Financial Section

Financial Review

Business Environment

The global economic environment was a mix of contrasting trends during the nine-month fiscal period under review. Gradual expansion continued in the world economy overall, but several factors affected the economic environment adversely, including the debt crisis in Europe, the economic uncertainty in the United States, and the Thai flooding and other natural disasters.

In Japan, manufacturers and other companies struggled to cope with the supply-chain interruptions and power shortages that followed the massive earthquake and tsunami of March 11. Those problems threatened to derail the national economy, but the nation's companies and citizens joined hands in a successful effort to overcome the adversity. Voluntary restraint in power consumption and a series of planned, rolling blackouts helped Japan get through the summer peak-demand period without suffering major outages.

Sales in the tire industry were robust during the nine-month fiscal period, supported by strong demand in Japan and overseas. Yokohama promoted its products vigorously during the fiscal period with an eye to achieving sustainable growth.

The continuing appreciation of the yen remained an issue for Yokohama and for other Japan-based manufacturers. In the nine months under review, the average yen/dollar exchange rate was ¥79, compared with ¥87 in the fiscal year ended March 31, 2011, and the average yen/euro exchange rate was ¥111, compared with ¥113 in the fiscal year ended March 31, 2011.

Sales, Expenses, and Earnings

As noted elsewhere in this report, Yokohama shifted in 2011 to calendar-year fiscal accounting, from April-to-March fiscal accounting. That resulted in a one-time-only nine-month fiscal period ended December 31, 2011. Year-on-year comparisons of operating results are therefore impossible, and this report dispenses with any such comparisons.

Net sales totaled ¥465.1 billion. In tires, Yokohama posted strong sales in replacement tires in Japan and overseas. In diversified products, the Company posted strong sales in high-pressure hoses for construction equipment, in conveyor belts, in marine hoses, and in replacement lavatory modules for aircraft. Sales also benefited from Yokohama's progress in securing market acceptance for price increases for its tires and diversified products.

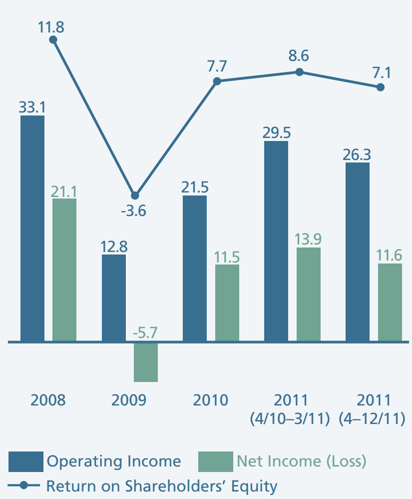
Cost of sales totaled ¥327.3 billion, reflecting upward trends in prices for natural rubber and other raw materials, and the gross profit margin was 29.6%. Selling, general and administrative expenses totaled ¥111.6 billion—24.0% of net sales.

Operating income totaled ¥26.3 billion, reflecting earnings contributions from strong sales of studless winter tires in Japan, from progress in reducing costs, and from improvements in Yokohama's sales mix. The operating return on sales was 5.7%.

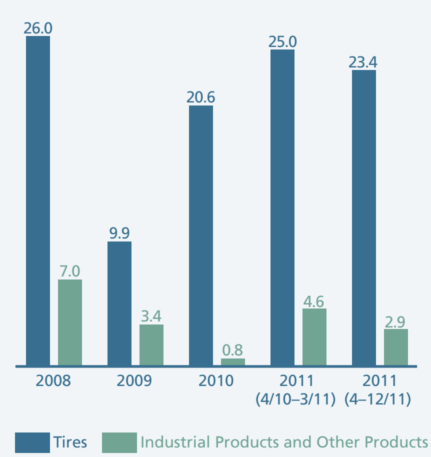
Other expenses, net of other income, totaled ¥9.7 billion. That figure includes currency translation adjustments associated with the appreciation of the yen and a charge for retirement allowances associated with a change in the accounting treatment for those allowances at a subsidiary.

Income before income taxes and minority interests totaled ¥16.6 billion, and net income totaled ¥11.6 billion. Net return on sales was 2.5%.

Operating Income, Net Income (Loss), and Return on Shareholders' Equity
Billions of Yen, Percent



Operating Income by Business Segment
Billions of Yen



Results by Segment

By business

Sales totaled ¥379.2 billion in tires, and operating income totaled ¥23.4 billion. The Great East Japan Earthquake and the Thai floods interrupted vehicle production in Japan and diminished demand for Yokohama's original equipment tires. On the other hand, Yokohama's Japanese sales of replacement tires were strong, reflecting the manifestation of demand pent up since the Lehman Shock and a surge in demand for studless winter tires associated with heavy snowfall. Overseas sales of replacement tires were also strong, as Yokohama posted growth in North America, in Europe, in the Middle East, and in Asia.

Sales totaled ¥68.2 billion in industrial products, including high-pressure hoses, sealants and adhesives, conveyor belts, antiseismic products, marine hoses, marine fenders, and operating income totaled ¥1.7 billion. The Great East Japan Earthquake and the Thai floods interrupted vehicle production in Japan and diminished demand for Yokohama's automotive hoses and sealants. On the other hand, the global boom in resources development spawned demand for the Company's high-pressure hoses for construction equipment, conveyor belts, and marine hoses.

Sales totaled ¥17.7 billion in other products, including aircraft fixtures and components and golf equipment, and operating income totaled ¥1.2 billion. Yokohama's business supplying replacement lavatory modules to Boeing Company was strong, but the Company's business in golf equipment weakened in the wake of the Great East Japan Earthquake.

