

Consolidated Financial Statements for the First Half of the Fiscal Year Ending December 31, 2014

August 8, 2014

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

Stock exchange listings: Tokyo, Nagoya, Fukuoka

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

Representative: Masaaki Tsuya, CEO and Representative Board Member Concurrently Chairman of the Board

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Scheduled date of quarterly securities report submission:

August 8, 2014

Scheduled date of dividend payment commencement:

September 1, 2014

Supplementary information for the quarterly financial statements to be prepared:

Yes

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

Yes

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

1. Consolidated Results for the First Half of Fiscal 2014 (January 1, 2014 - June 30, 2014)

(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, 2014	1,750,259	2.6	223,152	17.2	219,963	18.9	142,243	21.5
Six months ended June 30, 2013	1,705,190	14.5	190,399	42.3	184,967	43.4	117,041	55.5

(Note) Comprehensive Income: Six months ended June 30, 2014 ¥76,663 million [(69.2%)]
Six months ended June 30, 2013 ¥248,524 million [156.6%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2014	181.64	181.43
Six months ended June 30, 2013	149.52	149.35

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets
	Yen in millions	Yen in millions	%
As of June 30, 2014	3,416,759	1,915,198	54.3
As of December 31, 2013	3,577,045	1,862,963	50.5

(Reference) Total equity As of June 30, 2014 ¥1,855,784 million
As of December 31, 2013 ¥1,805,285 million

2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
FY 2013	Yen —	Yen 27.00	Yen —	Yen 30.00	Yen 57.00
FY 2014	—	40.00			
FY 2014 (Projection)			—	40.00	80.00

(Note) Changes from the latest forecasts released: No

3. Consolidated Projected Results for Fiscal 2014 (January 1, 2014 - December 31, 2014)

(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 2014	3,650,000	2.3	475,000	8.4	454,000	4.4	293,000	45.0	374.16

(Note) Changes from the latest forecasts released: Yes

* Notes

- (1) Changes in principal subsidiaries during the six months ended June 30, 2014 : 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 policies, etc. | : No |
| 2) Changes in accounting 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, 2014 | 813,102,321 shares |
| December 31, 2013 | 813,102,321 shares |
| 2) Number of shares of treasury stock at period end | |
| June 30, 2014 | 29,969,911 shares |
| December 31, 2013 | 30,115,568 shares |
| 3) Average outstanding number of shares (during the first half) | |
| First Half ended June 30, 2014 | 783,090,292 shares |
| First Half ended June 30, 2013 | 782,788,507 shares |

* Implementation status about the quarterly review

Although 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 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 2014 announced on February 18, 2014 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, and the statements are not guarantees of future business performance. For details, refer to "1. Qualitative Information for the First Half of Fiscal 2014, (3) Explanation of Projections of Consolidated Results", on page 5.

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1. Qualitative Information for the First Half of Fiscal 2014

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

(1) Explanation of Consolidated Operating Results

1) Sales and earnings

	FY 2014 1H (Six months ended June 30, 2014)	FY 2013 1H (Six months ended June 30, 2013)	Increase (Decrease)	
	Yen in billions	Yen in billions	Yen in billions	%
Net sales	1,750.2	1,705.1	45.0	3
Operating income	223.1	190.3	32.7	17
Ordinary income	219.9	184.9	34.9	19
Net income	142.2	117.0	25.2	22

In the first half of fiscal 2014 (January 1 to June 30, 2014), the Companies' operating environment was as follows. The domestic economy showed signs of gradual recovery due to the effectiveness of economic and monetary policies despite a temporary demand fluctuation associated with an increase in consumption tax rate while maintaining the correction of the appreciated Japanese yen. The United States economy continues gradual recovery due to an increase in consumer spending. The European economy has shown signs of recovery. The Asian economic expansion continues to slow down, particularly in China and India. In addition, economic stagnation was shown in Thailand. Overall, recovery by many overseas economies was continuously weak.

Under these operating conditions, the Companies continued working to realize the ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of our business.” Stepping up our efforts on a global scale, the Companies were trying to anticipate market trends and competitors' movements, enhance technology and promoting innovation to increase the sales of highly competitive products and services, and construction and enhancing business models that will extend beyond the mere sales of products. Moreover, the Companies were striving to rapidly implement a range of initiatives to increase the sales of strategic products, strengthen supply capacity, improve manufacturing productivity, effectively utilize our management resources, and develop eco-friendly products and businesses.

