

**Consolidated Financial Results**  
**for the Three Months Ended March 31, 2017**  
**[IFRS]**



May 10, 2017

Company name : Sumitomo Rubber Industries, Ltd.  
 Stock exchange listing : Tokyo Stock Exchange  
 Code number : 5110  
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 Scheduled date of filing quarterly securities report : May 11, 2017  
 Scheduled date of commencing dividend payments : -  
 Supplementary documents for quarterly financial results : Yes  
 Quarterly financial results briefing session : Yes (for institutional investors and analysts)

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

**1. Consolidated Financial Results for the Three Months Ended March 31, 2017 (January 1, 2017 to March 31, 2017)**

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

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended										
March 31, 2017	192,076	7.7	12,188	(14.1)	11,839	(12.2)	8,560	4.6	(1,208)	-
March 31, 2016	178,333	-	14,184	-	13,483	-	8,187	-	(11,300)	-

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

	Basic profit per share	Diluted profit per share	Business profit to sales revenue ratio
Three months ended	Yen	Yen	%
March 31, 2017	32.63	-	6.3
March 31, 2016	31.21	-	8.0

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
As of	Million yen	Million yen	Million yen	%	Yen
March 31, 2017	942,839	452,216	421,757	44.7	1,607.82
December 31, 2016	897,634	459,541	429,316	47.8	1,636.63

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents as of March 31, 2017
Three months ended	Million yen	Million yen	Million yen	Million yen
March 31, 2017	(1,573)	(50,757)	52,541	65,116
March 31, 2016	23,659	(4,566)	(17,840)	52,522

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
December 31, 2016	-	30.00	-	25.00	55.00
December 31, 2017	-				
Fiscal year ending					
December 31, 2017 (Forecast)		25.00	-	30.00	55.00

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

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

(% indicates changes from the previous corresponding period.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
First half	385,000	-	15,000	-	15,000	-	10,000	-	Yen 38.12
Full year	850,000	12.3	50,000	(33.3)	50,000	(31.8)	33,000	(20.2)	125.80

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

**Notes:**

- (1) Changes in Significant Subsidiaries during the Three Months Ended March 31, 2017  
(changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Changes in accounting policies and changes in accounting estimates
- 1) Changes in accounting policies required by IFRS : None
  - 2) Changes in accounting policies other than 1) : None
  - 3) Changes in accounting estimates : None
- (3) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury stock)
    - March 31, 2017 : 263,043,057 shares
    - December 31, 2016 : 263,043,057 shares
  - 2) Total number of treasury stock at the end of the period
    - March 31, 2017 : 726,807 shares
    - December 31, 2016 : 726,168 shares
  - 3) Average number of shares during the period
    - Three months ended March 31, 2017 : 262,316,532 shares
    - Three months ended March 31, 2016 : 262,318,446 shares

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

\* Explanation of the proper use of financial results forecast and other notes

The earnings projections and other forward-looking statements herein are based on certain assumptions made in light of the information currently available to Sumitomo Rubber Industries, Ltd. (the “Company”) and its group companies (collectively, the “Group”) and do not constitute any promises by the Company that they will be realized. Actual results could differ significantly from these forecasts due to changes in various factors surrounding the businesses of the Company and the Group.

With regard to the matters related to the underlying assumptions for the above forecasts, please refer to page 4 of the attached documents of the Consolidated Financial Results for the Period under Review, “1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Consolidated Financial Results Forecast and Other Future Forecast.”

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# 1. Qualitative Information on Quarterly Financial Results for the Period under Review

## (1) Operating Results

	For the three months ended March 31, 2016	For the three months ended March 31, 2017	Change in ratio
	Millions of yen	Millions of yen	%
Sales revenue	178,333	192,076	7.7
Tires	153,184	165,567	8.1
Sports	16,778	16,840	0.4
Industrial and Other Products	8,371	9,669	15.5
Business profit	14,184	12,188	(14.1)
Tires	13,005	10,071	(22.6)
Sports	710	1,074	51.3
Industrial and Other Products	441	1,038	134.9
Adjustments	28	5	-
Operating profit	13,483	11,839	(12.2)
Profit attributable to owners of parent	8,187	8,560	4.6

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

### Foreign exchange rates applied

	For the three months ended March 31, 2016	For the three months ended March 31, 2017	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	115	114	(1)
Yen / Euro	127	121	(6)

During the three months ended March 31, 2017, the U.S. economy continued to expand stably and the European economy remained on a gradual recovery trend. Signs of economic improvement were also seen in Asian countries such as China and Thailand. The overall global economy remained on a moderate recovery trajectory. On the other hand, uncertainty over the future outlook was heightened further due to factors including the effects of monetary policies and emerging protectionism in the U.S., as well as Britain’s decision to leave the EU in the Europe.

