SPORTMAX

GPR-100F GPR-100

WRANGLER IP/N EAGLE REVSPEC RS-02 EAGLE LS2000

DIGI-TYRE ECO EC201 DECTES SP062 ECORUT SP628

TIRE BUSINESS

Fiscal 2004 Results

Sales in the Tire business rose 5.2% to ¥356,646 million for the fiscal year under review and operating income increased 5.4% to ¥32,899 million.

Sharp rises in raw material prices, the appreciation of the yen and other factors made for a severe business environment facing the Tire business. However, as a result of reinforced efforts to cut costs and shift to high-value-added products, sales volume and value topped the previous fiscal year in the domestic replacement market, original equipment market, export market and at overseas subsidiaries.

Domestic Replacement Market

For the Dunlop brand, Sumitomo Rubber actively launched a number of environmentally friendly new products. Examples include the passenger car DIGI-TYRE ECO EC201, which contributes to fuel economy and reduction of CO_2 emissions, the fuel efficient ECORUT SP628 truck and bus tire and the DECTES SP062 studless tire which has excellent traction performance.

The Falken brand enhanced its product lineup by introducing the new ZIEX ZE329 tire and the ESPIA EP-03 studless tire for passenger cars and the new SI-067 studless tire for trucks and buses.

The Goodyear brand introduced the EAGLE REVSPEC RS-02 sports tire and the studless WRANGLER IP/N tire for SUVs. As a result of these efforts, tire sales for the domestic replacement market increased, compared with the previous fiscal year.

Original Equipment and Export Markets

Sales in the original equipment market rose, boosted by efforts to respond meticulously to customer needs, utilizing its three Dunlop, Falken and Goodyear brands and by efforts to promote proposal-style marketing in order to expand sales of new products and technologies such as the Instant Mobility System (IMS) and

SI-067 ESPIA EP-03 ECORUN RI-198

runflat tires.

While the appreciation of the yen caused an erosion of sales figures, the volume and value of sales in export markets nonetheless exceeded figures from the previous fiscal year, due to increased exports to markets such as the Middle East and North America. The Group achieved this by reinvigorating its export structure, merging SRI Tire Trading Ltd. and Falken Tire Trading Ltd. in April 2004, and by implementing precise marketing tailored to each area.

Overseas Subsidiaries

Domestic and overseas sales at our Indonesian subsidiary rose sharply, boosted by a large-scale increase in production capacity. Production grew steadily at our Chinese subsidiary, with operations beginning in April 2004 and sales exceeding targets on the back of strong exports.

Fiscal 2005 Outlook

The Group expects severe operating conditions for the Tire business in fiscal 2005. Negative factors, including the appreciation of the yen and steep price hikes in raw materials such as steel, synthetic rubber and other petroleum-based materials, are expected to worsen, compared with fiscal 2004. Despite these conditions, the Group plans to increase sales and income in the replacement, original equipment and export markets and at its overseas subsidiaries. We will achieve this through efforts to reduce costs, increase sales volume and further advance our shift to high-value-added products.

Topics

Start of Production at Changshu Factory in China

Production operations began from April 2004 at Sumitomo Rubber's tire factory constructed in Changshu City, Jiangsu Province, China. The Changshu factory is positioned as a manufacturing base to supply the Chinese market, which is expected to see phenomenal growth in the future. The Group is also taking positive steps to advance its own sales network, primarily through its sales subsidiary.

Third *Taiyo* Cell Production Unit Begins Operating

Our third *Taiyo* cell production unit began manufacturing SUV tires at our Izumiohtsu factory. Compared with conventional production methods, our landmark *Taiyo* cell production system enables the mutual realization of high investment efficiency and productivity. As of January 31, 2005, our first and second *Taiyo* production units had produced 850,000 tires at our Shirakawa factory. The Group plans to introduce a fourth *Taiyo* production unit for the manufacture of motorcycle tires at our Nagoya factory. We completed development of a *Taiyo* unit integrating the production process from mixing to inspecting and plan to begin production during fiscal 2005.

HI-BRID Everio

SRIXON HR-X

SPORTS BUSINESS

XXIO Wood

Fiscal 2004 Results

While sales in the SRI Group's Sports business slipped 2.5% to ¥57,363 million, operating income jumped 38.5% to a record ¥11,023 million. The drop in sales figures can be attributed to a change in the recording of license business sales; removing that factor would result in an increase in sales over the previous fiscal year.

In the midst of Japan's slumping sports goods market, the Group's golf products achieved increases in both sales and profits, led by our core brand, third-generation XXIO clubs and new products such as the model-changed HI-BRID Everio balls and SRIXON HR-X balls for advanced players.

