

Consolidated Financial Statements

U.S. dollar amounts are converted solely for convenience at the rate of ¥116 per US\$1.00, the approximate exchange rate prevailing at December 31, 2016.

Consolidated Statement of Financial Position

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

Thousands of U.S. dollars			
	Date of transition to IFRS As of Dec. 31, 2015	As of Dec. 31, 2015	As of Dec. 31, 2016
Assets			
Current assets			
Cash and cash equivalents	462,526	461,690	573,207
Trade and other receivables	1,830,991	1,637,414	1,576,336
Other financial assets	33,784	47,155	32,940
Inventories	1,209,491	1,245,750	1,198,216
Other current assets	145,743	240,414	175,844
Total current assets	3,682,535	3,632,423	3,556,543
Non-current assets			
Property, plant and equipment	3,124,431	3,199,397	3,131,836
Goodwill	50,819	134,681	132,336
Intangible assets	132,172	179,250	184,871
Investments accounted for using equity method	411,569	34,871	35,095
Other financial assets	466,776	489,164	355,509
Net defined benefit asset	192,724	208,336	177,888
Deferred tax assets	117,983	112,931	119,724
Other non-current assets	48,836	47,154	44,422
Total non-current assets	4,545,310	4,405,784	4,181,681
Total assets	8,227,845	8,038,207	7,738,224

Thousands of U.S. dollars			
	Date of transition to IFRS As of Dec 31, 2015	As of Dec. 31, 2015	As of Dec. 31, 2016
Liabilities and equity			
Liabilities			
Current liabilities			
Bonds and loans payable	976,716	1,079,078	664,276
Trade and other payables	1,110,328	1,032,440	1,036,517
Other financial liabilities	20,819	20,276	22,621
Income tax payable	109,603	30,319	85,862
Provisions	53,310	44,483	63,362
Other current liabilities	261,267	251,628	299,802
Total current liabilities	2,532,043	2,458,224	2,172,440
Non-current liabilities			
Bonds and loans payable	1,537,560	1,128,250	1,047,897
Other financial liabilities	46,457	47,750	39,457
Net defined benefit liability	156,379	196,733	191,276
Provisions	8,957	10,466	10,319
Deferred tax liabilities	88,414	87,155	104,776
Other non-current liabilities	150,345	214,482	210,499
Total non-current liabilities	1,988,112	1,684,836	1,604,224
Total liabilities	4,520,155	4,143,060	3,776,664
Equity			
Capital stock	367,741	367,741	367,741
Capital surplus	325,767	326,862	327,043
Retained earnings	2,621,983	3,104,681	3,361,810
Treasury stock	(4,819)	(4,888)	(4,914)
Other components of equity	126,044	(153,991)	(350,680)
Total equity attributable to owners of parent	3,436,716	3,640,405	3,701,000
Non-controlling interest	270,974	254,742	260,560
Total equity	3,707,690	3,895,147	3,961,560
Total liabilities and equity	8,227,845	8,038,207	7,738,224

Consolidated Statement of Income

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

Thousands of U.S. dollars

	Jan.1 to Dec. 31, 2015	Jan.1 to Dec. 31, 2016
Sales revenue	6,883,474	6,523,241
Cost of sales	(4,555,112)	(4,307,327)
Gross profit	2,328,362	2,215,914
Selling, general and administrative expenses	(1,648,595)	(1,570,086)
Other income	116,268	33,879
Other expenses	(27,302)	(47,948)
Operating profit	768,733	631,759
Financial income	22,448	27,310
Financial expenses	(72,750)	(55,310)
Share of (Profit) loss of entities accounted for using equity method	48,388	491
Profit before tax	766,819	604,250
Income tax expenses	(130,060)	(239,845)
Profit for the year	636,759	364,405
Profit attributable to:		
Owners of the parent company	620,483	356,586
Non-controlling interests	16,276	7,819
Profit for the year	636,759	364,405
Earning per share		
Basic earning per share (U.S. dollars)	2.365	1.359