The Japanese economy showed a tendency toward slow recovery, as seen in the improvement of personal consumption and capital investment, and continued improvement in corporate earnings and employment situations.

Looking at the business environment surrounding the Sumitomo Rubber Group, raw material prices such as natural rubber and petroleum-based materials, which began to rise at the end of the previous fiscal year and continued soaring through the current period, turned to the downside towards the end of the current period. However, the high raw material prices caused a decrease in profit for the Group’s mainstay tire business for the current quarter. Since competition in the overseas markets continued to intensify, sales of the Group struggled in a harsh environment.

Under these circumstances, the Group pursued various group-wide initiatives to achieve its long-term “VISION 2020” targets for fiscal 2020 aimed at driving business growth and improving profitability.

As a result, sales revenue of the Group increased 7.7% from the same period of the previous fiscal year to ¥192,076 million, business profit decreased 14.1% to ¥12,188 million, operating profit decreased 12.2% to ¥11,839 million and profit attributable to owners of parent increased 4.6% to ¥8,560 million.

Business performance by business segment was as follows.

### **Tire Business**

Sales revenue in the tire business increased 8.1% from the same period of the previous fiscal year to ¥165,567 million, and business profit decreased 22.6% to ¥10,071 million.

In the domestic replacement market, sales revenue exceeded the level of the same period of the previous fiscal year. Under the Dunlop brand, we endeavored to expand sales of high-value-added products, mainly focusing on the new product “LE MANS V” equipped with our new technology “SHINOBI TECHNOLOGY” and a special noise-absorbing sponge “SILENT CORE,” which bring about the feel of comfort with dramatically improved ride quality and quietness. We also expanded sales of high-performance tires including our premium product “AZENIS FK453” while making efforts to enhance brand awareness, such as through co-sponsoring “Red Bull Air Race Chiba 2017” under the Falken brand.

In the domestic original equipment market, sales revenue exceeded the level of the same period of the previous fiscal year, due to increased sales volume driven by sales expansion of high-value-added tires mainly including fuel-efficient tires in line with increased automobile production volume.

In the overseas replacement market, sales revenue exceeded the level of the same period of the previous fiscal year. Despite sluggish consumption associated with political uncertainty in the Middle East, sales volume increased mainly in North America supported by the region’s continued economic expansion, as well as in the U.K. market stemming from the newly acquired Micheldever Group Ltd., a British tire sales company, in the three months ended March 31, 2017.

In the overseas original equipment market, sales revenue exceeded the level of the same period of the previous fiscal year due to increased sales volume in China resulting from car tax reduction and the expanded volume of delivery in Europe.

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

### **Sports Business**

Sales revenue in the sports business increased 0.4% from the same period of the previous fiscal year to ¥16,840 million, and business profit increased 51.3% to ¥1,074 million.

In the golf goods market in Japan, new products including the “SRIXON Z-STAR Series” of golf balls, which provide large carry, spin control and feeling of comfort, enjoyed favorable sales. However, with sales of golf clubs falling below the level of the same period of the previous fiscal year from increasingly fierce competition with other companies’ products and the influence of market conditions, sales revenue fell below the level of the same period of the previous fiscal year in the golf goods market in Japan as a whole.

In overseas golf goods markets, we made aggressive efforts to expand sales of our brands “SRIXON,” “XXIO,” and “Cleveland Golf” mainly in North America and South Korea, resulting in sales revenue above the level of the same period of the previous fiscal year.

For the wellness business, we continued to expand the opening of new compact gyms “Gym Style,” which also contributed to an increase in sales revenue.

As a result, combined with factors including the improvement of profitability and reduction of expenses in overseas sales, sales revenue and business profit in the sports business exceeded the level of the same period of the previous fiscal year, resulting in an increase in revenue and profit.

