

Consolidated Financial Statements for the First Half of the Fiscal Year Ending December 31, 2013

August 9, 2013

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

Contact: Satoshi Nakamura, Treasurer, General Manager

Telephone: +81-3-3563-6985

Scheduled date of quarterly securities report submission:

August 9, 2013

Scheduled date of dividend payment commencement:

September 2, 2013

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 2013 (January 1, 2013 - June 30, 2013)

(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, 2013	1,705,190	14.5	190,399	42.3	184,967	43.4	117,041	55.5
Six months ended June 30, 2012	1,488,970	2.0	133,785	42.9	128,981	40.4	75,266	39.1

(Note) Comprehensive Income: Six months ended June 30, 2013 ¥248,524 million(156.6%)
Six months ended June 30, 2012 ¥96,865 million (4.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2013	149.52	149.35
Six months ended June 30, 2012	96.17	96.10

(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, 2013	3,305,098	1,652,244	48.4
As of Dec. 31, 2012	3,039,798	1,417,347	45.2

(Reference) Total equity As of June 30, 2013 ¥1,598,378 million
As of December 31, 2012 ¥1,373,021 million

2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
FY 2012	Yen —	Yen 16.00	Yen —	Yen 16.00	Yen 32.00
FY 2013	—	27.00			
FY 2013 (Projection)			—	27.00	54.00

(Note) Changes from the latest forecasts released: No

3. Consolidated Projected Results for Fiscal 2012 (January 1, 2013 - December 31, 2013)

(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 2013	3,590,000	18.1	400,000	39.9	381,000	33.7	246,000	43.4	314.22

(Note) Changes from the latest forecasts released: Yes

* Notes

- (1) Changes in principal subsidiaries during the six months ended June 30, 2013 : 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. | : Yes |
| 2) Changes in policy other than 1) | : No |
| 3) Changes in accounting estimates | : Yes |
| 4) Restatements | : No |
- (Note) These are subject to Article 10-2 and 10-5 of “the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Financial Statements, etc.” For further details, please refer to “Other Information (Notes) (2) Changes in accounting policy, Changes in accounting estimates and Restatements” on page 6.
- (4) Outstanding number of shares (common stock)
- | | |
|---------------------------------------------------------------------------|--------------------|
| 1) Outstanding number of shares at period end (including treasury stock): | |
| June 30, 2013 | 813,102,321 shares |
| December 31, 2012 | 813,102,321 shares |
| 2) Number of shares of treasury stock at period end | |
| June 30, 2013 | 30,202,462 shares |
| December 31, 2012 | 30,440,507 shares |
| 3) Average outstanding number of shares (during the first half) | |
| First Half ended June 30, 2013 | 782,788,507 shares |
| First Half ended June 30, 2012 | 782,661,812 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 2013 announced on February 18, 2013 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 2013, (3) Qualitative Information on Projections of Consolidated Results”, on page 5.

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1. Qualitative Information for the First Half of Fiscal 2013

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 2013 1H (Six months ended June 30, 2013)	FY 2012 1H (Six months ended June 30, 2012)	Increase (Decrease)	
	Yen in billions 1,705.1	Yen in billions 1,488.9	Yen in billions 216.2	% 15
Net sales				
Operating income	190.3	133.7	56.6	42
Ordinary income	184.9	128.9	55.9	43
Net income	117.0	75.2	41.7	56

In the first half of fiscal 2013 (January 1 to June 30, 2013), the Companies' operating environment was as follows. The domestic economy showed signs of recovery with the correction of the appreciated Japanese yen. The United States economy has shown signs of recovery, while the European economy remained stagnant and continuous financial instability discouraged actual business activities. Asian economic expansion showed signs of a slowdown, particularly in China and India. Overall, recovery by many overseas economies was continuously weak.

Under these operating conditions, the companies continued working to achieve the ultimate goal of being the “World's undisputed No.1 tire and rubber company both in name and reality”. In this way, we will be “Dan-Totsu”, or the absolute and clear leader in all our industries and a company that is far outperforming its competitors. Stepping up our efforts on a global scale, the Companies focused on increasing the sales of highly competitive products, strengthening supply capacity of these products, improving manufacturing productivity, enhancing technology and effectively utilizing our management resources. Moreover, with business conditions evolving at unprecedented speed, the Companies were 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 business models 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 2013 were ¥1,705.1 billion, an increase of 15% from the first half of fiscal 2012, operating income was ¥190.3 billion, an increase of 42%, ordinary income was ¥184.9 billion, an increase of 43% and net income was ¥117.0 billion, an increase of 56%.

