Trade	**77,422**	72,813	**992,590**
Construction	**9,710**	6,009	**124,487**
Other	**29,611**	26,957	**379,628**
Accrued expenses	**13,404**	12,591	**171,846**
Allowance for sales returns	**2,373**	2,656	**30,423**
Accrued income taxes (Note 12)	**5,308**	8,339	**68,051**
Other	**6,152**	8,080	**78,873**
Total current liabilities	**242,136**	226,174	**3,104,308**
Long-term liabilities:			
Long-term debt (Notes 5 and 11)	**176,060**	152,521	**2,257,179**
Deferred tax liabilities (Note 12)	**8,295**	9,192	**106,346**
Accrued retirement benefits (Note 13)	**12,149**	11,955	**155,756**
Other	**10,796**	9,437	**138,411**
Total long-term liabilities	**207,300**	183,105	**2,657,692**
Contingent liabilities (Note 18)			
Net Assets			
Shareholders' equity:			
Common stock—			
Authorized: 800,000,000			
Issued: 263,043,057 shares in 2011 and 2010	**42,658**	42,658	**546,897**
Capital surplus	**38,661**	38,661	**495,654**
Retained earnings	**159,827**	127,595	**2,049,064**
Less treasury stock, at cost—			
2011—707,026 shares			
2010—704,248 shares	**(540)**	(537)	**(6,923)**
Total shareholders' equity	**240,606**	208,377	**3,084,692**
Accumulated other comprehensive income:			
Net unrealized gains and losses on available-for-sale securities	**2,816**	3,421	**36,103**
Deferred gains and losses on hedges	**(30)**	(137)	**(385)**
Currency translation adjustments	**(29,761)**	(21,977)	**(381,551)**
Adjustments for retirement obligation of foreign affiliates	**(15,970)**	—	**(204,744)**
Total accumulated other comprehensive income	**(42,945)**	(18,693)	**(550,577)**
Minority interests	**24,514**	23,280	**314,282**
Total net assets	**222,175**	212,964	**2,848,397**
Total liabilities and net assets	**¥671,611**	¥622,243	**$8,610,397**

Consolidated Statements of Income

Sumitomo Rubber Industries, Ltd. and Its Consolidated Subsidiaries

Years ended December 31	2011	2010	2011
	Millions of yen		Thousands of U.S. dollars (Note 1)
Net sales (Note 17)	**¥676,904**	¥604,549	**$8,678,256**
Cost of sales (Note 17)	**445,426**	387,678	**5,710,589**
Gross profit	**231,478**	216,871	**2,967,667**
Selling, general and administrative expenses	**177,554**	169,300	**2,276,334**
Operating income	**53,924**	47,571	**691,333**
Other income (expenses):			
Interest and dividends income	**793**	754	**10,167**
Interest expense	**(4,788)**	(4,277)	**(61,385)**
Loss on sales and retirement of noncurrent assets	**(914)**	(820)	**(11,718)**
Foreign exchange gains and losses	**(2,239)**	(2,338)	**(28,705)**
Equity in earnings and losses of affiliates	**2,311**	1,284	**29,628**
Impairment loss (Note 20)	**(163)**	(1,699)	**(2,090)**
Loss on disaster (Note 15)	**(4,697)**	—	**(60,218)**
Other, net	**(448)**	(4,274)	**(5,743)**
	(10,145)	(11,370)	**(130,064)**
Income before income taxes and minority interests	**43,779**	36,201	**561,269**
Income taxes (Note 12):			
Current	**12,882**	14,097	**165,154**
Deferred	**(892)**	(2,362)	**(11,436)**
	11,990	11,735	**153,718**
Income before minority interests	**31,789**	24,466	**407,551**
Minority interests in income	**(3,403)**	(3,039)	**(43,628)**
Net income	**¥ 28,386**	¥ 21,427	**$ 363,923**
	Yen		U.S. dollars (Note 1)
Per share amounts:			
Net income	**¥108.20**	¥ 81.67	**$ 1.387**
Cash dividends paid	**23.00**	20.00	**0.295**

Consolidated Statements of Comprehensive Income

Sumitomo Rubber Industries, Ltd. and Its Consolidated Subsidiaries

Years ended December 31	2011	2010	2011
	Millions of yen		Thousands of U.S. dollars (Note 1)
Income before minority interests	**¥31,789**	¥24,466	**$407,551**
Other comprehensive income:			
Net unrealized gains and losses on available-for-sale securities	**(616)**	(980)	**(7,897)**
Deferred gains and losses on hedges	**108**	(106)	**1,385**
Currency translation adjustments	**(6,021)**	(8,911)	**(77,192)**
Adjustments for retirement obligation of foreign affiliates	**(35)**	8	**(449)**
Share of other comprehensive income of affiliates under equity method	**(1,363)**	(4,825)	**(17,474)**
	(7,927)	(14,814)	**(101,627)**
Comprehensive income	**¥23,862**	¥ 9,652	**$305,924**
Comprehensive income attributed to:			
Owners of the Company	**¥20,893**	¥ 7,138	**$267,859**
Minority interests	**2,969**	2,514	**38,065**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Sumitomo Rubber Industries, Ltd. and Its Consolidated Subsidiaries

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gains and losses on available-for-sale securities	Deferred gains and losses on hedges	Currency translation adjustments	Minority interests	Total net assets
Balance at December 31, 2009	¥42,658	¥38,661	¥109,349	¥(534)	¥4,402	¥ (32)	¥ (7,476)	¥22,024	¥209,052
Disposal of treasury stock		0		0					0
Dividends from surplus			(4,197)						(4,197)
Net income			21,427						21,427
Purchase of treasury stock				(3)					(3)
Effect of change in reporting entities			(104)						(104)
Other			1,120		(981)	(105)	(14,501)	1,256	(13,211)
Balance at December 31, 2010	¥42,658	¥38,661	¥127,595	¥(537)	¥3,421	¥(137)	¥(21,977)	¥23,280	¥212,964

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gains and losses on available-for-sale securities	Deferred gains and losses on hedges	Currency translation adjustments	Adjustments for retirement obligation of foreign affiliates	Minority interests	Total net assets
Balance at December 31, 2010	¥42,658	¥38,661	¥127,595	¥(537)	¥3,421	¥(137)	¥(21,977)	¥ —	¥23,280	¥212,964
Effect of change in accounting policies of foreign affiliates			**(7,561)**							**(7,561)**
Transfer to adjustments for retirement obligation of foreign affiliates			**16,759**					**(16,759)**		**—**
Disposal of treasury stock		**0**		**0**						**0**
Dividends from surplus			**(5,247)**							**(5,247)**
Net income			**28,386**							**28,386**
Purchase of treasury stock				**(3)**						**(3)**
Effect of change in reporting entities			**(10)**							**(10)**
Other			**(95)**		**(605)**	**107**	**(7,784)**	**789**	**1,234**	**(6,354)**
Balance at December 31, 2011	**¥42,658**	**¥38,661**	**¥159,827**	**¥(540)**	**¥2,816**	**¥ (30)**	**¥(29,761)**	**¥(15,970)**	**¥24,514**	**¥222,175**

Thousands of U.S. dollars (Note 1)