In overseas markets, sales rose sharply due to strong sales of our SRIXON brand golf clubs and balls, primarily in the U.S. market.

The Group introduced new tennis products through the ADFORCE and RIM Professional series. Unfortunately, as a result of the exceptionally hot summer, typhoons and other weather factors, sales of tennis products fell.

Fiscal 2005 Outlook

While the Group cannot foresee growth in the golf market, we plan to proactively introduce new products and strive to expand sales. However, with the expected drop-off in sales of third-generation XXIO clubs as they reach their second full year on the market, we are forecasting a decrease in sales and profits of our Sports business.

XXIO

Topics

Record Shipments of XXIO Series of Golf Products

Sales remain strong for what has grown to be our core brand, XXIO clubs, with third-generation XXIO woods totaling 220,000 units and irons totaling 88,000 sets. Shipments of the

HI-BRID golfshoes

Dunlop
RIM Professional Z

SRI Group's XXIO clubs have reached record volume and since their release in 2000, they have been one of the driving forces behind rising profits in our Sports business.

Everio golf balls, released in February 2004, and XXIO brand golf balls form a double pillar of high-end products that have been very well received. The XXIO ball received a further upgrade in February 2005 and the Group aims to further expand sales with the launch of the NEW XXIO ball, which utilizes nanotechnology for higher repulsion and a "new aero-power dimple"effect for greater ball speed and distance.

INDUSTRIAL AND OTHER PRODUCTS BUSINESS

Fiscal 2004 Results

Sales in the Industrial and Other Products business rose 7.3% over the previous fiscal year to ¥56,553 million and the business returned to the black with an operating income of ¥1,652 million. This profit increase was achieved by improved earnings capabilities in domestic operations and effects from restructuring the European bed business.

In the domestic market, sales of industrial floor surfaces and marine-related products were sluggish, impacted by cuts in public spending and weak market conditions. However, sales growth of sand- and rubber chip-filled Hibrid-Turf for use on Japan's J.League soccer fields and other pitches were strong and sales of rubber surfaces for athletic facilities, rubber gloves and precision rubber parts remained solid.

In addition, steady demand for LCD backlights contributed to sales growth. In response to the continued brisk global demand, the Group has established a production and sales subsidiary in China and aims to begin operations there in June 2005. Sales of rubber stoppers and parts for pharmaceutical products remained consistent as a result the Group's effective marketing campaign. The new business of portable wheelchair ramps and the strong growth of the deflation warning system (DWS), for which our royalty business started in Europe on a full scale, further contributed to an increase in sales.

In our overseas operations, natural rubber gloves manufactured by our Malaysian subsidiary saw steady sales growth in both Japan and other overseas markets. The business of precision rubber parts for office automation equipment in China continued to see significant revenue growth due to increased production, boosted by the shift in production from Japan. In the midst of a continually stable market, sales of the bed business in Europe increased and profitability was greatly improved.

Fiscal 2005 Outlook

SRI Group expects revenue increases for all core products in the Industrial and Other Products business, including precision rubber parts, industrial floor surfaces, athletic facility surfaces and rubber gloves. In addition, we expect an increase in the customer base for the European bed business and by introducing new products the Group is forecasting an increase in sales and profits for the overall Industrial and Other Products business.

Topics

Development of high damping rubber for next-generation anti-vibration MGEO structure

Together with Misawa Homes, SRI Hybrid developed a next-generation, durable, anti-vibration MGEO structure. This "anti-vibration panel" utilizes "high damping rubber" developed by SRI Hybrid, which features the qualities of wide damping and superior durability. The Group will continue to develop new products and carry out marketing efforts responsive to customer needs.

Large Scale Reduction in Use of Organic Solvents in Production Processes at Ichijima Factory

The Ichijima factory of SRI Sports has succeeded in cutting the use of organic solvents in its golf ball production process by 65%, compared with 1997. The same factory became the first domestic golf ball factory to achieve zero emissions in 2001 and is actively making efforts toward environmental preservation.

Positive Efforts Toward Factory Greening

Under the slogan of "Let's leave a large forest in the future," the Group is making progress in its campaign for the greening of factories. In fiscal 2004, we planted 10,000 trees at our six domestic factories.

Development of Non-Petroleum Tires

Sumitomo Rubber has made progress in its efforts to develop an environmentally friendly tire by shifting from synthetic rubber and other petroleum-based substances to natural rubber and other non-petroleum materials. The Group aims to market a tire with 97% tire-weight made from non-petroleum resources in fiscal 2008.

