

# Consolidated Financial Statements for the First Half of the Fiscal Year Ending December 31, 2012

August 7, 2012

These financial statements, prepared in accordance with accounting principles generally accepted in Japan, have been translated for reference only from the original Japanese-language document "KESSAN TANSIN." The entire format is pursuant to the requirements or guidance of Tokyo Stock Exchange. As for the contents, if there are any differences or discrepancies between the original Japanese-language and the English translation, the original Japanese-language supersedes this English translation.

## Bridgestone Corporation

Code number:5108

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Scheduled date of quarterly securities report submission:

August 10, 2012

Scheduled date of dividend payment commencement:

September 3, 2012

Supplementary information for the quarterly financial statements to be prepared:

Yes

Meeting to explain for the quarterly financial statements to be held:

Yes

Stock exchange listings: Tokyo, Osaka, Nagoya, Fukuoka

URL:<http://www.bridgestone.co.jp>

(All amounts are rounded down to the nearest million yen)

## 1. Consolidated Results for the First Half of Fiscal 2012 (January 1, 2012 - June 30, 2012)

(1) Consolidated Operating Results (Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Six months ended June 30, 2012	1,488,970	2.0	133,785	42.9	128,981	40.4	75,266	39.1
Six months ended June 30, 2011	1,459,125	5.3	93,628	19.4	91,880	35.2	54,115	21.6

(Note) Comprehensive Income: Six months ended June 30, 2012 ¥96,865 million(4.7%)  
Six months ended June 30, 2011 ¥92,526 million (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2012	96.17	96.10
Six months ended June 30, 2011	69.14	69.11

## (2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets
	Yen in millions	Yen in millions	%
As of Jun. 30, 2012	2,789,105	1,252,557	43.5
As of Dec. 31, 2011	2,677,344	1,165,673	42.2

(Reference) Total equity As of June 30, 2012 ¥1,214,450 million  
As of December 31, 2011 ¥1,130,577 million

## 2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2011	—	10.00	—	12.00	22.00
FY 2012	—	16.00	—	—	—
FY 2012 (Projection)	—	—	—	16.00	32.00

(Note) Changes from the latest forecasts released: No

## 3. Consolidated Projected Results for Fiscal 2012 (January 1, 2012 - December 31, 2012)

(Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
FY 2012	3,130,000	3.5	287,000	50.0	269,000	50.0	172,000	67.0	219.76

(Note) Changes from the latest forecasts released: Yes

\* Notes

- (1) Changes in principal subsidiaries during the six months ended June 30, 2012 : No  
(Changes in specified subsidiaries involving change in consolidation scope)
- (2) Application of special accounting treatments for consolidated quarterly financial statements: Yes
- (3) Changes in accounting policy, changes in accounting estimates, and restatements
- |  |      |
|--|------|
| 1) Changes due to revisions of accounting policy, etc. | : No |
| 2) Changes in policy other than 1)                     | : No |
| 3) Changes in accounting estimates                     | : No |
| 4) Restatements  | : No |
- (4) Outstanding number of shares (common stock)
- |   |                    |
|---|--------------------|
| 1) Outstanding number of shares at period end (including treasury stock): |                    |
| June 30, 2012   | 813,102,321 shares |
| December 31, 2011   | 813,102,321 shares |
| 2) Number of shares of treasury stock at period end                       |                    |
| June 30, 2012   | 30,439,447 shares  |
| December 31, 2011   | 30,441,046 shares  |
| 3) Average outstanding number of shares (during the first half)           |                    |
| First Half ended June 30, 2012  | 782,661,812 shares |
| First Half ended June 30, 2011  | 782,662,539 shares |

\* Implementation status about the quarterly review

These financial statements are exempt from quarterly review procedures as required by the Financial Instruments and Exchange Act. A part of quarterly review based on Financial Instruments and Exchange Act were not completed at the time of the disclosure of these financial statements.

\* Statement regarding appropriate use of forward-looking statements and other notes

Projections of consolidated results for fiscal 2012 announced on February 16, 2012 are revised in this document. The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and financial results to differ substantially from management's projections and plans. For details, refer to "1. Qualitative Information for the First Half of Fiscal 2012, (3) Qualitative Information on Projections of Consolidated Results", on page 5.

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## 1. Qualitative Information for the First Half of Fiscal 2012

The Bridgestone Corporation is referred to as the "Company," and the Company and its subsidiaries are referred to as the "Companies."