Balance at December 31, 2010	$546,897	$495,654	$1,635,833	$(6,885)	$43,859	$(1,756)	$(281,756)	$ —	$298,462	$2,730,308
Effect of change in accounting policies of foreign affiliates			**(96,936)**							**(96,936)**
Transfer to adjustments for retirement obligation of foreign affiliates			**214,859**					**(214,859)**		**—**
Disposal of treasury stock		**0**		**0**						**0**
Dividends from surplus			**(67,269)**							**(67,269)**
Net income			**363,923**							**363,923**
Purchase of treasury stock				**(38)**						**(38)**
Effect of change in reporting entities			**(128)**							**(128)**
Other			**(1,218)**		**(7,756)**	**1,371**	**(99,795)**	**10,115**	**15,820**	**(81,463)**
Balance at December 31, 2011	**$546,897**	**$495,654**	**$2,049,064**	**$(6,923)**	**$36,103**	**$ (385)**	**$(381,551)**	**$(204,744)**	**$314,282**	**$2,848,397**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Sumitomo Rubber Industries, Ltd. and Its Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 1)
Years ended December 31	**2011**	2010	**2011**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 43,779**	¥ 36,201	**$ 561,269**
Depreciation and amortization	**37,606**	37,885	**482,128**
Impairment loss	**163**	1,699	**2,090**
Net gain and loss on sales and retirement of noncurrent assets	**774**	820	**9,923**
Equity in earnings and losses of affiliates	**(2,311)**	(1,284)	**(29,628)**
Increase (decrease) in allowance for doubtful accounts	**195**	(125)	**2,500**
Increase (decrease) in provision for retirement benefits	**268**	1,186	**3,436**
(Increase) decrease in prepaid pension costs	**938**	2,791	**12,026**
Interest and dividends income	**(793)**	(754)	**(10,167)**
Interest expense	**4,788**	4,277	**61,385**
(Increase) decrease in notes and accounts receivable—trade	**(21,803)**	(6,727)	**(279,526)**
(Increase) decrease in inventories	**(32,928)**	(14,906)	**(422,154)**
Increase (decrease) in notes and accounts payable—trade	**5,100**	12,805	**65,385**
Increase (decrease) in accounts payable—other	**2,927**	4,171	**37,526**
Other, net	**693**	4,568	**8,884**
Subtotal	**39,396**	82,607	**505,077**
Interest and dividend income received	**798**	765	**10,231**
Interest expense paid	**(4,689)**	(4,272)	**(60,115)**
Income taxes paid	**(16,560)**	(9,375)	**(212,308)**
Net cash provided by (used in) operating activities	**18,945**	69,725	**242,885**
Cash flows from investing activities:			
Payments into time deposits	**(734)**	(1,643)	**(9,410)**
Proceeds from withdrawal from time deposits	**1,297**	1,198	**16,628**
Purchase of property, plant and equipment	**(43,781)**	(31,430)	**(561,295)**
Purchase of intangible assets	**(4,226)**	(3,266)	**(54,179)**
Proceeds from sales of noncurrent assets	**543**	604	**6,962**
Purchase of investments in subsidiaries	**(367)**	(14)	**(4,705)**
Purchase of investment securities	**(151)**	(141)	**(1,936)**
Proceeds from sales of investment securities	**43**	—	**551**
Purchase of stocks of subsidiaries and affiliates	**(4,440)**	(1,086)	**(56,923)**
Proceeds from sales of stocks of subsidiaries and affiliates	**—**	62	**—**
Net (increase) decrease in short-term loans receivable	**142**	62	**1,821**
Payments of long-term loans receivable	**(87)**	(46)	**(1,115)**
Collection of long-term loans receivable	**80**	110	**1,026**
Other, net	**112**	190	**1,434**
Net cash provided by (used in) investing activities	**(51,569)**	(35,400)	**(661,141)**
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	**27,148**	(9,767)	**348,051**
Proceeds from long-term debt and newly issued bonds	**43,869**	12,762	**562,423**
Repayments of long-term debt and redemption of bonds	**(35,718)**	(23,642)	**(457,923)**
Proceeds from issuance of stock to minority shareholders	**193**	—	**2,474**
Cash dividends paid	**(5,247)**	(4,197)	**(67,269)**
Cash dividends paid to minority shareholders	**(1,451)**	(1,244)	**(18,603)**
Net (increase) decrease in treasury stock	**(3)**	(4)	**(38)**
Other, net	**(782)**	458	**(10,025)**
Net cash provided by (used in) financing activities	**28,009**	(25,634)	**359,090**
Effect of exchange rate change on cash and cash equivalents	**(1,211)**	(2,535)	**(15,526)**
Net increase (decrease) in cash and cash equivalents	**(5,826)**	6,156	**(74,692)**
Cash and cash equivalents at beginning of period	**34,157**	27,527	**437,910**
Increase (decrease) in cash and cash equivalents due to change in reporting entities	**180**	474	**2,308**
Cash and cash equivalents at end of period (Note 4)	**¥ 28,511**	¥ 34,157	**$ 365,526**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Sumitomo Rubber Industries, Ltd. and Its Consolidated Subsidiaries
December 31, 2011 and 2010

1. Major Policies Applied in Preparing Consolidated Financial Statements

The accompanying consolidated financial statements are a translation of the financial statements publicly issued in Japan and have been modified to enhance foreign readers' understanding. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. In addition, the notes to the consolidated financial statements include financial information that is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The U.S. dollar amounts appearing in the consolidated financial statements are included solely for convenience. These U.S. dollar translations should not be construed as representations that the Japanese yen amounts actually represent U.S. dollars or have been or could be converted into U.S. dollars. The rate of ¥78=U.S.$1.00, the approximate rate prevailing at December 31, 2011, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements.

2. Significant Accounting Policies

(1) Consolidation and accounting for investments in affiliates

The consolidated financial statements consist of the accounts of Sumitomo Rubber Industries, Ltd. (the "Company") and, with minor exceptions, those of its majority-owned subsidiaries at the relevant balance sheet dates. All significant intercompany transactions and accounts are eliminated in consolidation. Investments in unconsolidated subsidiaries and affiliates (companies in which the Company has a 20% to 50% ownership interest) are, with minor exceptions, accounted for on an equity basis. Using an equity basis, investments are stated at cost plus/minus the Company's equity in undistributed earnings or losses. Consolidated net income includes the Company's equity in current earnings or losses of such companies after the elimination of unrealized intercompany profits.

Sumitomo Rubber Latin America Limitada, whose operations became significant in fiscal 2010, was included in the fiscal 2010 consolidation. Sumitomo Rubber (China) Co., Ltd. and Sumitomo Rubber (Hunan) Co., Ltd. were included in the 2010 consolidation due to their being founded during the year. In fiscal 2010, Dunlop Falken Tyres Ltd. and SRI Hybrid Limited were merged with Sumitomo Rubber Industries, Ltd. and 11 domestic tire wholesale subsidiaries were merged into 7 entities in fiscal 2010. Also in fiscal 2010, Sumitomo Rubber (Suzhou) Co., Ltd. was merged with Sumitomo Rubber (Changshu) Co., Ltd.

Dunlop Retread Service Hokkaido Co., Ltd. was merged with Dunlop Retread Service Co., Ltd. Changshu Srixon Sports Co., Ltd. and Srixon Sports Hong Kong Co., Ltd., whose operations became significant in fiscal 2011, were included in the fiscal 2011 consolidation. Srixon Sports Korea Ltd., which was founded during fiscal 2011, was included in the fiscal 2011 consolidation.

All consolidated subsidiaries were consolidated using the same fiscal period as that of the Company.

If there is a change in the reporting entity, the consolidated financial statements are not restated. The effect of the change is directly debited or credited to retained earnings during the period.

The differences between the cost of and the underlying net equity in investments in consolidated subsidiaries and affiliates accounted for on an equity basis are recognized when those companies are initially included in consolidation or accounted for by the equity method. Generally, such differences are amortized using the straight-line method within 20 years. Minor differences are charged or credited to income as incurred.

(2) Consolidated statements of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with original maturities of three months or less are considered to be cash and cash equivalents.

(3) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at rates prevailing at the balance sheet date, and the resulting translation gains or losses are charged to income to the extent that they are not hedged by forward exchange contracts.

In preparing the accompanying consolidated financial statements, the asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates, and shareholders' equity is translated at historical exchange rates. Revenue and expense accounts of foreign subsidiaries and affiliates are translated at the average rates of exchange prevailing during the year. The resulting translation adjustments are shown as a component of net assets.

(4) Marketable securities and investments in securities

Securities classified as available-for-sale securities are stated at fair market value with unrealized gains and losses, net of applicable taxes, recorded as a component of net assets. Securities with no fair market value are stated at cost. If securities decline in value significantly and the decline is not considered recoverable, the value of the securities is reduced to net realizable value by charges to income. The cost of securities sold is determined based on the average cost of all the shares of securities held at the time of sale.

(5) Derivative financial instruments and hedging

The Company and its consolidated subsidiaries use derivative financial instruments, which include foreign exchange forward contracts, currency swap contracts and interest rate swap contracts, in order to offset risks associated with fluctuations in currency exchange rates and interest rates with respect to financial assets and liabilities in accordance with internal policies and procedures.

a. Hedge accounting
The Company and its consolidated subsidiaries have adopted a method for hedging instruments that defers the recognition of gain or loss resulting from a change in the fair value of the derivative financial instrument until the related gain or loss on the hedged item is recognized.