Reception of Reduce, Reuse & Recycle Promotion Council Chairman's Award

In October 2004, the Izumiohtsu and Miyazaki factories were presented this award as facilities that have achieved noteworthy results in their 3R initiatives. The Head Office and factories in Shirakawa, Nagoya, Kakogawa and Ichijima won the same award in 2002, which means that the Head Office and all domestic factories have now received the award.

Results of Soil and Groundwater Survey

SRI Hybrid underwent a voluntary soil and groundwater survey in compliance with the "Survey and Countermeasure Guidelines for Soil and Groundwater Contamination" and the "Soil Contamination Countermeasure Law" implemented in February 2003. Results revealed an amount of volatile organic compounds in excess of environmental standards in the soil and the groundwater of its Kakogawa factory. A report has been made to Kakogawa City and countermeasures are being implemented.

Sumitomo Rubber gives one of the top priorities to environmental preservation in all of its business activities and the entire Group has continued to make progress in the area of environmental management. Some of our main activities toward this end are discussed below.

Complete Zero Emissions Achieved at Four Factories

The Group achieved complete zero emissions* at its three tire production factories in Nagoya, Shirakawa and Miyazaki as of December 2004, and at its Izumiohtsu factory as of March 2005. A major issue for the Group has always been how much landfill waste we could recycle; we succeeded in completely eliminating landfill waste after locating disposal service companies throughout the nation. Moreover, our Indonesian subsidiary became the first Japanese tire transplant to achieve zero emissions* overseas.

*"Zero emissions" is achieved when waste disposed of in landfills is maintained at less than 1% of the total amount of waste. "Complete zero emissions" is achieved when 0% of waste is disposed of in landfills.

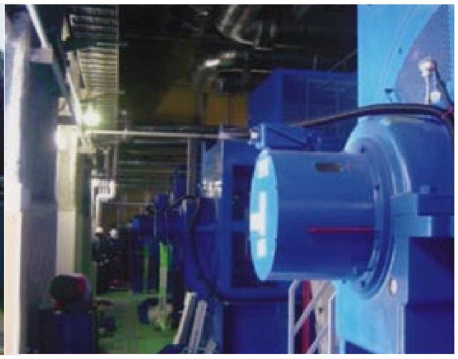
Introduction of Cogeneration Systems

Based upon the Group's medium-term environmental policies, the Miyazaki and Shirakawa factories have been equipped with cogeneration systems utilizing ESCO (Energy Service Company) schemes. The Group aims to reduce consumption of electricity within the factories and to cut CO_2 emissions through energy conservation. The Group plans to implement a natural gas cogeneration system at the Nagoya factory in fiscal 2005.

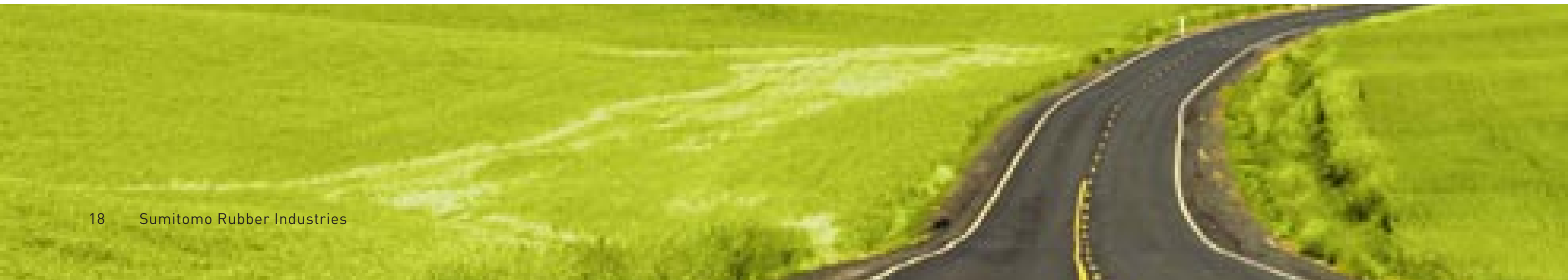
ISO 14001

Through the participation of all employees, the Group has made continual progress in environmental management since its three tire production factories first acquiring ISO 14001 certification in 1997 for their environmental management in daily operations. In the fiscal year under review, our Chinese subsidiary Zhongshan Sumirubber Precision Rubber Ltd. acquired the certification. The entire Group is making a unified effort to reduce its impact on the environment.

Cogeneration system unit



Power generator



The SRI Group has been promoting two important subject matters related to intellectual property rights in order to support the business of each Group company. First, it responds to changes in the intellectual property environment surrounding the Group: the compensation system for employee inventions; conditions in Asia, primarily China; and relationships with competitors. Second, it works on establishment of intellectual property rights infrastructure and strengthening of intellectual property management within the Group, and also promotion of utilization of rights at each Group company. Further details of certain items are discussed below.