Consolidated Statement of Comprehensive Income

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

Thousands of U.S. dollars

	Jan.1 to Dec. 31, 2015	Jan.1 to Dec. 31, 2016
Profit for the year	636,759	364,405
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,112	(724)
Remeasurements of defined benefit plan	10,483	(12,681)
Share of other comprehensive income of associates accounted for using the equity method	(24,164)	-
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	(974)	2,690
Currency translation differences of foreign operations	(289,285)	(165,656)
Share of other comprehensive income of associates accounted for using the equity method	(9)	-
Other comprehensive income, net of tax	(299,837)	(176,371)
Total comprehensive income for the year	336,922	188,034
Total comprehensive income for the year attribute to:		
Owners of parent company	331,414	195,422
Non-controlling interests	5,508	(7,388)
Total comprehensive income for the year	336,922	188,034

Consolidated Statement of Changes in Equity

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

January 1 to December 31, 2015

Thousands of U.S. dollars

	Equity attributable to owners of the parent company				Other components of equity	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Currency translation differences of foreign operations	
						Cash flow hedge
Balance as of January 1, 2015	367,741	325,767	2,621,983	(4,819)	-	362
Profit for the year			620,483			
Other comprehensive income					(278,154)	(974)
Total comprehensive income	-	-	620,483	-	(278,154)	(974)
Purchase of treasury stock				(69)		
Disposal of treasury stock		0		0		
Dividends			(124,380)			
Changes in ownership interests in subsidiaries without a loss of control		1,095				
Changes in scope of consolidation						
Transfer to retained earnings			(13,405)			
Other increase and decrease						(4,373)
Total transactions with owners	-	1,095	(137,785)	(69)	-	(4,373)
Balance as of December 31, 2015	367,741	326,862	3,104,681	(4,888)	(278,154)	(4,985)

Thousands of U.S. dollars

	Equity attributable to owners of the parent company				Other components of equity	
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total	Total	Non-controlling interests	Total
Balance as of January 1, 2015	125,682	-	126,044	3,436,716	270,974	3,707,690
Profit for the year			-	620,483	16,276	636,759
Other comprehensive income	3,897	(13,836)	(289,067)	(289,067)	(10,769)	(299,836)
Total comprehensive income	3,897	(13,836)	(289,067)	331,416	5,507	336,923
Purchase of treasury stock			-	(69)		(69)
Disposal of treasury stock			-	0		0
Dividends			-	(124,380)	(29,180)	(153,560)
Changes in ownership interests in subsidiaries without a loss of control			-	1,095	16,465	17,560
Changes in scope of consolidation			-	-	(9,024)	(9,024)
Transfer to retained earnings	(431)	13,836	13,405	-		-
Other increase and decrease			(4,373)	(4,373)		(4,373)
Total transactions with owners	(431)	13,836	9,032	(127,727)	(21,739)	(149,466)
Balance as of December 31, 2015	129,148	-	(153,991)	3,640,405	254,742	3,895,147

January 1 to December 31, 2016

Thousands of U.S. dollars

	Equity attributable to owners of the parent company				Other components of equity	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Currency translation differences of foreign operations	
						Cash flow hedge
Balance as of January 1, 2016	367,741	326,862	3,104,681	(4,888)	(278,154)	(4,985)
Profit for the year			356,586			
Other comprehensive income					(149,924)	2,692
Total comprehensive income	-	-	356,586	-	(149,924)	2,692
Purchase of treasury stock				(26)		
Disposal of treasury stock		0		0		
Dividends			(135,680)			
Changes in ownership interests in subsidiaries without a loss of control		181				
Changes in scope of consolidation						
Transfer to retained earnings			36,223			
Other increase and decrease						698
Total transactions with owners	-	181	(99,457)	(26)	-	698
Balance as of December 31, 2016	367,741	327,043	3,361,810	(4,914)	(428,078)	(1,595)