### (1) Qualitative Information on Consolidated Operating Results

#### 1) Sales and earnings

	FY 2012 1H (Six months ended June 30, 2012)	FY 2011 1H (Six months ended June 30, 2011)	Increase (Decrease)	
	Yen in billions 1,488.9	Yen in billions 1,459.1	Yen in billions 29.8	% 2
Net sales				
Operating income	133.7	93.6	40.1	43
Ordinary income	128.9	91.8	37.1	40
Net income	75.2	54.1	21.1	39

In the first half of fiscal 2012 (January 1 to June 30, 2012), the Companies' operating environment was plagued by raw material prices remaining at high levels during the period and the continuing strength of the Japanese yen. Despite these challenges, the domestic economy showed signs of recovery, including increased demand brought on by re-building and rebounding sales of new vehicles following recovery from the Great East Japan Earthquake. The United States economy gradually recovered during this time, while the financial crisis had a negative impact on the European economy. Asian economic expansion showed signs of a slowdown, particularly in China and India.

Under these operating conditions, the Companies continued working to achieve the goal of becoming the World's undisputed No. 1 tire and rubber company in both name and reality. Stepping up our efforts on a global scale, the Companies focused on increasing the sales of highly competitive products, strengthening supply capacity, improving manufacturing productivity, enhancing technology and effectively utilizing our management resources. Moreover, with business conditions evolving at unprecedented speed, including the changing structures for demand and competition, the Companies have been striving to rapidly implement a range of initiatives to enhance our ability to respond quickly to market trends, increase the sales of strategic products, construct and enhance a business model that will extend beyond the mere sale of products, and develop eco-friendly products and businesses.

As a result, net sales in the first half of fiscal 2012 was ¥1,488.9 billion, an increase of 2% over the first half of fiscal 2011, operating income was ¥133.7 billion, an increase of 43%, ordinary income was ¥128.9 billion, an increase of 40% and net income was ¥75.2 billion, an increase of 39%.

## 2) Segment Information

		FY 2012 1H (Six months ended June 30, 2012)	FY 2011 1H (Six months ended June 30, 2011)	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	1,237.5	1,221.2	16.2	1
	Operating income	119.6	89.7	29.9	33
Diversified Products	Net Sales	260.4	245.1	15.3	6
	Operating income	14.0	3.8	10.2	267
Consolidated Results	Net Sales	1,488.9	1,459.1	29.8	2
	Operating income	133.7	93.6	40.1	43

In the tire segment, the Companies worked to maximize sales momentum by introducing appealing new products globally, enhancing strategic products and reinforcing fundamental competencies such as specification optimization, and responding promptly to demand fluctuation in each region.

In Japan, unit sales of replacement tires for passenger cars and light trucks decreased from the first half of fiscal 2011. However, due to large recovery in vehicle production volume, unit sales of tires for new vehicles strongly increased. While unit sales of replacement tires for trucks and buses decreased, total unit sales of tires for trucks and buses remain unchanged due to the recovery of original equipment tires sales. In the Americas, unit sales of passenger and light truck tires in North America remain unchanged compared to the first half of fiscal 2011. However unit sales of tires for trucks and buses decreased due to a decline in sales of replacement tires. In Europe, unit sales of tires for passenger cars and light trucks decreased substantially compared to the first half of fiscal 2011 due to a decline in sales of replacement tires, as well as tires for trucks and buses. In Asia Pacific, unit sales of passenger cars and light trucks strongly increased compared to the first half of fiscal 2011. In China, unit sales of passenger and light truck tires remain unchanged from the first half of fiscal 2011. However unit sales of tires for trucks and buses decreased substantially due to a decline in sales of replacement tires. In the specialty tire business, unit sales of large and ultralarge off-the-road radial tires for construction and mining vehicles strongly increased compared to those of the first half of fiscal 2011 due to expansion of production capacity.

As a result, net sales and operating income in the tire segment in the first half of fiscal 2012 totaled ¥1,237.5 billion and ¥119.6 billion, an increase of 1% and 33% from the first half of fiscal 2011, respectively.

In the diversified products segment, due to the recovery of demand for automotive parts and construction products from BSAM's Diversified Products business, net sales totaled ¥260.4 billion, an increase of 6% from the first half of fiscal 2011. Operating income was ¥14.0 billion, an increase of 267% from first half of fiscal 2011.

*(Note) The amounts for segment results include inter-segment transactions that are eliminated in calculating the consolidated results.*

## **(2) Qualitative Information on Consolidated Financial Position**

Assets, Liabilities, and Net assets positions at the end of the first half of fiscal 2012 were as follows.

### **(Assets)**

In assets, while notes and accounts receivable decreased ¥39.9 billion, short-term investments, merchandise and finished products and investments in securities each increased ¥56.3 billion, ¥30.5 billion and ¥15.4 billion respectively. As a result, assets increased ¥111.7 billion compared with the end of the previous fiscal year, to ¥2,789.1 billion.