Revision of Compensation System for Employee Inventions

After reviewing several recent decisions in court cases concerning compensation for employee inventions, the SRI Group revised its own system regarding such compensation. Revisions incorporated the procedures required by the amendment of Patent Law, which will go into effect in 2005. Our new system eliminates upper limits on compensation. Compensation is paid after the appraisal of the "exclusive profit gained by the company due to the patent"and the"degree of contribution from the inventor" for each individual patent. More precise evaluation of each patent lifts morale among engineers and fosters development of superior technology. The new system thereby aims to bring about better results for both the corporate side and the employee side. Revisions to Patent Law went into effect in April 2005, but the SRI Group implemented new standards a year earlier, so that 2004 results will be compensated for in the summer of 2005.

Reinforcing Intellectual Property Rights in China

The number of patent applications filed in China during 2004 increased 60% from a year earlier. From this time onward, the Group aims in principle to secure vital technology rights for tires and other global products in Japan, the U.S., Europe and China, plus other necessary regions. Since the relaxation of laws in China concerning the acceptance of patent applications filed by overseas companies, the number of patent offices has been dramatically increasing with the busy moves of lawyers. The SRI Group has selected a patent office in Beijing and another in Shanghai, and is in regular contact regarding application, authorization and other issues surrounding the strengthening of patents in China.

In addition, due to the sharp rise in the number of patent applications to SIPO (State Intellectual Property Office of The People's Republic of China), we plan to create a Chinese patent survey structure by forming an alliance between specialized Chinese institutes and a Japanese survey company.

Moreover, the Group is seeing some progress with regards to imitation products. We are making further requests to Chinese customs for increased cooperation in halting the flow of counterfeit products and measures are being taken to uncover storage facilities and shops dealing in such products. We have thus far limited our response to specific products but we will build upon this experience to take countermeasures against the imitation of all SRI Group products.

Intellectual Property Rights Infrastructure

Information about intellectual property rights, especially patent information, contributes to the development of technology. The SRI Group made a complete overhaul of the patent management system at the end of 2004 and is implementing a new system from 2005. Utilizing our new system, we will advance further in intranet postings and sharing of information regarding intellectual property rights.

Amid recent progress by automakers in the pursuit of both safety and environmental responsibility, the tire industry has made advances in the development of runflat tires, which allow a vehicle to be driven a certain distance even on a flat. Runflat tires enable safe driving should a puncture occur and contribute to resource conservation by rendering spare tires unnecessary, which saves fuel and helps to reduce vehicle weight.

Sumitomo Rubber offers the following four runflat/spareless technologies to respond to a wide array of car models.

1. Lightweight DSST-CTT Runflat

The DSST-CTT Runflat stands out among runflat tires with reinforced sidewalls. Thanks to the Company's proprietary technologies, the lightweight DSST-CTT Runflat provides a smooth ride and achieves superior performance even on snow. In 2004, we began shipments of DSST-CTT Runflat tires for Toyota's Lexus SC430 North American models.

In addition, the DSST Runflat, a conventional runflat tire with reinforced sidewalls, is now fitted on over 70% of BMW group cars under both the Dunlop and Goodyear brand names.

2. PAX System

The PAX System comprises four unified elements: the tire, the wheel, an air pressure sensing device and a support ring that supports the tire in the event of a puncture. Based upon a licensing agreement with Michelin, Sumitomo Rubber is promoting the development and widespread use of these tires under the Dunlop brand name.

3. Deflation Warning System (DWS)

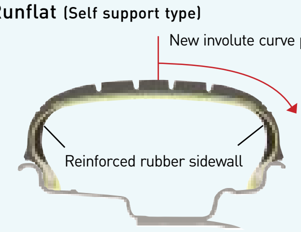
The DWS warns of decreases in air pressure due to punctures or other damage of tires, based upon changes in tire revolutions detected through ABS and other similar systems. Sumitomo Rubber's DWS, superior in terms of its low cost and high durability, was being utilized on approximately 1.57 million passenger cars by the end of 2004. The Group also began supplying Germany's Bosch Automotive with DWS software in 2004. In addition, the installation of tire pressure monitoring systems will become mandatory if tire safety regulations are strengthened through passage of the TREAD Act in the United States.

Sumitomo Rubber will continue its proactive marketing and step up service and support efforts appropriate to different vehicle models.