All derivatives are stated at fair value. However, when foreign exchange forward contracts meet certain conditions, accounts receivable and accounts payable covered by these contracts are translated using the contract rate. In addition, when an interest rate swap contract meets certain conditions, the net amount to be paid or received under the contract is added to or deducted from the interest on the hedged item.

Hedging instruments and hedged items are summarized as follows:

Hedging instruments	Hedged items
Foreign exchange forward contracts	Accounts receivable and accounts payable in foreign currencies and forecasted transactions
Interest rate swap contracts	Short-term borrowings and long-term debt, bonds

b. Hedging policy
The Company and its consolidated subsidiaries use financial instruments to hedge market or interest rate fluctuation risks in accordance with their internal policies and procedures.

c. Method for assessing hedge effectiveness
The Company and its consolidated subsidiaries evaluate the effectiveness of their hedging activities by comparing the cumulative changes in fair value or the cumulative changes in cash flow on hedging instruments with those of the related hedged items from the commencement of the hedge.

(6) Inventories
Inventories are mainly stated at the lower of average cost or market.

(7) Allowance for doubtful accounts
The Company and its consolidated subsidiaries provide an allowance for doubtful accounts principally at an amount based on the historical bad debt ratio during certain reference periods plus the estimated uncollectible amount of certain individual accounts.

(8) Property, plant and equipment
Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed using the straight-line method, except for assets held at the Company's head office, the Nagoya Factory, the Kakogawa Factory and some domestic consolidated companies. These latter assets are depreciated using the declining balance method over the estimated useful life of the asset. The estimated useful lives of assets from the major classes of depreciable assets range from 3 to 60 years for buildings and structures and from 1 to 20 years for machinery and equipment.

(9) Accounting for leases
Finance leases which transfer ownership are depreciated in the same manner as owned fixed assets. Finance leases which do not transfer title are accounted for as purchase and sale transactions and are depreciated by the straight-line method, in which it is assumed that the useful life is the lease period and that the residual value of the relevant asset at the end of the leased period is zero. Finance lease transactions which were executed on or before December 31, 2008 and which do not involve a transfer of ownership are accounted for using the same method as that used for operating leases.

(10) Intangible assets
Intangible assets are stated at cost, less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful life of the asset.

(11) Research and development expenses
Research and development expenses are charged to income when incurred.

(12) Allowance for sales returns
An allowance for sales returns is provided for losses incurred on the return of snow tires sold during the fiscal year but returned subsequent to the balance sheet date. The allowance is based on an estimate using the average rate of such returns in prior years.

(13) Accrued retirement benefits
Liabilities and expenses for retirement and severance benefits are accounted for based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the balance sheet date. Accrued retirement benefits for directors and statutory auditors of certain consolidated subsidiaries, which are included in other long-term liabilities, are recorded at an amount equivalent to 100% of such benefits that the subsidiaries would be required to pay at the balance sheet date based on their internal rules. Payments of benefits are subject to resolution at the shareholders' meeting.

In fiscal 2010, because the number of employees exceeded 300 by the time of the amalgamation, a number of domestic consolidated subsidiaries changed their calculation method for accrued retirement benefits from the prima facie method to the principal method from the third quarter of the 2010 fiscal year. As a result of this change, operating income was ¥31 million more and income before income taxes was ¥1,012 million less than they would have been with the previous method.

(14) Income taxes
The income statements of the Company and its consolidated subsidiaries include many items for financial reporting purposes that, in the case of costs and expenses, are not currently tax deductible and, in the case of income, are not currently taxable. The Company and its consolidated subsidiaries have adopted interperiod income tax allocation using the asset and liability method of accounting with respect to all such temporary differences, including tax loss carryforwards.

(15) Per share amounts
Net income per share is computed based on the average number of shares outstanding during each period. Diluted net income per share is not presented because there were no outstanding common stock equivalents as of December 31, 2011 or December 31, 2010.

(16) Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the accompanying consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(17) Reclassifications
Certain reclassifications of previously reported amounts have been made to conform to current classifications.

(18) Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method
Effective from the fiscal year ended December 31, 2011, the Company has adopted the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, issued on March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ Practical Issues Task Force ("PITF") No. 24 issued on March 10, 2008), making necessary adjustments in the consolidation process. As a result of this change, the beginning balance of retained earnings in fiscal 2011 was ¥7,561 million ($96,940 thousand) less than it would have been without the change. The effect of the change on the income statement for fiscal 2011 was insignificant.

(19) Accounting Standard for Asset Retirement Obligations and its implementation guidance
Effective from the fiscal year ended December 31, 2011, the Company and consolidated domestic subsidiaries adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued on March, 31 2008). As a result of this change, in fiscal 2011, operating income was ¥51 million ($654 thousand) less and income before income taxes was ¥431 million ($5,526 thousand) less than it would have been without the change.

3. Supplementary Information

Effective from the fiscal year ended December 31, 2011, the Company adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, issued on June 30, 2010). In previous fiscal years, "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" were stated as "Valuation and translation adjustments" and "Total valuation and translation adjustments," respectively.

4. Cash Flow Information

Reconciliations of cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Cash and time deposits	**¥29,192**	¥35,391	**$374,256**
Time deposits with a maturity of over three months	**(681)**	(1,234)	**(8,730)**
Cash and cash equivalents	**¥28,511**	¥34,157	**$365,526**

5. Financial Instruments

a) Qualitative Information on Financial Instruments

(1) Policies for using financial instruments
The Company and its consolidated subsidiaries raise capital for investment in equipment and for operating capital mainly through bank loans and bond issuances based on cash flow planning. Temporary excess cash is managed with low risk financial assets. The Company and its consolidated subsidiaries utilize derivative transactions only to hedge risks of future changes in cash flows and fair values and not for speculative purposes.

(2) Financial instruments and exposure to risk

Trade notes and accounts receivable are exposed to the credit risks of customers. However, the Company and its consolidated subsidiaries seek to reduce the risk through the implementation of rules for credit controls. Operating receivables denominated in foreign currencies are exposed to foreign exchange risk, but the risks are hedged using forward exchange contracts, etc., for the net position of foreign currency operating payables and foreign currency debt. Investment securities are mainly held to build and maintain good customer relationships. The Company and its consolidated subsidiaries periodically review the circumstances under which such securities are held and evaluate the fair value of the securities and/or the financial condition of the issuers, which are generally business counterparties.

The main purpose of holding debt and issuing bonds is to secure financing for equipment and operating capital. The derivative transactions entered into comprise forward exchange contracts to hedge exchange risks of foreign currency debts and credit, currency swap contracts and interest swap contracts to hedge the fluctuation risks associated with interest rates for and fair values of debt and bonds. The Company and its consolidated subsidiaries manage and control these risks according to management's rules for derivative transactions.

b) Fair Value of Financial Instruments

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet at December 31, 2011 and 2010 were as set forth in the table below. Financial instruments whose fair values were hard to determine were not included in the table.

	Millions of yen			Thousands of U.S. dollars		
			2011			**2011**
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Trade notes and accounts receivable	**¥ 150,225**	**¥ 150,225**	**¥ —**	**$ 1,925,962**	**$ 1,925,962**	**$ —**
Investments in securities	**13,715**	**13,715**	**—**	**175,833**	**175,833**	**—**
Total assets	**¥ 163,940**	**¥ 163,940**	**¥ —**	**$ 2,101,795**	**$ 2,101,795**	**$ —**
Trade notes and accounts payable	**¥ (77,422)**	**¥ (77,422)**	**¥ —**	**$ (992,590)**	**$ (992,590)**	**$ —**
Short-term borrowings	**(77,615)**	**(77,615)**	**—**	**(995,064)**	**(995,064)**	**—**
Accrued accounts payable	**(37,398)**	**(37,398)**	**—**	**(479,462)**	**(479,462)**	**—**
Bonds	**(75,000)**	**(77,561)**	**(2,561)**	**(961,538)**	**(994,372)**	**(32,834)**
Long-term debt	**(117,017)**	**(118,463)**	**(1,446)**	**(1,500,218)**	**(1,518,756)**	**(18,538)**
Total liabilities	**¥(384,452)**	**¥(388,459)**	**¥(4,007)**	**$(4,928,872)**	**$(4,980,244)**	**$(51,372)**
Derivative transactions						
Contracts for which hedge accounting was not adopted	**¥ (23)**	**¥ (23)**	**¥ —**	**$ (295)**	**$ (295)**	**$ —**
Contracts for which hedge accounting was adopted	**(41)**	**(41)**	**—**	**(526)**	**(526)**	**—**