### **(Liabilities)**

In liabilities, while accounts payable-other and long-term borrowings each decreased ¥35.8 billion and ¥17.3 billion, short-term borrowings, commercial paper and bonds each increased ¥50.6 billion, ¥13.6 billion and ¥13.2 billion respectively. As a result, liabilities increased 24.8 billion compared with the end of the previous fiscal year, to ¥1,536.5 billion.

### **(Net assets)**

In net assets, while cash dividends paid were ¥9.3 billion, net income was ¥75.2 billion, net unrealized gain on available-for-sale securities and foreign currency translation adjustments each increased ¥13.7 billion and ¥2.5 billion respectively. As a result, net assets increased ¥86.8 billion compared with the end of the previous fiscal year, to ¥1,252.5 billion.

Consequently, the ratio of total equity to total assets increased 1.3% compared with the end of the previous fiscal year, to 43.5%.

**(3) Qualitative Information on Projections of Consolidated Results**

## 1) Comparison with fiscal 2011

The Companies anticipate uncertain conditions in fiscal 2012 due to the continuing strength of the Japanese yen, negative impact from the financial crisis in Europe and the concern of decelerating growth in emerging countries. In addition, the Companies is expected to face rapid changes in demand and competition worldwide.

Amid such a challenging business environment, the Companies project the following results through the implementation of Mid-Term Management Plan initiatives.

## FY 2012 projections

		FY 2012 Projections (Revised)	FY 2011 Results	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Net sales		3,130.0	3,024.3	105.6	3
Operating income		287.0	191.3	95.6	50
Ordinary income		269.0	179.3	89.6	50
Net income		172.0	102.9	69.0	67
Exchange Rate		Yen	Yen		%
	yen/dollar	79	80	-	(1)
	yen/euro	99	111		(11)

## 2) Revision of the projections

Actual results of operating income, ordinary income, and net income for the first half of the fiscal year ending December 31, 2012, exceeded the projections previously announced on February 16, 2012, as a result of the favorable raw material prices and initiatives to reduce expenses while the units sales of tires decreased from original plans due to the weaker demand. Additionally, the company reviewed its consolidated financial projections for the second half of the fiscal year ending December 31, 2012, which were not updated on May 9, 2012, and revised its full-year consolidated financial projections for the fiscal year ending December 31, 2012.

**Forward-Looking Statements**

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. Those variables could cause the Companies' actual performance and results to differ substantially from management's projections and plans.

## **2. Other Information (Notes)**

### **(1) Application of special accounting treatments for consolidated quarterly financial statements**

(Calculation for income tax expense)

Income tax expense was calculated based upon an estimated effective tax rate for fiscal 2012.

### **(2) Additional Information**

(Application of the "Accounting Standard for Accounting Changes and Error Corrections" and others)

For the accounting changes and error corrections made after the beginning of the first quarter of fiscal 2012, the companies have adopted the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 of December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 of December 4, 2009).

**3. Consolidated Quarterly Financial Statements****(1) Consolidated Balance Sheet**

(Yen in millions)

	FY 2011 (As of December 31, 2011)	FY 2012 1H (As of June 30, 2012)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	130,343	139,751
Notes and accounts receivable	438,764	398,859
Short-term investments	90,133	146,440
Merchandise and finished products	314,454	345,028
Work in process	34,614	37,613
Raw materials and supplies	171,411	178,150
Other	152,102	167,254
Allowance for doubtful accounts	(8,109)	(7,910)
<b>Total Current Assets</b>	<b>1,323,716</b>	<b>1,405,188</b>
<b>Fixed Assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	322,704	329,024
Machinery, equipment and vehicles, net	347,195	344,190
Other, net	311,432	318,944
<b>Total tangible assets</b>	<b>981,331</b>	<b>992,160</b>
Intangible assets	27,943	30,569
<b>Investments and other assets</b>		
Investments in securities	182,536	197,956
Other	165,116	167,056
Allowance for doubtful accounts	(3,299)	(3,824)
<b>Total investments and other assets</b>	<b>344,353</b>	<b>361,187</b>
<b>Total Fixed Assets</b>	<b>1,353,628</b>	<b>1,383,917</b>
<b>Total</b>	<b>2,677,344</b>	<b>2,789,105</b>

(Yen in millions)