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

Sales revenue in the industrial and other products business increased 15.5% from the same period of the previous fiscal year to ¥9,669 million, and business profit increased 134.9% to ¥1,038 million.

In the domestic market, sales of infrastructure-based products were strong, due mainly to steady public spending. In the vibration control business, we expanded sales of “MIRAIE,” a series of vibration control unit for housing. Meanwhile, in overseas markets, sales of medical rubber parts were promoted globally focusing on Europe, and sales of precision rubber parts for printers and photocopiers increased steadily.

As a result, combined with the reduction of total costs, sales revenue and business profit in the industrial and other products business exceeded the level of the same period of the previous fiscal year, resulting in an increase in revenue and profit.

(2) Financial Position

	As of December 31, 2016	As of March 31, 2017	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	897,634	942,839	45,205
Total equity	459,541	452,216	(7,325)
Total equity attributable to owners of parent	429,316	421,757	(7,559)
Total equity attributable to owners of parent ratio (%)	47.8	44.7	(3.1)
Equity attributable to owners of parent per share	1,636.63 yen	1,607.82 yen	(28.81) yen

Total assets increased ¥45,205 million from the end of the previous fiscal year to ¥942,839 million mainly as a result of a decrease in trade and other receivables due to seasonal factors, an increase in goodwill associated with the acquisition of the British tire sales company Micheldever Group Ltd. and its subsidiaries, and an increase in other financial assets associated with the acquisition of the trademark rights of the DUNLOP brand overseas and the sporting goods and licensing businesses of the DUNLOP brand (acquisition procedures were completed on April 3, 2017).

Total liabilities increased ¥52,530 million from the end of the previous fiscal year to ¥490,623 million mainly as a result of a temporary increase in interest-bearing debt associated with the acquisition of subsidiaries and businesses.

Total equity as of March 31, 2017 amounted to ¥452,216 million, of which equity attributable to owners of parent was ¥421,757 million. Equity attributable to owners of parent ratio was 44.7%, and equity attributable to owners of parent per share was ¥1,607.82.

(3) Consolidated Financial Results Forecast and Other Future Forecast

No revisions have been made to the six-months and full year financial results forecast in the Consolidated Financial Results for the Fiscal Year Ending December 31, 2017, which we announced on February 14, 2017.

Consolidated Financial Results Forecast for Six Months Ending June 30, 2017 (January 1, 2017 to June 30, 2017)

	Forecast	Previous forecast	Increase (Decrease)	Change in ratio
	Millions of yen	Millions of yen	Millions of yen	%
Sales revenue	385,000	385,000	-	-
Tires	330,000	330,000	-	-
Sports	38,000	38,000	-	-
Industrial and Other Products	17,000	17,000	-	-
Business profit	15,000	15,000	-	-
Tires	12,500	12,500	-	-
Sports	1,500	1,500	-	-
Industrial and Other Products	1,000	1,000	-	-
Adjustments	-	-	-	-
Operating profit	15,000	15,000	-	-
Profit attributable to owners of parent	10,000	10,000	-	-

Foreign exchange rates applied

	Revised forecast
Yen / U.S. Dollar	Yen 112
Yen / Euro	121

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

	Forecast	Previous forecast	Increase (Decrease)	Change in ratio	(Reference) Results for the same period of the previous year
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
Sales revenue	850,000	850,000	-	-	756,696
Tires	732,000	732,000	-	-	648,445
Sports	80,000	80,000	-	-	72,772
Industrial and Other Products	38,000	38,000	-	-	35,479
Business profit	50,000	50,000	-	-	74,916
Tires	44,000	44,000	-	-	67,924
Sports	3,000	3,000	-	-	4,303
Industrial and Other Products	3,000	3,000	-	-	2,673
Adjustments	-	-	-	-	16
Operating profit	50,000	50,000	-	-	73,284
Profit attributable to owners of parent	33,000	33,000	-	-	41,364

Foreign exchange rates applied

	Revised forecast	Previous forecast	Increase (Decrease)	(Reference) Rate applied for the same period of the previous year
	Yen	Yen	Yen	Yen
Yen / U.S. Dollar	111	110	1	109
Yen / Euro	120	120	-	120

The results forecast and other forward-looking statements herein are based on certain assumptions made in light of the information currently available to the Company and the Group as of the date of the release of this document and include potential risks and uncertainty. Please note that actual results may differ significantly from these forecasts due to changes in various factors surrounding the businesses of the Company and the Group.