As a result, net sales in the first half of fiscal 2014 were ¥1,750.2 billion, an increase of 3% from the first half of fiscal 2013; operating income was ¥223.1 billion, an increase of 17%; ordinary income was ¥219.9 billion, an increase of 19%; and net income was ¥142.2 billion, an increase of 22%

2) Segment Information

		FY 2014 1H (Six months ended June 30, 2014)	FY 2013 1H (Six months ended June 30, 2013)	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	1,469.2	1,447.7	21.4	1
	Operating income	202.0	173.2	28.8	17
Diversified Products	Net Sales	288.8	264.4	24.3	9
	Operating income	21.0	17.1	3.8	23
Consolidated Results	Net Sales	1,750.2	1,705.1	45.0	3
	Operating income	223.1	190.3	32.7	17

In the tires 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, due to last-minute demand associated with an increase in consumption tax rate, the unit sales of tires for passenger cars and light trucks increased strongly and the unit sales of tires for trucks and buses increased substantially compared to the first half of fiscal 2013. In the Americas, the unit sales of tires for passenger cars and light trucks in North America increased steadily compared to the first half of fiscal 2013. The unit sales of tires for trucks and buses increased strongly compared to the first half of fiscal 2013. In Europe, the unit sales of tires for passenger cars and light trucks increased firmly compared to the first half of fiscal 2013. The unit sales of tires for trucks and buses increased steadily compared to the first half of fiscal 2013. In Asia Pacific, the unit sales of tires for passenger cars and light trucks decreased compared to the first half of fiscal 2013 as well as tires for trucks and buses. In China, the unit sales of tires for passenger cars and light trucks increased substantially compared to the first half of fiscal 2013. In the specialty tire business, the sales volume of off-the-road radial tires for construction and mining vehicles decreased compared to the first half of fiscal 2013 due to a decline in the demand of tires for mining vehicles.

As a result, net sales and operating income in the tires segment in the first half of fiscal 2014 totaled ¥1,469.2 billion and ¥202.0 billion, an increase of 1% and an increase of 17% from the first half of fiscal 2013, respectively.

In the diversified products segment, net sales totaled ¥288.8 billion, an increase of 9% from the first half of fiscal 2013, and operating income was ¥21.0 billion, an increase of 23% from the first half of fiscal 2013 due to an increase in the profit of BSAM Diversified Products and domestic business.

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

(2) Explanation of Consolidated Financial Position

Assets, liabilities, and net assets positions at the end of the first half of fiscal 2014 were as follows.

(Assets)

In assets, while merchandise and finished products increased ¥29.2 billion, notes and accounts receivable, short-term investments, and investments in securities decreased ¥56.5 billion, ¥50.1 billion, and ¥43.9 billion respectively. As a result, assets decreased ¥160.2 billion compared with the end of the previous fiscal year, to ¥3,416.7 billion.

(Liabilities)

In liabilities, while short-term borrowings increased ¥9.9 billion, provision for loss related to US antitrust laws, accounts payable-other, and long-term borrowings decreased ¥44.7 billion, ¥46.2 billion, and ¥43.4 billion respectively. As a result, liabilities decreased ¥212.5 billion compared with the end of the previous fiscal year, to ¥1,501.5 billion.

(Net assets)

In net assets, cash dividends paid were ¥23.4 billion, and net unrealized gain on available-for-sale securities and foreign currency translation adjustments decreased ¥32.3 billion and ¥42.8 billion respectively, while net income was ¥142.2 billion. As a result, net assets increased ¥52.2 billion compared with the end of the previous fiscal year, to ¥1,915.1 billion.

Consequently, the ratio of total equity to total assets increased 3.8% compared with the end of the previous fiscal year, to 54.3%.

(3) Explanation of Projections of Consolidated Results

1) Comparison with fiscal 2013

The Companies' operating environment will continue to require careful attention due to such factors as fluctuations in exchange rates and the prices of raw materials and feedstock, an ongoing lack of clarity in the global economic situation and international political conditions that remain unstable.

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

FY 2014 projections

		FY 2014 Projections (Revised)	FY 2013 Results	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Net sales		3,650.0	3,568.0	81.9	2
Operating income		475.0	438.1	36.8	8
Ordinary income		454.0	434.7	19.2	4
Net income		293.0	202.0	90.9	45
Exchange Rate		Yen	Yen	—	%
	yen/dollar	101	98		3
	yen/euro	138	130		6

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, 2014, exceeded the projections previously announced on February 18, 2014. This increase was the result of the favorable price of raw material and feedstock and initiatives to reduce expenses. Additionally, the company reviewed its consolidated financial projections for the second half of the fiscal year ending December 31, 2014, which were not updated on May 9, 2014, and revised its full-year consolidated financial projections for the fiscal year ending December 31, 2014.

Forward-Looking Statements

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 results to differ substantially from management's projections and plans, and the statement are not guarantees of future business performance.

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 2014.

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

(Yen in millions)

	FY 2013 (As of December 31, 2013)	FY 2014 1H (As of June 30, 2014)
Assets		
Current Assets		
Cash and deposits	286,558	281,727
Notes and accounts receivable	528,465	471,897
Short-term investments	152,161	102,025
Merchandise and finished products	354,370	383,651
Work in process	37,353	37,530
Raw materials and supplies	165,379	151,210
Other	204,965	189,605
Allowance for doubtful accounts	(11,871)	(11,353)
Total Current Assets	1,717,383	1,606,295
Fixed Assets		
Tangible assets		
Buildings and structures, net	414,442	432,829
Machinery, equipment and vehicles, net	454,423	450,866
Other, net	466,193	442,059
Total tangible assets	1,335,060	1,325,755
Intangible assets	46,826	62,425
Investments and other assets		
Investments in securities	320,954	277,043
Other	162,399	150,764
Allowance for doubtful accounts	(5,578)	(5,524)
Total investments and other assets	477,774	422,283
Total Fixed Assets	1,859,661	1,810,464
Total	3,577,045	3,416,759