	Millions of yen		
			2010
	Carrying amount	Fair value	Difference
Cash and time deposits	¥ 35,391	¥ 35,391	¥ —
Trade notes and accounts receivable	130,399	130,399	—
Investments in securities	14,234	14,234	—
Total assets	¥ 180,024	¥ 180,024	¥ —
Trade notes and accounts payable	¥ (72,813)	¥ (72,813)	¥ —
Short-term borrowings	(52,270)	(52,270)	—
Accrued accounts payable	(32,440)	(32,440)	—
Bonds	(75,000)	(77,449)	(2,449)
Long-term debt	(109,851)	(111,795)	(1,944)
Total liabilities	¥(342,374)	¥(346,767)	¥(4,393)
Derivative transactions			
Contracts for which hedge accounting was not adopted	¥ (207)	¥ (207)	¥ —
Contracts for which hedge accounting was adopted	(108)	(108)	—

(1) Valuation approach for the fair value of financial instruments

Cash and time deposits, trade notes and accounts receivable:
The carrying amount approximates fair value because of the short maturity.

Investments in securities:
The carrying amount is only for listed stock that has quoted market value and is stated at fair market value.

Trade notes and accounts payable, construction notes and accounts payable:
The carrying amount approximates fair value because of the short maturity.

Short-term borrowings:
The carrying amount approximates fair value because of the short maturity.

Accrued accounts payable:
The carrying amount approximates fair value because of the short maturity.

Bonds and long-term debt:
For items with floating rates, the fair value is based on the book value since the market interest rate is reflected in a short period. For items with fixed rates, the fair value is based on the present value with interest discounted based on the interest rate for similar instruments. For long-term borrowings used in interest rate swaps in which the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed, fair value is based on the present value with interest discounted based on the interest rate for similar instruments and are processed as a unit using the rate set by the interest rate swap.

Derivative transactions:
See Note 8.

(2) Financial instruments whose fair value is difficult to determine

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Unlisted securities (available-for-sale securities)	**¥ 331**	¥ 1,127	**$ 4,244**
Unlisted investments in affiliates	**37,661**	40,767	**482,833**

The above financial instruments do not have quoted market values and their future cash flows cannot be estimated. Because the fair value is difficult to determine, these instruments are not included in "Investments in securities."

6. Inventories

Inventories as of December 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Finished goods	**¥ 68,633**	¥54,601	**$ 879,910**
Raw materials	**35,641**	20,597	**456,936**
Work-in-process	**5,446**	4,755	**69,821**
Supplies	**5,803**	5,617	**74,397**
	¥115,523	¥85,570	**$1,481,064**

7. Investments in Securities

As of December 31, 2011 and 2010, cost, book value and related unrealized gains and losses pertaining to marketable equity securities classified as available-for-sale securities with readily determinable fair values were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Available-for-sale securities:			
Cost	**¥ 9,562**	¥ 8,743	**$122,590**
Book value	**13,715**	14,234	**175,833**
Unrealized gains	**5,019**	5,780	**64,346**
Unrealized losses	**(866)**	(289)	**(11,103)**

8. Derivative Financial Instruments

Fair value information regarding derivative financial instruments as of December 31, 2011 and 2010 was as follows:

(a) Derivative transactions for which hedge accounting has not been applied

	Millions of yen						Thousands of U.S. dollars		
	2011			2010			**2011**		
	Contract amount	Fair value	Unrecognized gain (loss)	Contract amount	Fair value	Unrecognized gain (loss)	Contract amount	Fair value	Unrecognized gain (loss)
Currency related contracts:									
Forward foreign exchange contracts									
To buy foreign currencies	**¥ 1,989**	**¥ 2**	**¥ 2**	¥ 244	¥ (11)	¥ (11)	**$ 25,500**	**$ 26**	**$ 26**
To sell foreign currencies	**4,983**	**52**	**51**	2,453	50	50	**63,885**	**667**	**654**
Currency swap contracts	**19,057**	**(107)**	**41**	8,581	(158)	(88)	**244,321**	**(1,372)**	**526**
			¥ 94			¥ (49)			**$1,206**
Interest rate related contracts:									
Interest rate swap contracts									
Receive variable rate, give fixed rate	**¥ —**	**¥ —**	**¥ —**	¥20,000	¥(268)	¥260	**$ —**	**$ —**	**$ —**
Give variable rate, receive fixed rate	**4,600**	**30**	**(30)**	24,600	180	(250)	**58,974**	**385**	**(385)**
			¥(30)			¥ 10			**$ (385)**

(b) Derivative transaction for which hedge accounting has been applied

	Millions of yen				Thousands of U.S. dollars	
	2011		2010		**2011**	
	Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
Currency related contracts:						
Forward foreign exchange contracts						
Deferred hedges						
To buy foreign currencies	**¥ 3,205**	**¥(41)**	¥ 3,316	¥(131)	**$ 41,090**	**$(526)**
To sell foreign currencies	**—**	**—**	15	22	**—**	**—**
Designation method for forward foreign exchange contracts, etc.						
To buy foreign currencies	**¥ 566**	(Note)	¥ 574	(Note)	**$ 7,256**	(Note)
To sell foreign currencies	**71**	(Note)	502	(Note)	**910**	(Note)
Interest rate related contracts:						
Interest rate swap contracts						
Receive variable rate, give fixed rate	**¥33,700**	(Note)	¥35,200	(Note)	**$432,051**	(Note)

Note: Fair value is based on prices provided by financial institutions.

In fiscal 2010, because accounts receivable, accounts payable and long-term debt denominated in foreign currencies for which foreign exchange forward contracts were used to hedge the risk of foreign currency fluctuation, the fair value of the derivative financial instrument was included in the fair value of accounts receivable, accounts payable and long-term debt as hedged items.

9. Property, Plant and Equipment

Depreciation expense for the years ended December 31, 2011 and 2010 was ¥33,628 million ($431,128 thousand) and ¥33,557 million, respectively.

10. Trademarks

For the years ended December 31, 2011 and 2010, amortization expense for capitalized trademarks was ¥301 million ($3,859 thousand) and ¥303 million, respectively.

11. Short-Term Borrowings and Long-Term Debt

Short-term borrowings of ¥77,615 million ($995,064 thousand) and ¥52,270 million as of December 31, 2011 and 2010, respectively, bore interest ranging from 0.28% to 5.25% and from 0.35% to 5.3% per annum, respectively.

For the years ended December 31, 2011 and 2010, finance lease obligations, included in short-term borrowings, were ¥1,028 million ($13,179 thousand) and ¥745 million, respectively.

Long-term debt as of December 31, 2011 and 2010 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
0.74% unsecured bonds due 2011 payable in Japanese yen	**¥ —**	¥ 20,000	**$ —**
1.83% unsecured bonds due 2013 payable in Japanese yen	**10,000**	10,000	**128,205**
1.84% unsecured bonds due 2014 payable in Japanese yen	**10,000**	10,000	**128,205**
1.25% unsecured bonds due 2014 payable in Japanese yen	**10,000**	10,000	**128,205**
0.58% unsecured bonds due 2016 payable in Japanese yen	**10,000**	—	**128,205**
2.19% unsecured bonds due 2017 payable in Japanese yen	**5,000**	5,000	**64,103**
2.17% unsecured bonds due 2018 payable in Japanese yen	**10,000**	10,000	**128,205**
2.07% unsecured bonds due 2019 payable in Japanese yen	**10,000**	10,000	**128,205**
1.38% unsecured bonds due 2021 payable in Japanese yen	**10,000**	—	**128,205**
Loans payable to banks and other financial institutions due from 2011 to 2021 with interest of 0.28% to 5.25% for 2011 and 2010			
Unsecured	**117,017**	109,851	**1,500,218**
Current portion of long-term debt and finance lease obligations	**4,584**	4,129	**58,769**
	196,601	188,980	**2,520,525**
Less portion due within one year	**20,541**	36,459	**263,346**
	¥176,060	¥152,521	**$2,257,179**

The aggregate annual maturities of long-term debt as of December 31, 2011 were as follows:

Years ending December 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 20,541	$ 263,346
2013	25,098	321,769
2014	55,295	708,910
2015	23,948	307,026
2016	34,700	444,872
2017 and thereafter	37,019	474,602
	¥196,601	$2,520,525

12. Income Taxes

The Company and its consolidated subsidiaries are subject to a number of different income taxes in Japan which, in the aggregate, indicate a normal cumulative statutory tax rate of approximately 40.4% for the years ended December 31, 2011 and 2010. Significant differences between the normal cumulative statutory tax rate and the effective tax rate in the consolidated statements of income for the years ended December 31, 2011 and 2010 were as follows:

	2011	2010
Normal cumulative statutory tax rate	**40.4%**	40.4%
Undistributed benefits of consolidated subsidiaries	**1.8**	3.1
Expenses not deductible for tax purposes	**0.9**	0.8
Depreciation of goodwill	**0.7**	0.6
Differences in statutory tax rates of foreign subsidiaries	**(6.9)**	(6.1)
Valuation allowance	**(2.3)**	(3.1)
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	**(2.1)**	(1.4)
Tax credits for research and development costs	**(1.5)**	(1.4)
Effect arising from the change in tax rate	**(0.8)**	—
Other	**(2.8)**	(0.5)
Effective tax rate for consolidated statements of income	**27.4%**	32.4%

Significant components of deferred tax assets and liabilities as of December 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Deferred tax assets:			
Unrealized profits	**¥ 5,178**	¥ 5,025	**$ 66,385**
Tax loss carryforwards	**3,818**	4,187	**48,949**
Provision for accrued retirement benefits	**3,249**	3,158	**41,654**
Loss on impairment of fixed assets	**2,363**	2,902	**30,295**
Incentive bonuses	**1,531**	1,217	**19,628**
Accrued bonuses	**1,187**	1,038	**15,218**
Inventories	**1,105**	1,102	**14,167**
Allowance for sales returns	**959**	1,073	**12,295**
Advertising	**920**	993	**11,795**
Provision for doubtful accounts	**857**	899	**10,987**
Depreciation	**585**	542	**7,500**
Loss on impairment of investment securities	**502**	619	**6,436**
Accrued business enterprise tax	**419**	775	**5,372**
Loss on impairment of golf club memberships	**269**	321	**3,449**
Other	**4,522**	4,070	**57,973**
Total deferred tax assets	**¥ 27,464**	¥ 27,921	**$ 352,103**
Less valuation allowance	**(6,011)**	(7,611)	**(77,065)**
Net deferred tax assets	**¥ 21,453**	¥ 20,310	**$ 275,038**
Deferred tax liabilities:			
Provision for accrued retirement benefits	**¥ (4,448)**	¥ (5,507)	**$ (57,026)**
Deferred gains on sales of property, plant and equipment	**(1,971)**	(2,240)	**(25,269)**
Undistributed benefits of consolidated subsidiaries	**(1,720)**	(845)	**(22,051)**
Unrealized gains on available-for-sale securities	**(1,438)**	(2,103)	**(18,436)**
Unrealized gain on land of a consolidated subsidiary	**(1,164)**	(1,328)	**(14,923)**
Other	**(2,223)**	(1,658)	**(28,500)**
Total deferred tax liabilities	**¥(12,964)**	¥(13,681)	**$(166,205)**

Deferred income taxes, net as of December 31, 2011 were included in the following accounts:

	Millions of yen	Thousands of U.S. dollars
	2011	**2011**
Current assets—deferred tax assets	**¥11,057**	**$ 141,756**
Investments and other assets—deferred tax assets	**6,214**	**79,667**
Current liabilities—deferred tax liabilities	**(487)**	**(6,244)**
Long-term liabilities—deferred tax liabilities	**(8,295)**	**(106,346)**

With the issuance of the "Act Regarding Revision of Part of the Income Tax Act and Other Related Laws/Regulations, in Order to Establish a Taxation System that Reflects Structural Changes in the Economy and Society" (Law No. 114 of 2011) and the "Act Regarding Securing Funds Necessary for Implementing Programs Promoting Recovery from the Great East Japan Earthquake" (Law No. 117 of 2011) on December 2, 2011, corporate income tax rates have been revised for fiscal years beginning on and after January 1, 2013. In accordance with this reform, the effective statutory tax rates that are used to measure deferred tax assets and deferred tax liabilities will be reduced to 37.8% from 40.4% between January 1, 2013 and December 31, 2015 and to 35.4% from 40.4% on and after January 1, 2016.

This revision has had the effect of decreasing deferred tax liabilities (excluding deferred tax assets) by ¥549 million ($7,038 thousand), decreasing income taxes—deferred by ¥347 million ($4,449 thousand) and increasing net unrealized gains and losses on available-for-sale securities by ¥202 million ($2,590 thousand).

13. Accrued Retirement Benefits

Upon terminating employment, employees of the Company and the domestic consolidated subsidiaries are entitled, under most circumstances, to lump-sum indemnities or pension annuity payments. For an employee who voluntarily retires under normal circumstances, a minimum payment amount is calculated based on the rate of pay at the time of retirement, length of service and conditions under which the employee retires. In calculating the payment amount for an employee who retires involuntarily, including an employee who retires due to reaching the mandatory retirement age, the Company or the domestic consolidated subsidiaries may grant additional benefits.

Most of the foreign subsidiaries have defined benefit pension plans or severance indemnity plans that cover substantially all of their employees and under which the cost of benefits is currently funded or accrued. Benefits awarded under these plans are based primarily on rates of pay at the time of retirement and length of service.

In fiscal 2011, a number of consolidated subsidiaries changed a part of their lump-sum indemnities plans and qualified pension plans to a defined contribution pension plan.

The liability for severance and retirement benefits included in the liabilities section of the consolidated balance sheets as of December 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Benefit obligation	**¥(51,583)**	¥(52,510)	**$(661,321)**
Fair value of plan assets	**47,029**	53,550	**602,936**
Funded status:			
Benefit obligation in excess of plan assets	**(4,554)**	1,040	**(58,385)**
Unrecognized actuarial differences	**16,258**	11,896	**208,436**
Unrecognized prior service cost	**(782)**	(882)	**(10,025)**
Subtotal	**10,922**	12,054	**140,026**
Prepaid pension cost	**23,071**	24,009	**295,782**
Accrued retirement benefits	**¥(12,149)**	¥(11,955)	**$(155,756)**

The Company and certain consolidated subsidiaries abolished the retirement benefit plans for directors and statutory auditors in March 2005. The accrued retirement benefits for directors and statutory auditors, amounting to ¥218 million ($2,795 thousand) and ¥304 million as of December 31, 2011 and 2010, respectively, were excluded from the above table.

Retirement and pension costs of the Company and its consolidated subsidiaries for the years ended December 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Service cost	**¥2,409**	¥2,451	**$ 30,885**
Interest cost	**958**	933	**12,282**
Expected return on plan assets	**(898)**	(942)	**(11,513)**
Amortization of actuarial differences	**1,023**	908	**13,115**
Amortization of prior service cost	**(101)**	(101)	**(1,295)**
Other	**—**	3,090	**—**
Severance and retirement benefit expenses	**3,391**	6,339	**43,474**
Contributions to the defined contribution pension plan	**686**	634	**8,795**
Gain on transition to defined contribution pension plans from a part of their lump-sum indemnities plans and qualified pension plans	**(103)**	—	**(1,320)**
Net periodic benefit costs	**¥3,974**	¥6,973	**$ 50,949**

The discount rate used by the Company and the domestic consolidated subsidiaries was mainly 2.0% in 2011 and 2010, and the expected return on plan assets was mainly 2.5% in 2011 and 2010. The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years. Actuarial losses are recognized in the statements of income using the straight-line method, mainly over a period of 15 years. The amortization periods for prior service cost is mainly 15 years.

In fiscal 2010, a number of domestic consolidated subsidiaries changed their calculation method for the benefit obligation from the simplified method based on the amount that would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date to the principal method. A difference of ¥1,043 million due to the changed calculation method was recorded under other expenses. In addition, a loss from prior term adjustments of ¥2,047 million due to a miscalculation by pension actuaries was recorded under other expenses.

14. Research and Development Expenses

Research and development expenses for the years ended December 31, 2011 and 2010 were ¥19,274 million ($247,103 thousand) and ¥18,698 million, respectively.