## 2. Condensed Interim Consolidated Financial Statements and Primary Notes

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

(Millions of yen)

	As of December 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	66,492	65,116
Trade and other receivables	182,855	172,174
Other financial assets	3,821	3,450
Inventories	138,993	157,966
Other current assets	20,398	22,508
Total current assets	412,559	421,214
Non-current assets		
Property, plant and equipment	363,293	359,348
Goodwill	15,351	41,731
Intangible assets	21,445	21,380
Investments accounted for using equity method	4,071	4,085
Other financial assets	41,239	55,172
Net defined benefit asset	20,635	20,576
Deferred tax assets	13,888	14,428
Other non-current assets	5,153	4,905
Total non-current assets	485,075	521,625
Total assets	897,634	942,839

(Millions of yen)

	As of December 31, 2016	As of March 31, 2017
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bonds and loans payable	77,056	148,915
Trade and other payables	120,236	115,159
Other financial liabilities	2,624	1,904
Income tax payable	9,960	3,933
Provisions	7,350	3,883
Other current liabilities	34,777	34,230
<b>Total current liabilities</b>	<b>252,003</b>	<b>308,024</b>
<b>Non-current liabilities</b>		
Bonds and loans payable	121,556	117,375
Other financial liabilities	4,577	4,398
Net defined benefit liability	22,188	22,090
Provisions	1,197	1,171
Deferred tax liabilities	12,154	13,435
Other non-current liabilities	24,418	24,130
<b>Total non-current liabilities</b>	<b>186,090</b>	<b>182,599</b>
<b>Total liabilities</b>	<b>438,093</b>	<b>490,623</b>
<b>Equity</b>		
Capital stock	42,658	42,658
Capital surplus	37,937	37,937
Retained earnings	389,970	392,051
Treasury stock	(570)	(571)
Other components of equity	(40,679)	(50,318)
<b>Total equity attributable to owners of parent</b>	<b>429,316</b>	<b>421,757</b>
Non-controlling interest	30,225	30,459
<b>Total equity</b>	<b>459,541</b>	<b>452,216</b>
<b>Total liabilities and equity</b>	<b>897,634</b>	<b>942,839</b>

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

(Millions of yen)

	For the three months ended March 31, 2016	For the three months ended March 31, 2017
Sales revenue	178,333	192,076
Cost of sales	(119,448)	(133,170)
Gross profit	58,885	58,906
Selling, general and administrative expenses	(44,701)	(46,718)
Other income	734	439
Other expenses	(1,435)	(788)
Operating profit	13,483	11,839
Financial income	2,941	680
Financial expenses	(3,853)	(991)
Equity in earnings of affiliates	30	17
Profit before tax	12,601	11,545
Income tax expenses	(4,463)	(2,230)
Profit	8,138	9,315
Profit attributable to:		
Owners of parent	8,187	8,560
Non-controlling interests	(49)	755
Profit	8,138	9,315
Profit per share		
Basic profit per share (Yen)	31.21	32.63

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the three months ended March 31, 2016	For the three months ended March 31, 2017
Profit	8,138	9,315
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,675)	(301)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	(602)	(562)
Currency translation differences of foreign operations	(17,161)	(9,660)
Other comprehensive income, net of tax	(19,438)	(10,523)
Comprehensive income	(11,300)	(1,208)
Comprehensive income attributable to:		
Owners of parent	(10,283)	(1,234)
Non-controlling interests	(1,017)	26
Comprehensive income	(11,300)	(1,208)

(3) Condensed Interim Consolidated Statements of Changes in Equity  
For the three months ended March 31, 2016

(Millions of yen)