	FY 2013 (As of December 31,2013)	FY 2014 1H (As of June 30,2014)
Liabilities		
Current Liabilities		
Notes and accounts payable	188,693	184,513
Short-term borrowings	216,660	226,643
Current portion of bonds	63,794	60,000
Lease obligations	1,093	1,000
Income taxes payable	54,571	48,906
Provision for loss related to US antitrust laws	44,790	—
Provision for recall	21,132	16,033
Provision for plant restructuring in Japan	8,582	3,598
Accounts payable-other	170,235	123,994
Other	289,731	262,263
Total Current Liabilities	1,059,285	926,953
Long-term Liabilities		
Bonds	50,000	50,000
Long-term borrowings	221,384	177,914
Lease obligations	11,342	10,651
Accrued pension and liability for retirement benefits	236,747	211,011
Other	135,321	125,029
Total Long-term Liabilities	654,795	574,608
Total Liabilities	1,714,081	1,501,561
Net Assets		
Shareholders' Equity		
Common stock	126,354	126,354
Capital surplus	122,865	123,004
Retained earnings	1,597,140	1,715,893
Treasury stock - at cost	(56,644)	(56,372)
Total Shareholders' Equity	1,789,714	1,908,880
Accumulated Other Comprehensive Income		
Net unrealized gain(loss) on available-for-sale securities	200,703	168,334
Deferred gain(loss) on derivative instruments	(1,092)	(1,235)
Foreign currency translation adjustments	(86,177)	(129,039)
Post retirement liability adjustments for foreign consolidated companies	(97,863)	(91,155)
Total Accumulated Other Comprehensive Income	15,570	(53,095)
Stock Acquisition Rights	1,621	1,948
Minority Interests	56,057	57,465
Total Net Assets	1,862,963	1,915,198
Total	3,577,045	3,416,759

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income First Half	(Yen in millions)	
	FY 2013 1H (Six months ended June 30, 2013)	FY 2014 1H (Six months ended June 30, 2014)
Net Sales	1,705,190	1,750,259
Cost of Sales	1,101,491	1,088,588
Gross Profit	603,699	661,671
Selling, General and Administrative Expenses		
Goods freightage expenses	72,071	72,977
Advertising and promotion expenses	53,761	59,937
Salaries, allowances and bonuses	109,523	115,241
Retirement benefit expenses	9,713	9,587
Depreciation	13,319	13,910
Research and development expenses	43,421	44,503
Other	111,488	122,360
Total selling, general and administrative expenses	413,299	438,518
Operating Income	190,399	223,152
Non-operating Income		
Interest income	2,583	2,484
Dividend income	5,487	6,246
Other	9,419	10,919
Total non-operating income	17,489	19,649
Non-operating Expenses		
Interest expense	7,648	7,396
Foreign currency exchange loss	6,877	6,470
Other	8,396	8,970
Total non-operating expenses	22,921	22,838
Ordinary Income	184,967	219,963
Extraordinary Income		
Gain on sales of tangible assets	3,073	5,210
Gain on sales of investment securities	—	3,316
Total extraordinary income	3,073	8,527
Income before Income Taxes and Minority Interests	188,040	228,491
Income Taxes	64,544	81,844
Income before Minority Interests	123,496	146,646
Minority Interests	6,455	4,403
Net Income	117,041	142,243

Consolidated Statement of Comprehensive Income
First Half

(Yen in millions)

	FY 2013 1H (Six months ended June 30, 2013)	FY 2014 1H (Six months ended June 30, 2014)
Income before Minority Interests	123,496	146,646
Other Comprehensive Income (loss)		
Unrealized gain (loss) on available-for-sale securities	42,253	(32,369)
Deferred gain (loss) on derivative instruments	635	650
Foreign currency translation adjustments	94,583	(43,616)
Postretirement liability adjustment for foreign consolidated companies	(12,984)	6,750
Share of other comprehensive income in affiliates	540	(1,399)
Total other comprehensive income	125,028	(69,983)
Comprehensive Income	248,524	76,663
Comprehensive income attribute to:		
Shareholders of Bridgestone Corporation	237,252	73,577
Minority Interests	11,272	3,085

(3) Notes to the Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable

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

Not applicable

(Segment Information)

Information about Sales and Income (Loss) by reportable segment

FY 2013 First Half (Six months ended June 30, 2013)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	1,446,231	258,959	1,705,190	—	1,705,190
Inter-segment	1,484	5,511	6,996	(6,996)	—
Total	1,447,716	264,470	1,712,186	(6,996)	1,705,190
Segment income (Operating income)	173,212	17,168	190,381	18	190,399

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

FY 2014 First Half (Six months ended June 30, 2014)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	1,467,468	282,791	1,750,259	—	1,750,259
Inter-segment	1,732	6,062	7,795	(7,795)	—
Total	1,469,201	288,853	1,758,054	(7,795)	1,750,259
Segment income (Operating income)	202,088	21,060	223,148	4	223,152

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