

SUMITOMO
RUBBER INDUSTRIES



NEW VALUE CREATION | ANNUAL REPORT
2005

THE SRI GROUP is a corporate group that includes the Tire business of Sumitomo Rubber Industries, Ltd. as its core, the Sports business of SRI Sports Ltd., and the Industrial and Other Products business of SRI Hybrid Ltd. In its core Tire business, the Group aims for continued growth as a global corporation with its concentration of management resources in the developing Asian market and its alliance with the Goodyear Tire & Rubber Company.

In its Sports business, the Group concentrates on brand awareness improvement, mainly in golf- and tennis-related products at home and overseas. The Group's Industrial and Other Products business deals with a variety of products, ranging from household to industrial goods, and in line with these activities we strive to improve earnings capabilities by selecting and concentrating on key products.

The SRI Group continues to pursue corporate value enhancement and targets sustainable growth on behalf of all stakeholders.

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.

To Our Shareholders	2	Management's Discussion and Analysis	22
Highlights in 2005	6	Consolidated Balance Sheets	26
Feature: New Value Creation	7	Consolidated Statements of Income	28
Review of Operations	12	Consolidated Statements of Shareholders' Equity	29
Environmental Preservation and Contributions to Local Communities	16	Consolidated Statements of Cash Flows	30
Intellectual Property	18	Notes to Consolidated Financial Statements	31
Corporate Governance	19	Report of Independent Auditors	43
11-Year Summary of Consolidated Financial Data	20	Directory	44
		Corporate Data	45



TIRE BUSINESS

NET SALES: ¥398,170 million

77.6%

In the Tire business, Sumitomo Rubber Industries, Ltd. manufactures and markets tires under the Dunlop, Falken, Goodyear, Sumitomo and Ohtsu brands. In addition to overseas subsidiaries in China and Indonesia, the Group carries out tire production and sales in Europe and North America in joint ventures with The Goodyear Tire & Rubber Company. Moreover, we are constructing a tire factory in Thailand with the goal of starting operations at the end of 2006.



SPORTS BUSINESS

NET SALES: ¥54,748 million

10.7%

In the Sports business, SRI Sports Ltd. carries out operations. SRI Sports manufactures and markets Dunlop brand golf clubs and balls, and tennis balls and rackets in Japan, Taiwan and South Korea. In addition, SRI Sports sells the international SRIXON brand golf balls and clubs all over the world.



INDUSTRIAL AND OTHER PRODUCTS BUSINESS

NET SALES: ¥59,920 million

11.7%

In the Industrial and Other Products business, SRI Hybrid Ltd. and Sumitomo Rubber Industries, Ltd. carry out operations. In Japan, the Group produces marine dock fenders, blankets for offset printing presses and materials for sports facilities such as artificial turf. Overseas, the Group manufactures and markets natural rubber gloves in Malaysia, precision rubber parts for office automation equipment in China and bed-related products in France and Germany. Furthermore, we are constructing a factory in Vietnam for precision rubber parts for office automation equipment that is scheduled to commence operations in October 2006.