	Equity attributable to owners of parent					
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2016	42,658	37,916	360,143	(567)	(32,266)	(578)
Profit			8,187			
Other comprehensive income					(16,209)	(602)
Total comprehensive income	-	-	8,187	-	(16,209)	(602)
Purchase of treasury stock				(0)		
Disposal of treasury stock		0		0		
Dividends			(7,870)			
Changes in ownership interests in subsidiaries that do not result in loss of control		(5)				
Transfer to retained earnings			5,571			
Other increase and decrease						110
Total transactions with owners	-	(5)	(2,299)	(0)	-	110
Balance as of March 31, 2016	42,658	37,911	366,031	(567)	(48,475)	(1,070)

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2016	14,981	-	(17,863)	422,287	29,550	451,837
Profit			-	8,187	(49)	8,138
Other comprehensive income	(1,659)		(18,470)	(18,470)	(968)	(19,438)
Total comprehensive income	(1,659)	-	(18,470)	(10,283)	(1,017)	(11,300)
Purchase of treasury stock			-	(0)		(0)
Disposal of treasury stock			-	0		0
Dividends			-	(7,870)	(146)	(8,016)
Changes in ownership interests in subsidiaries that do not result in loss of control			-	(5)	644	639
Transfer to retained earnings	(5,571)		(5,571)	-		-
Other increase and decrease			110	110		110
Total transactions with owners	(5,571)	-	(5,461)	(7,765)	498	(7,267)
Balance as of March 31, 2016	7,751	-	(41,794)	404,239	29,031	433,270

For the three months ended March 31, 2017

(Millions of yen)

	Equity attributable to owners of parent					
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2017	42,658	37,937	389,970	(570)	(49,657)	(185)
Profit			8,560			
Other comprehensive income					(8,980)	(564)
Total comprehensive income	-	-	8,560	-	(8,980)	(564)
Purchase of treasury stock				(1)		
Disposal of treasury stock						
Dividends			(6,558)			
Changes in ownership interests in subsidiaries that do not result in loss of control						
Transfer to retained earnings			79			
Other increase and decrease						234
Total transactions with owners	-	-	(6,479)	(1)	-	234
Balance as of March 31, 2017	42,658	37,937	392,051	(571)	(58,637)	(515)

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2017	9,163	-	(40,679)	429,316	30,225	459,541
Profit			-	8,560	755	9,315
Other comprehensive income	(250)		(9,794)	(9,794)	(729)	(10,523)
Total comprehensive income	(250)	-	(9,794)	(1,234)	26	(1,208)
Purchase of treasury stock			-	(1)		(1)
Disposal of treasury stock			-	-		-
Dividends			-	(6,558)	(399)	(6,957)
Changes in ownership interests in subsidiaries that do not result in loss of control			-	-	607	607
Transfer to retained earnings	(79)		(79)	-		-
Other increase and decrease			234	234		234
Total transactions with owners	(79)	-	155	(6,325)	208	(6,117)
Balance as of March 31, 2017	8,834	-	(50,318)	421,757	30,459	452,216

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

(Millions of yen)

	For the three months ended March 31, 2016	For the three months ended March 31, 2017
Cash flows from operating activities		
Profit before tax	12,601	11,545
Depreciation and amortization	12,747	13,314
Interest and dividends income	(322)	(523)
Interest expenses	1,027	990
Share of (profit) loss of entities accounted for using equity method	(30)	(17)
Decrease (increase) in inventories	(3,765)	(14,255)
Decrease (increase) in trade and other receivables	21,943	14,712
Increase (decrease) in trade and other payables	(19,362)	(12,665)
Other, net	3,464	(3,139)
Subtotal	28,303	9,962
Interest received	287	519
Dividend income received	27	12
Interest expenses paid	(811)	(852)
Income taxes paid	(4,147)	(11,214)
Net cash provided by (used in) operating activities	23,659	(1,573)
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,123)	(14,503)
Proceeds from sales of property, plants and equipment	181	356
Purchase of intangible assets	(1,549)	(944)
Proceeds from sales of investment securities	9,990	242
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(19,631)
Payment for deposits	-	(16,202)
Other, net	(65)	(75)
Net cash provided by (used in) investing activities	(4,566)	(50,757)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,392)	63,738
Proceeds from long-term debt and newly issued bonds	-	860
Repayments of long-term debt and redemption of bonds	(5,631)	(5,210)
Proceeds from contributions of non-controlling interests	656	607
Cash dividends paid	(7,870)	(6,558)
Cash dividends paid to non-controlling interests	(146)	(399)
Other, net	(457)	(497)
Net cash provided by (used in) financing activities	(17,840)	52,541
Effect of exchange rate change on cash and cash equivalents	(2,287)	(1,587)
Net increase (decrease) in cash and cash equivalents	(1,034)	(1,376)
Cash and cash equivalents at the beginning of current period	53,556	66,492
Cash and cash equivalents at the end of current period	52,522	65,116

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

(Segment Information)

1. Information by reportable segment

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

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

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

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

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

2. Reportable segment sales revenues and profit or loss

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

Figures for reportable segment are based on business profit.