4. Instant Mobility System (IMS)

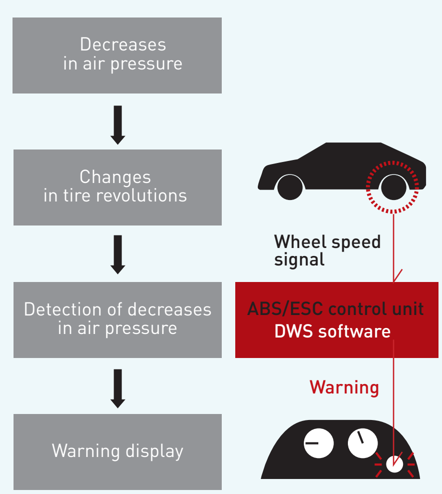
The IMS is an emergency repair kit for punctures that works in approximately 10 minutes of driving after injecting a sealant into the flat tire.

DSST-CTT Runflat (Self support type)



DSST-CTT Runflat is a reinforced sidewall tire that can be mounted on a standard wheel. DSST-CTT Runflat offers a smoother ride due to a rounder designed tread profile, as well as lighter weight and lateral stiffness due to shorter sidewalls.

Principle of Sumitomo Rubber's Deflation Warning System (DWS)



11-YEAR SUMMARY OF CONSOLIDATED FINANCIAL DATA

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

			Millions of yen			Thousands of U.S. dollars (Note 1)
Years ended December 31	**2004**	2003	2002	2001	2000	**2004**
For the year:						
Net sales	**¥470,562**	¥450,491	¥447,893	¥434,463	¥423,247	**$4,524,635**
Cost of sales	**288,684**	281,392	286,755	279,074	273,451	**2,775,808**
Selling, general and administrative expenses	**136,352**	131,333	129,394	132,813	124,355	**1,311,077**
Operating income	**45,526**	37,766	31,744	22,576	25,441	**437,750**
Net income (loss)	**19,169**	13,095	8,239	(7,207)	5,335	**184,317**
Depreciation and amortization	**25,098**	24,313	25,163	24,645	25,275	**241,327**
Capital expenditures	**36,881**	29,171	30,557	25,372	19,944	**354,615**
Cash flows from operating activities	**32,056**	44,225	50,700	42,359	36,086	**308,231**
Cash flows from investing activities	**(37,622)**	(28,545)	(31,269)	(25,284)	(21,685)	**(361,750)**
Cash flows from financing activities	**7,609**	(20,821)	(19,628)	(15,172)	(25,690)	**73,163**
At year-end:						
Total assets	**¥520,157**	¥481,553	¥477,293	¥514,415	¥523,560	**$5,001,509**
Shareholders' equity	**145,492**	110,395	101,633	107,391	109,995	**1,398,961**
Interest-bearing debt	**201,929**	210,681	220,085	241,600	252,143	**1,941,625**
			Yen			U.S. dollars (Note 1)
Per share amounts:						
Net income (loss)	**¥78.64**	¥55.07	¥33.97	¥(29.71)	¥23.24	**$0.756**
Net income-diluted	**—**	—	—	—	—	**—**
Cash dividends paid	**14.00**	12.00	10.00	10.00	10.00	**0.135**
			Percent			
Key ratios:						
Operating income ratio	**9.7%**	8.4%	7.1%	5.2%	6.0%	
ROE	**15.0**	12.4	7.9	—	5.1	
ROA (operating income base)	**9.1**	7.9	6.4	4.4	5.3	
Shareholders' equity ratio	**28.0**	22.9	21.3	20.9	21.0	

			Millions of yen			
Years ended December 31	1999	1998	1997	1996	1995	1994
For the year:						
Net sales	¥509,215	¥653,525	¥613,753	¥582,360	¥533,307	¥487,761
Cost of sales	351,492	456,705	433,573	411,237	377,997	343,804
Selling, general and administrative expenses	133,971	169,032	160,973	151,855	139,101	129,062
Operating income	23,752	27,770	19,207	19,268	16,209	14,895
Net income	4,929	5,034	5,850	4,683	458	1,038
Depreciation and amortization	32,911	40,218	38,366	35,564	31,739	36,272
Capital expenditures	41,634	46,754	46,527	52,003	36,223	30,714
Cash flows from operating activities	20,327	58,814	47,024	36,411	37,404	35,947
Cash flows from investing activities	43,403	(43,213)	(40,310)	(47,120)	(38,651)	(28,854)
Cash flows from financing activities	(64,559)	(4,871)	(9,385)	12,489	2,743	(3,236)
At year-end:						
Total assets	¥441,707	¥614,197	¥644,631	¥629,828	¥594,090	¥545,336
Shareholders' equity	97,475	96,091	93,855	89,962	75,289	75,021
Interest-bearing debt	223,727	311,574	324,327	313,069	300,332	286,934
			Yen			
Per share amounts:						
Net income	¥22.57	¥23.06	¥26.79	¥22.46	¥2.28	¥5.44
Net income-diluted	20.63	—	—	—	—	—
Cash dividends paid	9.00	9.00	9.00	9.00	9.00	9.00
			Percent			
Key ratios:						
Operating income ratio	4.7%	4.2%	3.1%	3.3%	3.0%	3.1%
ROE	5.1	5.3	6.4	5.7	0.6	1.4
ROA (operating income base)	4.5	4.4	3.0	3.1	2.8	2.7
Shareholders' equity ratio	22.1	15.6	14.6	14.3	12.7	13.8