15. Loss on Disaster

(1) Details of loss on disaster attributable to damage caused by the Great East Japan Earthquake that has been accounted for as of and for the year ended December 31, 2011 was as follows:

	Millions of yen	Thousands of U.S. dollars
	2011	**2011**
Restoration expense	**¥2,669**	**$34,218**
Increased logistics cost	**536**	**6,872**
Fixed cost during the suspension of operations	**347**	**4,449**
Loss of inventories and other	**227**	**2,910**
Other	**490**	**6,282**
Total	**¥4,269**	**$54,731**

*Including a provision for loss on disaster amounting to ¥320 million ($4,103 thousand).

(2) Loss on disaster attributable to damage caused by the eruption of Mount Shinmoe in the Kirishima mountain range that has been accounted for as of and for the year ended December 31, 2011 was ¥428 million ($5,487 thousand).

16. Segment Information

(1) Information by reportable segment

The Company's reportable segments are the units for which separate financial information is available and periodically reviewed by the Board of Directors for the purposes of deciding the allocation of management resources and evaluating business performance. The Company and its subsidiaries have 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 Company identifies "Tires, " "Sports" and "Industrial and Other Products" as reportable segments.

Operations in the Tires segment involve the production and sale of a wide range of tires for a variety of vehicles such as passenger cars, trucks, buses and motorcycles and applications such as industrial applications. Operations in the Sports segment involve the production and sale of a variety of sporting goods, principally golf balls, golf clubs, golf bags and tennis balls. Operations in the Industrial and Other Products segment involve the production and sale of a variety of rubber and rubber based products, including vibration control products, flooring for gymnasiums, all-weather tennis courts, track and field facilities, marine fenders, precision rubber parts for office machines and blankets for offset printing presses.

The accounting policies of each reportable segment are the same as those described in Note 2.

Figures for reportable segment profit or loss are based on operating income.

Intersegment sales and transfers are stated at wholesale prices based on current market values.

Reportable segment sales, profit or loss, segment assets and other material items

	Millions of yen		Thousands of U.S. dollars
Years ended December 31	**2011**	2010	**2011**
Net sales:			
Tires—			
Sales to unaffiliated customers	**¥591,045**	¥513,775	**$7,577,500**
Intersegment sales and transfers	**21**	26	**269**
	591,066	513,801	**7,577,769**
Sports—			
Sales to unaffiliated customers	**58,365**	63,225	**748,269**
Intersegment sales and transfers	**251**	330	**3,218**
	58,616	63,555	**751,487**
Industrial and Other Products—			
Sales to unaffiliated customers	**27,493**	27,549	**352,474**
Intersegment sales and transfers	**68**	46	**872**
	27,561	27,595	**353,346**
Adjustments	**(339)**	(402)	**(4,346)**
	¥676,904	¥604,549	**$8,678,256**

Years ended December 31	Millions of yen 2011	2010	Thousands of U.S. dollars 2011
Segment profit or loss:			
Tires	**¥ 48,820**	¥ 39,412	**$ 625,897**
Sports	**3,640**	6,114	**46,667**
Industrial and Other Products	**1,460**	2,123	**18,718**
	53,920	47,649	**691,282**
Adjustments	**4**	(78)	**51**
	¥ 53,924	¥ 47,571	**$ 691,333**
Segment assets:			
Tires	**¥588,913**	¥534,478	**$7,550,167**
Sports	**52,321**	51,344	**670,782**
Industrial and Other Products	**23,118**	23,805	**296,384**
	664,352	609,627	**8,517,333**
Adjustments	**7,259**	12,616	**93,064**
	¥671,611	¥622,243	**$8,610,397**
Increase in tangible and intangible fixed assets:			
Tires	**¥ 51,105**	¥ 30,979	**$ 655,192**
Sports	**2,294**	1,656	**29,410**
Industrial and Other Products	**880**	2,231	**11,283**
	54,279	34,866	**695,885**
Adjustments	**—**	—	**—**
	¥ 54,279	¥ 34,866	**$ 695,885**
Depreciation and amortization:			
Tires	**¥ 34,614**	¥ 35,043	**$ 443,769**
Sports	**1,777**	1,656	**22,782**
Industrial and Other Products	**1,215**	1,186	**15,577**
	37,606	37,885	**482,128**
Adjustments	**—**	—	**—**
	¥ 37,606	¥ 37,885	**$ 482,128**
Amortization of goodwill:			
Tires	**¥ 311**	¥ 351	**$ 3,987**
Sports	**762**	580	**9,769**
Industrial and Other Products	**—**	—	**—**
	1,073	931	**13,756**
Adjustments	**—**	—	**—**
	¥ 1,073	¥ 931	**$ 13,756**
Investments in equity method affiliates:			
Tires	**¥ 31,605**	¥ 38,921	**$ 405,192**
Sports	**171**	158	**2,193**
Industrial and Other Products	**—**	—	**—**
	31,776	39,079	**407,385**
Adjustments	**—**	—	**—**
	¥ 31,776	¥ 39,079	**$ 407,385**

1. Segment profit or loss included in “Adjustments” comprised elimination of intersegment transactions.
2. Segment assets included in “Adjustments” comprised corporate assets of ¥7,469 million ($95,756 thousand) and ¥12,810 million at December 31, 2011 and 2010, respectively, consist mainly of cash and time deposits, investment securities owned by the Company and assets for administration divisions and elimination of intersegment transactions of ¥210 million ($2,692 thousand) and ¥193 million at December 31, 2011 and 2010, respectively.
3. Segment profit or loss corresponds to operating income.
4. Depreciation and amortization comprised the amount of depreciation in long-term prepaid expenses.
5. Amount of increase in tangible and intangible fixed assets comprised the amount of increase in long-term prepaid expenses.

(Additional information)

Effective from the fiscal year ended December 31, 2011, the Company has adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ statement No. 17, issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, issued on March 21, 2008).

(2) Related information

Information about geographical area

Year ended December 31	Millions of yen 2011	Thousands of U.S. dollars 2011
Net sales:		
Japan	**¥340,845**	**$4,369,808**
Asia	**109,283**	**1,401,064**
North America	**82,307**	**1,055,218**
Other areas	**144,469**	**1,852,166**
Total	**¥676,904**	**$8,678,256**
Net property, plant and equipment:		
Japan	**¥138,859**	**$1,780,244**
Asia	**92,090**	**1,180,641**
Other areas	**2,026**	**25,974**
Total	**¥232,975**	**$2,986,859**

Information about impairment losses of fixed assets by reportable segment

Year ended December 31	Millions of yen 2011	Thousands of U.S. dollars 2011
Impairment loss on fixed assets:		
Tires	**¥143**	**$1,833**
Sports	**19**	**244**
Industrial and Other Products	**1**	**13**
Total	**¥163**	**$2,090**

Information about goodwill by reportable segment

Year ended December 31	Millions of yen 2011	Thousands of U.S. dollars 2011
Amortization:		
Tires	**¥ 311**	**$ 3,987**
Sports	**762**	**9,769**
Industrial and Other Products	**—**	**—**
Total	**¥1,073**	**$13,756**
Balance at end of year:		
Tires	**¥ 951**	**$12,192**
Sports	**6,361**	**81,552**
Industrial and Other Products	**—**	**—**
Total	**¥7,312**	**$93,744**

17. Related Party Transactions

Significant balances and transactions with a principal shareholder and unconsolidated subsidiaries and affiliates as of December 31, 2011 and 2010 and for the years then ended were as follows:

	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Notes and accounts receivable:			
Trade	**¥ 1,008**	¥ 905	**$ 12,923**
Other	**353**	382	**4,526**
	1,361	1,287	**17,449**
Short-term loans	**103**	239	**1,321**
Long-term loans (included in investments in and advances to unconsolidated subsidiaries and affiliates)	**2,796**	2,821	**35,846**
Notes and accounts payable:			
Trade	**4,558**	4,327	**58,436**
Other	**199**	236	**2,551**
	4,757	4,563	**60,987**
Sales	**2,500**	2,522	**32,051**
Purchases	**¥12,727**	¥11,933	**$163,167**

A summary of the financial statements of Goodyear Dunlop Tires Europe B.V. is as follows:

	Millions of U.S. dollars	
	2011	2010
Current assets	**$2,814**	$1,994
Noncurrent assets	**1,944**	870
Current liabilities	**1,807**	1,244
Noncurrent liabilities	**1,434**	1,088
Shareholders' equity	**1,517**	532
Net sales	**6,973**	5,165
Income before income taxes	**214**	96
Net income	**112**	54

18. Contingent Liabilities

As of December 31, 2011 and 2010, the Company and its consolidated subsidiaries were contingently liable for the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Trade notes discounted	**¥619**	¥740	**$ 7,936**
Guarantees and arrangements similar to guarantees of indebtedness of employees, unconsolidated subsidiaries and affiliates	**946**	85	**12,128**

19. Leases

The original costs of leased assets under finance lease transactions which do not transfer ownership of the leased assets to the lessee and the related accumulated depreciation and accumulated impairment losses, assuming they were calculated using the straight-line method over the term of the lease, as of December 31, 2011 and 2010 were as follows:

As of December 31, 2011	Millions of yen				Thousands of U.S. dollars			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net leased property	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net leased property
Machinery and equipment	**¥6,274**	**¥3,512**	**¥355**	**¥2,407**	**$80,436**	**$45,026**	**$4,551**	**$30,859**
Other	**587**	**233**	**—**	**354**	**7,526**	**2,987**	**—**	**4,539**
Total	**¥6,861**	**¥3,745**	**¥355**	**¥2,761**	**$87,962**	**$48,013**	**$4,551**	**$35,398**

As of December 31, 2010	Millions of yen			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net leased property
Machinery and equipment	¥7,448	¥3,760	¥355	¥3,333
Other	689	276	—	413
Total	¥8,137	¥4,036	¥355	¥3,746

Finance lease transactions executed on or before December 31, 2008 which did not involve a transfer of ownership are accounted for using the same method as that used for operating leases. Lease payments under finance lease transactions which did not transfer ownership of the leased assets to the lessee for the years ended December 31, 2011 and 2010 amounted to ¥985 million ($12,628 thousand) and ¥1,203 million, respectively.

The balances of future finance lease payments, including interest, as of December 31, 2011 and 2010, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Due within one year	**¥ 736**	¥ 991	**$ 9,436**
Due later	**2,334**	3,109	**29,923**
	¥3,070	¥4,100	**$39,359**

The balances of future lease payments under non-cancelable operating leases, including interest, as of December 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Due within one year	**¥ 822**	¥ 823	**$10,538**
Due later	**1,758**	2,054	**22,359**
	¥2,580	¥2,877	**$33,077**

20. Impairment Loss

The Company and its consolidated subsidiaries recognized impairment loss for the following asset groups for the year ended December 31, 2011.

			Millions of yen	Thousands of U.S. dollars
Group	Location	Assets	Impairment loss	
Idle assets	Naka-ku, Nagoya City and other	Buildings, vehicles and other	**¥116**	**$1,487**
Assets to be disposed of	Izumiotsu City, Osaka and other	Machinery, buildings and other	**47**	**603**

The Company and its consolidated subsidiaries recognized impairment loss for the following asset groups for the year ended December 31, 2010.

			Millions of yen
Group	Location	Assets	Impairment loss
Rental property	Shunan City, Yamaguchi and other	Land and buildings	¥ 128
Idle assets	Izumiotsu City, Osaka and other	Buildings, leases and other	1,278
Assets to be disposed of	Izumiotsu City, Osaka and other	Buildings, tools and other	293

The Company and its consolidated subsidiaries group their assets at the lowest level for which cash flows are independently identifiable. Rental properties, unused assets, and assets to be disposed of as decided by the Board of the Directors are tested for recoverability on an individual basis.

The book values of certain assets were reduced to recoverable amounts and impairment losses were recognized because (1) the market price of assets in certain asset groups fell significantly; (2) the fair value of assets in certain idle asset groups declined substantially; and (3) the Company decided to dispose of certain assets. The recoverable amount for the assets in each group of assets was the higher of net realizable value or use value. The recoverable amount of certain business assets was measured at the net realizable value of the memorandum value since it was difficult to calculate the selling price. The recoverable amount for land was measured mainly at net realizable value based on the publicly assessed land value.

21. Allowance for Loss on Voluntary Recall of Products

To provide for direct and indirect expenses arising from the voluntarily recall of products, an amount is provided based upon the loss incurred in the current period and the loss that can be reasonably estimated to be incurred after the current period is recorded.

22. Subsequent Events

Appropriations of retained earnings

The following appropriations of retained earnings of the Company were proposed and approved at the general meeting of shareholders held on March 29, 2012:

	Millions of yen	Thousands of U.S. dollars
Balance at December 31, 2011	**¥108,351**	**$1,389,115**
Appropriations—		
Cash dividends (¥15 per share outstanding at December 31, 2011)	**(3,935)**	**(50,448)**
Balance after appropriations	**¥104,416**	**$1,338,667**

Independent Auditors' Report

To the Board of Directors of
Sumitomo Rubber Industries, Ltd.:

We have audited the accompanying consolidated balance sheets of Sumitomo Rubber Industries, Ltd. and its consolidated subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in net assets and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sumitomo Rubber Industries, Ltd. and its consolidated subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

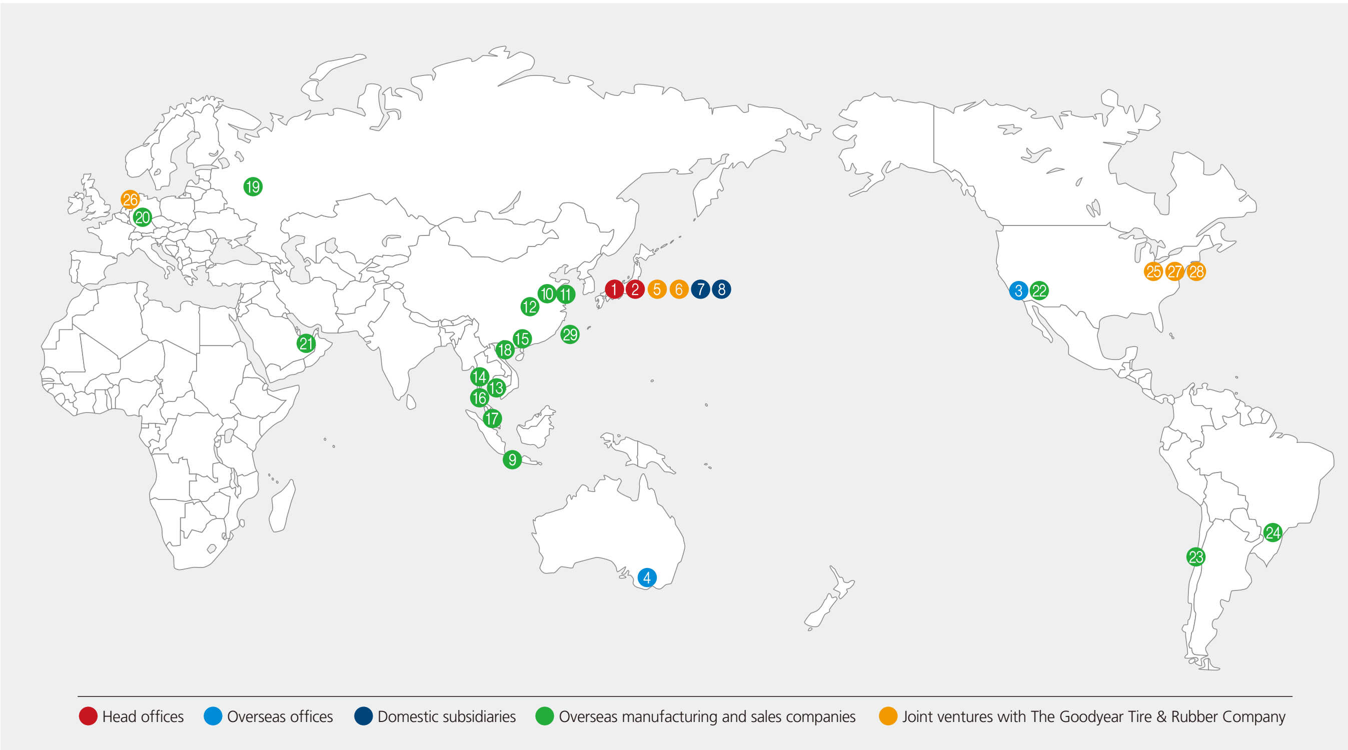
Without qualifying our opinion, we draw attention to the following:

Note 2(18) to the consolidated financial statements, effective from the fiscal year ended December 31, 2011, Sumitomo Rubber Industries, Ltd. have adopted new accounting standards for "Accounting Standard for Equity Method of Accounting for Investments" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounting for Using the Equity Method".