2) Segment Information

		FY 2013 1H (Six months ended June 30, 2013)	FY 2012 1H (Six months ended June 30, 2012)	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	1,447.7	1,237.5	210.1	17
	Operating income	173.2	119.6	53.5	45
Diversified Products	Net Sales	264.4	260.4	3.9	2
	Operating income	17.1	14.0	3.1	22
Consolidated Results	Net Sales	1,705.1	1,488.9	216.2	15
	Operating income	190.3	133.7	56.6	42

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, the unit sales of replacement tires for passenger cars and light trucks increased firmly compared to the first half of fiscal 2012 as well as tires for truck and buses. However, due to a decline in the vehicle production volume, the unit sales of tires for new vehicles decreased substantially. In the Americas, the unit sales of tires for passenger and light truck in North America increased firmly compared to the first half of fiscal 2012, as well as tires for trucks and buses. In Europe, the unit sales of tires for passenger cars and light trucks remained unchanged compared to the first half of fiscal 2012. The unit sales of tires for trucks and buses increased strongly due to an increase of the sales of replacement tires. In Asia Pacific, the unit sales of tires for passenger cars and light trucks increased strongly compared to the first half of fiscal 2012. The unit sales of tires for trucks and buses increased substantially compared to the first half of fiscal 2012. In China, the unit sales of tires for passenger cars and light trucks increased strongly, and the unit sales of tires for trucks and buses exceeded sales compared to the first half of fiscal 2012. In the specialty tire business, the sales volume of off-the-road radial tires for construction and mining vehicles increased firmly compared to the first half of fiscal 2012.

As a result, net sales and operating income in the tires segment in the first half of fiscal 2013 totaled ¥1,447.7 billion and ¥173.2 billion, an increase of 17% and an increase of 45% from the first half of fiscal 2012, respectively.

In the diversified products segment, net sales totaled ¥264.4 billion, an increase of 2% from the first half of fiscal 2012, and operating income was ¥17.1 billion, an increase of 22% from first half of fiscal 2012 due to an increase in the profit of domestic business.

(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 2013 were as follows.

(Assets)

In assets, while cash and deposits decreased ¥27.1 billion, merchandise and finished products, tangible assets and investments in securities each increased ¥48.0 billion, ¥105.7 billion and ¥57.2 billion respectively. As a result, assets increased ¥265.3 billion compared with the end of the previous fiscal year, to ¥3,305.0 billion.

(Liabilities)

In liabilities, while commercial paper decreased ¥40.4 billion, notes and accounts payable, long-term liabilities and accrued pension and liability for retirement benefits each increased ¥24.7 billion, ¥11.3 billion and ¥23.4 billion respectively. As a result, liabilities increased ¥30.4 billion compared with the end of the previous fiscal year, to ¥1,652.8 billion.

(Net assets)

In net assets, while cash dividends paid were ¥12.5 billion, net income was ¥117.0 billion, net unrealized gain on available-for-sale securities and foreign currency translation adjustments each increased ¥42.2 billion and ¥90.3 billion respectively. As a result, net assets increased ¥234.8 billion compared with the end of the previous fiscal year, to ¥1,652.2 billion.

Consequently, the ratio of total equity to total assets increased 3.2% compared with the end of the previous fiscal year, to 48.4%.

(3) Qualitative Information on Projections of Consolidated Results

1) Comparison with fiscal 2012

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 2013 projections

		FY 2013 Projections (Revised)	FY 2012 Results	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Net sales		3,590.0	3,039.7	550.2	18
Operating income		400.0	285.9	114.0	40
Ordinary income		381.0	285.0	95.9	34
Net income		246.0	171.6	74.3	43
Exchange Rate		Yen	Yen		%
	yen/dollar	95	80	-	19
	yen/euro	124	103		20

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, 2013, exceeded the projections previously announced on February 18, 2013. This increase was the result of the correction of the appreciated Japanese yen, the favorable price of raw material and feedstock and initiatives to reduce expenses, while the unit sales of tires decreased from the original plans due to the delay in the recovery of the world economy. Additionally, the company reviewed its consolidated financial projections for the second half of the fiscal year ending December 31, 2013, which were not updated on May 8, 2013, and revised its full-year consolidated financial projections for the fiscal year ending December 31, 2013.

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 2013.

(2) Additional Information

(Changes due to revisions of accounting policy, etc.)

Due to the application of IAS 19 "Employee Benefits" (revised in June 16, 2011) from January 1, 2013, the method of recognition and presentation of actuarial gains and losses, past service cost and interest cost changed from the first quarter of fiscal 2013 in certain overseas subsidiaries.

Those overseas subsidiaries applied the revision in this policy retrospectively, and the consolidated quarterly financial statements for the second quarter of the previous year and the consolidated financial statements for the previous year changed due to the retrospective application. The effect of this retrospective application on the consolidated quarterly financial statements for the second quarter of the previous year and the consolidated financial statements for the previous year was immaterial.

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

From the first quarter of fiscal 2013, domestic companies changed the depreciation method for tangible assets acquired on or after January 1, 2013 due to the revision of Corporation Tax Act in Japan. The effect of this change on the consolidated statement is immaterial.