Notes:
1. U.S. dollar amounts are converted solely for convenience at the rate of ¥104 per US$1, the approximate exchange rate prevailing at December 31, 2004.
2. In 1995 the Company changed its method of translating financial statements of foreign subsidiaries and affiliates into Japanese yen from the modified temporal method to the current rate method. Had the method that was applied before January 1, 1995, been employed, total assets as of December 31, 1995, and net income for the year then ended would be decreased by ¥21,383 million and ¥100 million, respectively.
3. In 1999 the Company changed its reporting entity due to the global alliance in the Tire business with Goodyear. The change reduced its net sales, operating income, total assets and interest-bearing debt but the effect to net income and shareholders' equity was immaterial. The Company changed its amortization method for past service liability of the contributory defined pension plan. This change reduced net income by ¥3,545 million.
4. In 2000 the Company changed the accounting policy for technical aid income and expense. As a result of these changes, net sales increased by ¥2,728 million and operating income increased by ¥1,665 million, however, there were no effects on net income.
5. Depreciation and amortization, and capital expenditure figures include both tangible assets and intangible assets.

Scope of Consolidation

In fiscal 2004 (ended December 31, 2004), five subsidiary companies and one equity-method affiliate were newly included in the SRI Group's scope of consolidation, while three subsidiaries and two companies accounted for under the equity method were excluded. One subsidiary company was newly included in the Group's scope of consolidation after the increase in its material significance. The remaining four subsidiary companies newly included in the Group's scope of consolidation began operations during the fiscal year under review as sales subsidiaries in China. Three subsidiaries were excluded from the Group's scope of consolidation as a result of the merger in the tire export division and other factors. These changes had little impact on the Group's consolidated results for the fiscal year under review.

Net Sales

In fiscal 2004, consolidated net sales rose 4.5% to ¥470,562 million. In its core Tire business, Sumitomo Rubber recorded steady sales growth in replacement, original equipment, and export markets. As a result, sales increased 5.2% to ¥356,646 million. Because licensing sales were deducted, sales in the Sports business declined 2.5% to ¥57,363 million. Sales in the Industrial and Other Products business rose 7.3% to ¥56,553 million, boosted by strong sales of Hibrid-Turf artificial turf and other products.

Overseas sales jumped 11.3% to ¥148,239 million, and the overseas sales ratio gained 1.9 percentage points to 31.5%. Particularly noteworthy was the 25.8% jump in sales in Asia, which contributed significantly to overall sales growth, reflecting the beginning of sales operations at our Chinese production subsidiary and the increase in sales at our Indonesian subsidiary.

Earnings

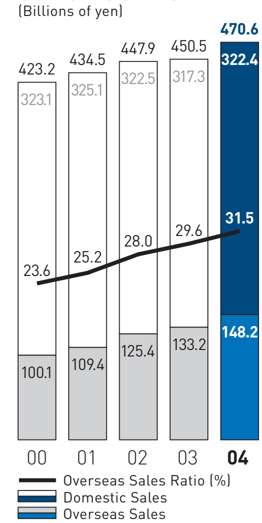
In the fiscal year under review, consolidated operating income increased 20.6% to ¥45,526 million, and the operating income ratio gained 1.3 percentage points to 9.7%. Despite the severe environment encompassing the Tire business, with escalating raw material prices and the appreciation of the yen, the Group expanded profits through cost-cutting measures, sales volume increases from effective marketing initiatives, and the continued shift to high-value-added products. In addition, a portion of the increase in raw material costs was passed on to our customers, as the Group implemented an increase in product prices for the first time in 13 years. We have gained general understanding regarding this price increase. As a result, operating income in the Tire business rose 5.4% to ¥32,899 million. Operating income in the Sports business also surged 38.5% to ¥11,023 million, propelled by new product releases. Improved profitability of domestic operations and effects from restructuring the European bed business supported the return to the black of the Industrial and Other Products business, which finished fiscal 2004 with operating income of ¥1,652 million after an operating loss of ¥1,198 million the previous fiscal year.