Thousands of U.S. dollars

	Equity attributable to owners of the parent company				Other components of equity	
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total	Total	Non-controlling interests	Total
Balance as of January 1, 2016	129,148	-	(153,991)	3,640,405	254,742	3,895,147
Profit for the year				356,586	7,819	364,405
Other comprehensive income	(716)	(13,216)	(161,164)	(161,164)	(15,207)	(176,371)
Total comprehensive income	(716)	(13,216)	(161,164)	195,422	(7,388)	188,034
Purchase of treasury stock			-	(26)		(26)
Disposal of treasury stock			-	0		0
Dividends			-	(135,680)	(11,329)	(147,009)
Changes in ownership interests in subsidiaries without a loss of control			-	181	22,190	22,371
Changes in scope of consolidation			-	-	2,345	2,345
Transfer to retained earnings	(49,439)	13,216	(36,223)	-		-
Other increase and decrease			698	698		698
Total transactions with owners	(49,439)	13,216	(35,525)	(134,827)	13,206	(121,621)
Balance as of December 31, 2016	78,993	-	(350,680)	3,701,000	260,560	3,961,560

Consolidated Statement of Cash Flows

Sumitomo Rubber Industries, Ltd. and its Consolidated Subsidiaries

Thousands of U.S. dollars

	Jan.1 to Dec. 31, 2015	Jan.1 to Dec. 31, 2016
Cash flows from operating activities		
Profit before tax	766,819	604,250
Depreciation and amortization	443,267	441,793
Impairment loss	2,974	3,405
Interest and dividends income	(20,345)	(20,802)
Interest expenses	38,586	32,000
Share of (profit) loss of entities accounted for using equity method	(48,388)	(491)
Loss (gain) on sales and retirement of non-current assets	7,543	5,793
Loss (gain) on sales of shares of subsidiaries and associates	(78,164)	-
Decrease (increase) in inventories	(73,957)	32,776
Decrease (increase) in trade and other receivables	166,164	38,948
Increase (decrease) in trade and other payables	(116,034)	(10,259)
Other, net	(43,395)	67,414
Subtotal	1,045,070	1,194,827
Interest received	12,828	15,078
Dividend income received	7,534	5,681
Interest expenses paid	(36,983)	(29,707)
Income taxes paid	(279,621)	(80,793)
Net cash provided by (used in) operating activities	748,828	1,105,086
Cash flows from investing activities		
Purchase of property, plant and equipment	(497,466)	(415,707)
Proceeds from sales of property, plants and equipment	8,345	3,793
Purchase of intangible assets	(36,483)	(44,569)
Purchase of investment securities	(1,310)	(767)
Proceeds from sales of investment securities	698	89,250
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	1,034
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(150,543)	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	24,457	-
Proceeds from sales of shares of associates	391,991	-
Payment for transfer of business	(16,466)	-
Other, net	12,363	3,656
Net cash provided by (used in) investing activities	(264,414)	(363,310)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(53,483)	(214,043)
Proceeds from long-term debt and newly issued bonds	8,233	126,491
Repayments of long-term debt and redemption of bonds	(252,491)	(381,819)
Proceeds from contributions of non-controlling interests	32,043	22,448
Cash dividends paid	(124,379)	(135,681)
Cash dividends paid to non-controlling interests	(29,181)	(11,328)
Purchase of shares of non-controlling interests	(14,776)	(164)
Other, net	(20,337)	(18,447)
Net cash provided by (used in) financing activities	(454,371)	(612,543)
Effect of exchange rate change on cash and cash equivalents	(30,879)	(17,716)
Net increase (decrease) in cash and cash equivalents	(836)	111,517
Cash and cash equivalents at the beginning of current period	462,526	461,690
Cash and cash equivalents at the end of current period	461,690	573,207