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

(Yen in millions)

	FY 2012 (As of December 31, 2012)	FY 2013 1H (As of June 30, 2013)
Assets		
Current Assets		
Cash and deposits	226,162	198,987
Notes and accounts receivable	444,669	473,094
Short-term investments	124,010	122,029
Merchandise and finished products	321,012	369,070
Work in process	34,524	36,757
Raw materials and supplies	165,188	164,027
Other	168,520	199,075
Allowance for doubtful accounts	(8,074)	(8,250)
Total Current Assets	1,476,013	1,554,790
Fixed Assets		
Tangible assets		
Buildings and structures, net	352,194	381,993
Machinery, equipment and vehicles, net	376,232	408,943
Other, net	390,509	433,782
Total tangible assets	1,118,936	1,224,719
Intangible assets	34,118	39,366
Investments and other assets		
Investments in securities	228,214	285,425
Other	187,583	206,292
Allowance for doubtful accounts	(5,067)	(5,495)
Total investments and other assets	410,730	486,222
Total Fixed Assets	1,563,785	1,750,307
Total	3,039,798	3,305,098

(Yen in millions)

	FY 2012 (As of December 31,2012)	FY 2013 1H (As of June 30,2013)
Liabilities		
Current Liabilities		
Notes and accounts payable	168,568	193,293
Short-term borrowings	182,821	170,302
Commercial paper	40,435	—
Current portion of bonds	60,972	8,105
Lease obligations	864	886
Income taxes payable	55,827	63,421
Accounts payable - other	149,543	126,473
Other	231,072	250,296
Total Current Liabilities	890,105	812,780
Long-term Liabilities		
Bonds	63,121	110,000
Long-term borrowings	262,330	273,660
Lease obligations	9,546	10,677
Accrued pension and liability for retirement benefits	302,794	326,225
Other	94,552	119,509
Total Long-term Liabilities	732,345	840,073
Total Liabilities	1,622,450	1,652,853
Net Assets		
Shareholders' equity		
Common stock	126,354	126,354
Capital surplus	122,630	122,813
Retained earnings	1,428,747	1,533,266
Treasury stock - at cost	(57,247)	(56,804)
Total Shareholders' equity	1,620,484	1,725,629
Accumulated other comprehensive income		
Net unrealized gain(loss) on available-for-sale securities	133,439	175,699
Deferred gain(loss) on derivative instruments	(948)	(313)
Foreign currency translation adjustments	(246,190)	(155,889)
Post retirement liability adjustments for foreign consolidated companies	(133,763)	(146,747)
Total accumulated other comprehensive income	(247,462)	(127,251)
Stock acquisition rights	1,099	1,680
Minority Interests	43,226	52,185
Total Net Assets	1,417,347	1,652,244
Total	3,039,798	3,305,098

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

Consolidated Statement of Income First Half	(Yen in millions)	
	FY 2012 1H (Six months ended June 30, 2012)	FY 2013 1H (Six months ended June 30, 2013)
Net Sales	1,488,970	1,705,190
Cost of Sales	990,245	1,101,491
Gross profit	498,725	603,699
Selling, General and Administrative Expenses		
Goods freightage expenses	62,591	72,071
Advertising and promotion expenses	44,085	53,761
Salaries, allowances and bonuses	95,897	109,523
Retirement benefit expenses	7,945	9,713
Depreciation	11,512	13,319
Research and development expenses	41,096	43,421
Other	101,810	111,488
Total selling, general and administrative expenses	364,939	413,299
Operating income	133,785	190,399
Non-operating Income		
Interest income	1,639	2,583
Dividend income	3,968	5,487
Other	9,479	9,419
Total non-operating income	15,087	17,489
Non-operating Expenses		
Interest expense	8,685	7,648
Foreign currency exchange loss	3,677	6,877
Other	7,528	8,396
Total non-operating expenses	19,891	22,921
Ordinary income	128,981	184,967
Extraordinary Income		
Gain on sales of fixed assets	—	3,073
Total extraordinary income	—	3,073
Extraordinary Loss		
Impairment loss	11,613	—
Loss on business withdrawal	2,903	—
Total extraordinary losses	14,516	—
Income before income taxes and minority interests	114,464	188,040
Income taxes	35,692	64,544
Income before minority interests	78,771	123,496
Minority interests	3,504	6,455
Net Income	75,266	117,041

Consolidated Statement of Comprehensive Income
First Half

(Yen in millions)

	FY 2012 1H (Six months ended June 30, 2012)	FY 2013 1H (Six months ended June 30, 2013)
Income before minority interests	78,771	123,496
Other comprehensive income		
Unrealized gain on available-for-sale securities	13,715	42,253
Deferred gain on derivative instruments	258	635
Foreign currency translation adjustments	2,047	94,583
Post retirement liability adjustment for foreign companies	1,456	(12,984)
Share of other comprehensive income in affiliates	616	540
Total other comprehensive income	18,093	125,028
Comprehensive income	96,865	248,524
Comprehensive income attribute to:		
Shareholders of Bridgestone Corporation	93,235	237,252
Minority Interests	3,630	11,272

(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 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.

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.