Net other expenses rose 50% to ¥8,938 million. Principal components were the transitional loss into the defined contribution pension plan, totaling ¥1,848 million, and interest expenses of ¥1,786 million. At the same time, equity in earnings of unconsolidated subsidiaries and affiliates went from a loss of ¥2,261 million in the previous fiscal year to a profit of ¥717 million in fiscal 2004, reflecting a recovery in the results of our U.S. and European joint ventures with Goodyear.

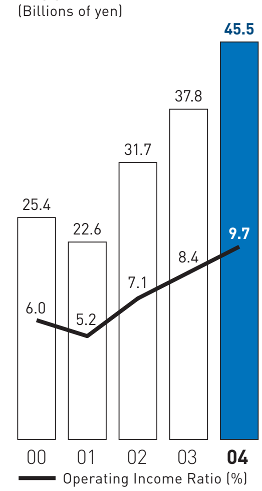
As a result of the above factors, income before income taxes climbed 15.0% to ¥36,588 million for a significant gain. Income taxes fell 3.0% to ¥16,158 million, representing an effective tax rate of 44.2%, down 8.2 percentage points. Minority interest in consolidated subsidiaries decreased 38.7% to ¥1,261 million. Net income surged 46.4% to ¥19,169 million, marking the third consecutive year of record profit.

Net income per share was ¥78.64, and ROE (net income base) improved 2.6 percentage points to 15.0%.

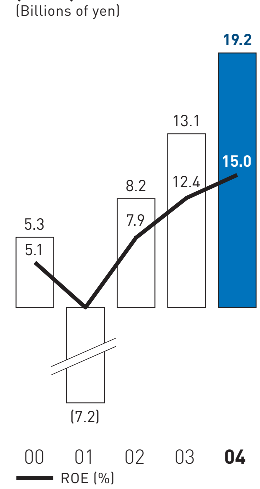
DOMESTIC AND OVERSEAS SALES
(Billions of yen)



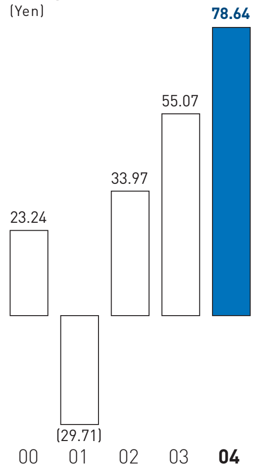
OPERATING INCOME
(Billions of yen)



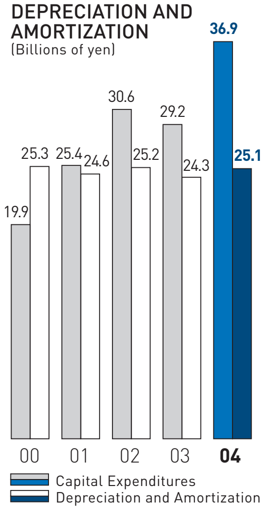
NET INCOME (LOSS)
(Billions of yen)



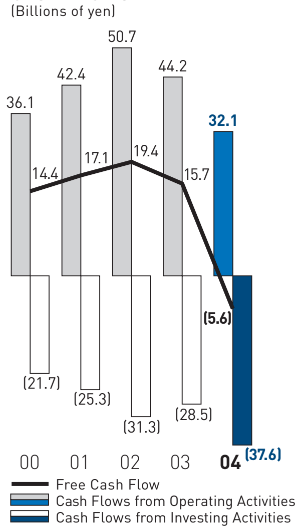
NET INCOME (LOSS) PER SHARE
(Yen)



CAPITAL EXPENDITURES/ DEPRECIATION AND AMORTIZATION
(Billions of yen)



CASH FLOWS
(Billions of yen)



Dividends

Sumitomo Rubber recognizes return of gains to shareholders to be a priority issue. While comprehensively assessing standards for dividend payout ratio on a consolidated base, performance prospects and retained earnings, the Group has adopted a basic policy of steadily rewarding shareholders over the long term. Sumitomo Rubber utilizes retained earnings for strategic investments aimed at expanding the Group's revenue base, with priorities on capital investments for both increased and streamlined production, as well as R&D.

The full-year dividend for fiscal 2004 is ¥14.00 per share, an increase of ¥2.00 over the previous fiscal year.

Cash Flows

Net cash provided by operating activities dropped 27.5% in comparison with the previous fiscal year, to ¥32,056 million. In addition to increases in both notes and accounts receivable and inventories, other primary factors included payments related to the establishment of the defined contribution pension plan system, and a significant increase in income taxes paid due to last fiscal year's large profit gains.