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



For the three months ended March 31, 2016 (January 1, 2016 to March 31, 2016)

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 2)	Amounts recorded in Condensed Interim Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	153,184	16,778	8,371	178,333	-	178,333
Inter-segment sales revenue	12	71	3	86	(86)	-
Total	153,196	16,849	8,374	178,419	(86)	178,333
Segment profit (Business profit) (Note 1)	13,005	710	441	14,156	28	14,184
Other income and expenses						(701)
Operating profit						13,483

(Notes)

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

For the three months ended March 31, 2017 (January 1, 2017 to December 31, 2017)

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 2)	Amounts recorded in Condensed Interim Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	165,567	16,840	9,669	192,076	-	192,076
Inter-segment sales revenue	16	49	171	236	(236)	-
Total	165,583	16,889	9,840	192,312	(236)	192,076
Segment profit (Business profit) (Note 1)	10,071	1,074	1,038	12,183	5	12,188
Other income and expenses						(349)
Operating profit						11,839

(Notes)

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

(Significant Subsequent Events)

Significant Business Acquisition

At the Board of Directors' meeting held on December 27, 2016, the Company resolved to establish Dunlop International Co. Ltd. jointly with the Company's sports business subsidiary Dunlop Sports Co. Ltd., and enter into an agreement with Sports Direct International plc, under which the Company will acquire the trademark rights of the DUNLOP brand overseas and the sporting goods and licensing businesses of the DUNLOP brand. The agreement was concluded as of the same date. Necessary approval procedures were subsequently undertaken, and the acquisition of the businesses was completed on April 3, 2017.

1. Overview of the business combination

(1) Purpose of business acquisition

After the completion of this transaction, the Group, in its tire business, will become the owner and licensor of DUNLOP trademark rights globally (except in Europe, North America, India and Australia, etc.). As for the sports and industrial products businesses, the acquisition will enable the Group to produce and sell DUNLOP branded products globally. In this transaction, the Group will also acquire Sports Direct International plc's sporting goods manufacturing and sales business of DUNLOP brand products as well as its licensing business with respect to the trademark rights of the DUNLOP brand.

Dunlop International Co. Ltd. will operate and manage the acquired sporting goods and licensing businesses while the Sumitomo Rubber Group as a whole continues working to create, implement and promote strategies to enhance the global value of the DUNLOP brand and improve the overall profitability of our entire group, including existing businesses.

(2) Name of the counterparty

Sports Direct International plc

(3) Details of the acquired business

Trademark rights of the DUNLOP brand and sporting goods and licensing businesses of the DUNLOP brand

(4) Date of acquisition

April 3, 2017

For the above purpose, a subsidiary was newly established. Its outline is as follows:

Name:	Dunlop International Co. Ltd.
Address:	3-6-9 Wakinohama-cho, Chuo-ku, Kobe, Hyogo
Capital:	¥3,000 million
Establishment:	February 1, 2017
Capital contribution ratio:	The Company 66.7%; Dunlop Sports Co. Ltd. 33.3%

2. Consideration for acquisition as of the acquisition date

Fair value of acquisition price    ¥16,388 million

Acquisition price is calculated provisionally and to be determined after adjusting changes in working capital, etc., based on the agreement.

The fair value of acquisition price includes the price paid to sellers as well as the repayment amount of liabilities the acquired company had incurred from those companies.

As of March 31, 2017, the consideration for acquisition has been deposited into the bank account designated by the acquisition agreement, and has been recorded as "other financial assets" under non-current assets on the condensed interim consolidated financial statement of financial position.

As the initial accounting process for said acquisition has not been completed, detailed information on the accounting treatment for business combinations has not been herein disclosed.