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

Kobe, Japan
March 29, 2012



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3-6-9, Wakinohama-cho
Chuo-ku, Kobe,
Hyogo 651-0072, Japan
Tel: (078) 265-3000
Fax: (078) 265-3111

2 Tokyo Head Office
3-3-3, Toyosu, Koto-ku,
Tokyo 135-6005, Japan
Tel: (03) 5546-0111
Fax: (03) 5546-0140

Facilities
Nagoya Factory
Shirakawa Factory
Izumiotsu Factory
Miyazaki Factory
Ichijima Factory
Kakogawa Factory
Tyre Technical Center
Golf Science Center
Okayama Tire Proving Ground
Nayoro Tire Proving Ground
Asahikawa Tire Proving Ground
Central Training Center
Shirakawa Manufacturing Training Center

Overseas Offices

3 Los Angeles Office
California, U.S.A.

4 Melbourne Office
Somerton, Victoria, Australia

Major Subsidiaries

5 Goodyear Japan Ltd.
Minato-ku, Tokyo, Japan

6 Dunlop Goodyear Tires Ltd.
Koto-ku, Tokyo, Japan

7 SRI Tire Trading Ltd.
Koto-ku, Tokyo, Japan

8 Dunlop Sports Co. Ltd.
Chuo-ku, Kobe, Japan

9 P.T. Sumi Rubber Indonesia
Jakarta, Indonesia

10 Sumitomo Rubber (China) Co., Ltd.
Jiangsu Province, China

11 Sumitomo Rubber (Changshu) Co., Ltd.
Jiangsu Province, China

12 Sumitomo Rubber (Hunan) Co., Ltd.
Hunan Province, China

13 Sumitomo Rubber (Thailand) Co., Ltd.
Rayong, Thailand

14 Dunlop Tire (Thailand) Co., Ltd.
Bangkok, Thailand

15 Zhongshan Sumirubber Precision Rubber Ltd.
Guangdong Province, China

16 Sumirubber Malaysia Sdn. Bhd.
Sungai Petani, Kedah, Malaysia

17 Sumitomo Rubber Asia (Tyre) Pte, Ltd.
Singapore, Singapore

18 Sumirubber Vietnam, Ltd.
Haiphong, Vietnam

19 Dunlop Tire CIS LLC
Moscow, Russia

20 Falken Tyre Europe GmbH
Offenbach, Germany

21 Sumitomo Rubber Middle East FZE
Dubai, UAE

22 Falken Tire Corporation
California, U.S.A.

23 Sumitomo Rubber Latin America Limitada
Santiago, Chile

24 Sumitomo Rubber do Brasil Ltda.
Parana State, Brazil

Major Affiliates

25 Goodyear Dunlop Tires North America, Ltd.
Ohio, U.S.A.

26 Goodyear Dunlop Tires Europe B.V.
Amsterdam, Netherlands

27 Goodyear-SRI Global Purchasing Company
Ohio, U.S.A.

28 Goodyear-SRI Global Technology LLC
Ohio, U.S.A.

29 Kuo Chu Rubber Co., Ltd.
Taipei, Taiwan

Paid-in Capital
¥42,658,014 thousand

Number of Shares of Common Stock
Authorized: 800,000,000

Issued: 263,043,057

Number of Shareholders
17,263

Major Shareholders

Sumitomo Electric Industries, Ltd.	26.81%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.37%
Japan Trustee Services Bank, Ltd. (Trust Account)	4.07%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3.95%
Sumitomo Corporation	3.66%
National Mutual Insurance Federation of Agricultural Cooperatives	3.00%
Sumitomo Mitsui Banking Corporation	1.99%
The Goodyear Tire & Rubber Company	1.30%
SSBT OD05 OMNIBUS ACCOUNT–TREATY CLIENTS	1.23%
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. Re-trust Account, Toyota Motor Corporation Employee Pension Trust)	1.05%

Note: The percentage of shares in the above list was calculated using the total number of shares of common stock, excluding 707,026 shares of treasury stock.

Stock Exchange Listings
Tokyo, Osaka

Ticker Symbol
5110

Transfer Agent and Special Account Management Institution
Sumitomo Mitsui Trust Bank, Limited
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Independent Auditors
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Investor Relations
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Public Relations Department
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Fax: (078) 265-3113
e-mail: PR.az@srigroup.co.jp
http://www.srigroup.co.jp/

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(Tokyo Stock Exchange 1st Section, Ticker Symbol: 7825)
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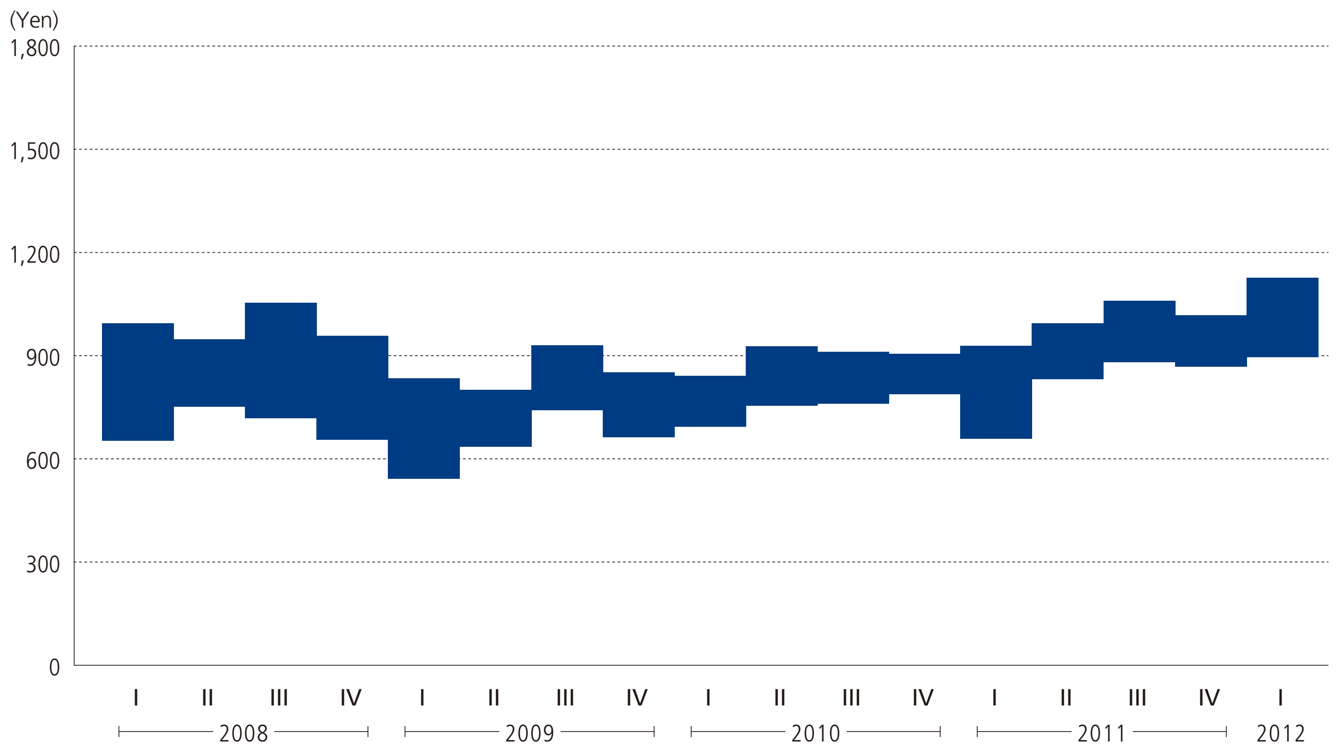
e-mail: dunlopsports.ir@dunlopsports.co.jp
http://www.dunlopsports.co.jp/

Stock Price



SUMITOMO RUBBER GROUP

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ECO FIRST 環境大臣認定
環境問題に先進的に取り組むエコ・ファースト企業として環境大臣より認定を受けました。

Received the Eco-First Company certification from the Minister of the Environment

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