	FY 2011 (As of December 31,2011)	FY 2012 1H (As of June 30,2012)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable	196,742	183,133
Short-term borrowings	198,115	248,756
Commercial paper	18,933	32,534
Current portion of bonds	13,174	82,711
Lease obligations	754	931
Income taxes payable	22,854	33,999
Accounts payable-other	148,756	112,904
Other	198,398	203,160
<b>Total Current Liabilities</b>	<b>797,730</b>	<b>898,132</b>
<b>Long-term Liabilities</b>		
Bonds	123,079	66,834
Long-term borrowings	238,474	221,125
Lease obligations	10,061	10,605
Accrued pension and liability for retirement benefits	257,630	256,028
Other	84,694	83,822
<b>Total Long-term Liabilities</b>	<b>713,940</b>	<b>638,415</b>
<b>Total Liabilities</b>	<b>1,511,671</b>	<b>1,536,548</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Common stock	126,354	126,354
Capital surplus	122,629	122,628
Retained earnings	1,279,978	1,345,881
Treasury stock-at cost	(57,248)	(57,245)
<b>Total Shareholders' equity</b>	<b>1,471,713</b>	<b>1,537,617</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain(loss) on available-for-sale securities	97,750	111,469
Deferred gain(loss) on derivative instruments	(890)	(674)
Foreign currency translation adjustments	(331,784)	(329,207)
Post retirement liability adjustment for foreign companies	(106,211)	(104,755)
<b>Total accumulated other comprehensive income</b>	<b>(341,135)</b>	<b>(323,167)</b>
Stock acquisition rights	770	1,100
Minority Interests	34,324	37,006
<b>Total Net Assets</b>	<b>1,165,673</b>	<b>1,252,557</b>
<b>Total</b>	<b>2,677,344</b>	<b>2,789,105</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

Consolidated Statements of Income First Half	(Yen in millions)	
	FY 2011 1H (Six months ended June 30, 2011)	FY 2012 1H (Six months ended June 30, 2012)
Net Sales	1,459,125	1,488,970
Cost of Sales	996,295	990,245
Gross profit	462,829	498,725
Selling, General and Administrative Expenses		
Goods freightage expenses	66,591	62,591
Advertising and promotion expenses	45,804	44,085
Salaries, allowances and bonuses	93,210	95,897
Retirement benefit expenses	7,089	7,945
Depreciation	11,662	11,512
Research and development expenses	41,362	41,096
Other	103,481	101,810
Total selling, general and administrative expenses	369,201	364,939
Operating income	93,628	133,785
Non-operating Income		
Interest income	2,156	1,639
Dividend income	3,028	3,968
Other	10,095	9,479
Total non-operating income	15,280	15,087
Non-operating expenses		
Interest expense	8,560	8,685
Foreign currency exchange loss	61	3,677
Other	8,406	7,528
Total non-operating expenses	17,028	19,891
Ordinary income	91,880	128,981
Extraordinary Loss		
Impairment loss	4,676	11,613
Loss on disaster	2,376	—
Loss on business withdrawal	—	2,903
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,471	—
Total extraordinary losses	9,524	14,516
Income before income taxes and minority interests	82,356	114,464
Income taxes	25,227	35,692
Income before minority interests	57,128	78,771
Minority interests	3,012	3,504
Net income	54,115	75,266

Consolidated Statements of Comprehensive Income  
First Half

(Yen in millions)

	FY 2011 1H (Six months ended June 30, 2011)	FY 2012 1H (Six months ended June 30, 2012)
Income before minority interests	57,128	78,771
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	21,059	13,715
Deferred gain (loss) on derivative instruments	(91)	258
Foreign currency translation adjustments	11,929	2,047
Post retirement liability adjustment for foreign companies	3,164	1,456
Share of other comprehensive income in affiliates	(662)	616
Total other comprehensive income	35,398	18,093
Comprehensive income	92,526	96,865
Comprehensive income attribute to:		
Shareholders of Bridgestone Corporation	89,655	93,235
Minority Interests	2,871	3,630

**(3) Notes regarding going concern assumption**

Not applicable

**(4) Notes regarding significant changes in the amount of shareholders' equity**

Not applicable

**(5) Segment Information**

Information about Sales and Income (Loss) by reportable segment

FY 2011 First Half (Six months ended June 30, 2011)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	1,220,058	239,066	1,459,125	—	1,459,125
Inter-segment	1,222	6,059	7,282	(7,282)	—
Total	1,221,281	245,126	1,466,408	(7,282)	1,459,125
Segment income (Operating income)	89,778	3,828	93,606	21	93,628

(Note) Adjustments of segment income refer to elimination of intersegment transactions.

FY 2012 First Half (Six months ended June 30, 2012)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	1,235,685	253,284	1,488,970	—	1,488,970
Inter-segment	1,839	7,211	9,051	(9,051)	—
Total	1,237,525	260,496	1,498,022	(9,051)	1,488,970
Segment income (Operating income)	119,694	14,060	133,755	30	133,785

(Note) Adjustments of segment income refer to elimination of intersegment transactions.