Net cash used in investing activities surged 31.8% over the previous fiscal year for a payment of ¥37,622 million. Cash was primarily used in acquiring property, plant and equipment to actively expand production capabilities.

Free cash flow (net cash provided by operating activities minus net cash used in investing activities) ended with a negative balance of ¥5,566 million.

Net cash provided by financing activities improved from being a payout of ¥20,821 million in the previous fiscal year to a revenue source of ¥7,609 million at the end of fiscal 2004. While procurement activities such as the issuing of bonds and common stocks and the retirement of treasury stock were carried out, the Group also made repayments on short-term borrowings and dividend payments.

As a result of these activities, plus the effects of changes in exchange rates and the scope of consolidation, cash and cash equivalents at the end of the year increased 17% to ¥19,246 million.

Financial Position

Total assets as of December 31, 2004, stood at ¥520,157 million, up 8.0%. Total current assets increased 10.1% to ¥207,415 million, primarily as a result of increased net sales.

Investments and other assets increased 6.6% from the previous fiscal year to ¥128,555 million, mainly resulting from an increase in prepaid pension cost in accordance with the implementation of the defined contribution pension plan system.

Property, plant and equipment rose 6.8% to ¥184,187 million owing to capital expenditures for buildings and structures and machinery and equipment in line with the Group's efforts to increase production.

Total current liabilities as of the end of the fiscal year were down 5.1% to ¥214,164 million, while long-term liabilities rose 10.1% to ¥151,912 million. Despite an overall increase in total liabilities, the balance of interest-bearing debt as of December 31, 2004, was ¥201,929 million, down ¥8,752 million from a year earlier.

Total shareholders' equity jumped 31.8% to ¥145,492 million. In addition to a rise in retained earnings due to profit increases, the Group also raised ¥17,507 million through an issuance of shares on November 18, 2004, and retired treasury stock worth ¥2,989 million.

As a result of these factors, the shareholders' equity ratio gained 5.1 percentage points to 28.0%. ROA (operating income base) increased 1.2 percentage points to 9.1%, and the debt-to-equity ratio improved by 0.5 percentage points to 1.4 times.

R&D Expenses

Research and development expenses were ¥15,730 million, representing 3.3% of consolidated net sales. The Tire business accounted for ¥12,841 million, the Sports business ¥1,371 million, and the Industrial and Other Products business ¥1,518 million. R&D activities consisted of technology exchanges, principally in the Tire business, in accordance with the Group's global alliance with Goodyear, as well as the formation of targeted project teams for joint survey research of products such as runflat tires.

Number of Employees

The total number of employees increased 1,164 from the end of the previous fiscal year to 16,737.

Risk Information

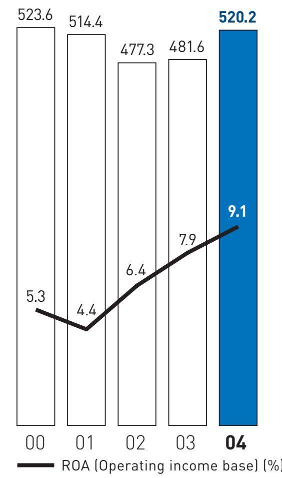
Sumitomo Rubber is exposed to risk in changes in foreign currency markets, interest rates and material prices. Sumitomo Rubber engages in forward-exchange contracts and balancing of imports and exports according to currency in order to hedge against the risk of changes in foreign currency markets.

Outlook

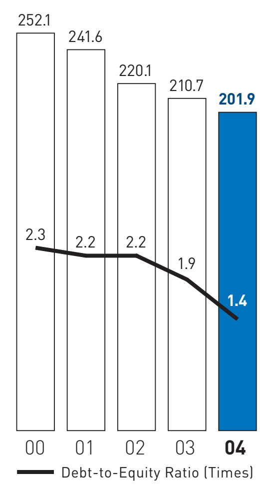
Net sales for fiscal 2005, ending December 31, 2005, are forecast to rise 4.1% to ¥490,000 million, while net income is forecast to climb 4.3% to ¥20,000 million. Assumed exchange rates are JPY100=USD1.00 and JPY130=EUR1.00.

The economic environment facing businesses of the SRI Group is expected to remain severe. As the trend toward globalization progresses and marketing competition intensifies, escalating raw material prices and worsening of export profitability due to the appreciation of the yen are also expected to continue. In response to these circumstances, the entire Group will make efforts to promote cost reduction and strive to supply high quality, high-value-added products that meet customers' expectations. We will advance in constructing a corporate structure invulnerable to external operating conditions.

TOTAL ASSETS
(Billions of yen)



INTEREST-BEARING DEBT
(Billions of yen)



SHAREHOLDERS' EQUITY
(Billions of yen)