By region

Sales in Japan totaled ¥281.7 billion, and operating income totaled ¥17.1 billion. Yokohama's business was strong in replacement tires in Japan and overseas, though its business in original equipment tires, which centers on Japan, was weak.

Sales in North America totaled ¥108.8 billion, and operating income totaled ¥5.2 billion. Yokohama's North American business was strong in tires and in high-pressure hoses.

Sales in Asian nations other than Japan totaled ¥33.8 billion, and operating income totaled ¥3.2 billion. Yokohama's business was notably strong in the Chinese tire market.

Sales in other regions totaled ¥40.9 billion, and operating income totaled ¥1.8 billion. Yokohama's business was strong in Europe, led by robust sales in Russia, and in Australia.

Financial Position

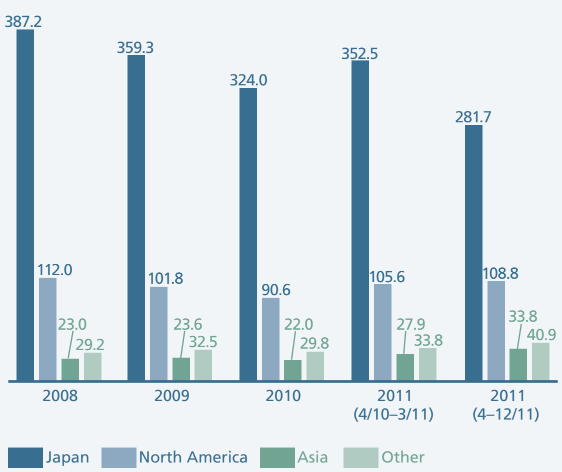
Total assets increased ¥22.9 billion, to ¥501.8 billion at the end of the fiscal period. Current assets increased ¥34.3 billion, to ¥257.5 billion, as the truncated fiscal year amplified the effect of receivables associated with winter tires.

Total fixed assets declined ¥11.4 billion, to ¥244.3 billion, as weakness in Japan's equity market undermined the value of securities holdings.

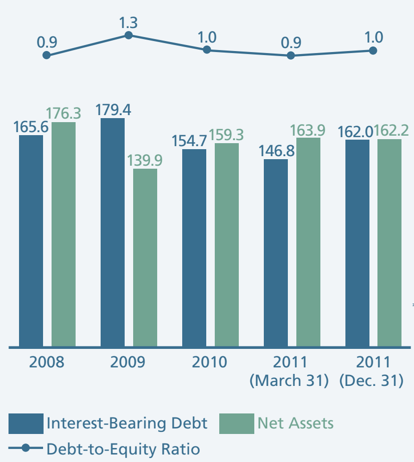
Total liabilities increased ¥25.5 billion, to ¥333.5 billion. That increase included an increase in total current liabilities of ¥27.8 billion, to ¥232.0 billion, which reflected growth in short-term borrowings and the effect of rising prices for raw materials on accounts payable. Interest-bearing debt increased ¥15.2 billion, to ¥162.0 billion.

Total net assets declined ¥2.6 billion, to ¥168.3 billion, mainly because of valuation losses on securities holdings and currency translation adjustments. The ratio of interest-bearing debt to total net assets was 1.0, which was within management's stated ceiling of 1.0.

Net Sales by Region
Billions of Yen



Interest-Bearing Debt, Net Assets*, and Debt-to-Equity Ratio**
Billions of Yen, Times



** Less minority interests*
*** Interest-bearing debt divided by net assets less minority interests*

Cash Flow

Net cash provided by operating activities totaled ¥8.1 billion, net cash used in investing activities totaled ¥26.7 billion, and free cash flow totaled a negative ¥18.5 billion. Net cash provided by financing activities totaled ¥12.8 billion. Cash and cash equivalents at fiscal year-end totaled ¥21.6 billion.

Capital Expenditures

Yokohama's capital spending in the nine-month fiscal period under review totaled ¥22.4 billion. That total included ¥19.5 billion in investment in tire operations, largely to expand production capacity outside Japan, and ¥2.1 billion in investment in industrial products operations, largely to expand production capacity for high-pressure hoses. Yokohama funded its capital spending with internally generated funds and supplementary borrowings. The Company did not conduct any significant disposals of fixed assets during the fiscal period under review.

R&D

Expenditures on R&D totaled ¥9.3 billion in the nine-month fiscal period under review. R&D at Yokohama consists of basic research at the Research and Development Integrated Center, based at the Company's Hiratsuka Factory, and applied development in Yokohama's product divisions. The expenditures cited above comprised ¥900 million for basic research, ¥5.9 billion for tire development, ¥1.7 billion for industrial products development, and ¥700 million for other products development.

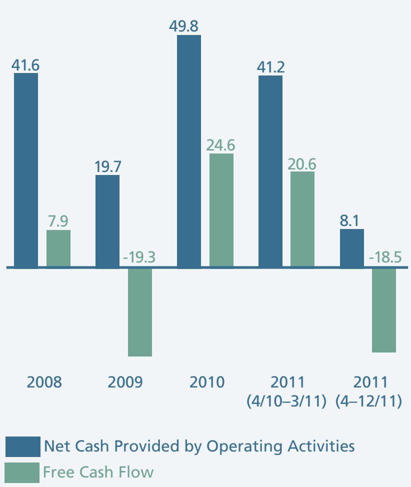
Dividends

Yokohama abides by a policy of paying steady dividends while retaining sufficient earnings to support investment programs, to fund R&D programs, and to otherwise fortify its corporate foundation. The Company paid an aggregate dividend of ¥7 for the nine-month fiscal period under review: an interim dividend of ¥3 and a term-end dividend of ¥4.

Fiscal Outlook

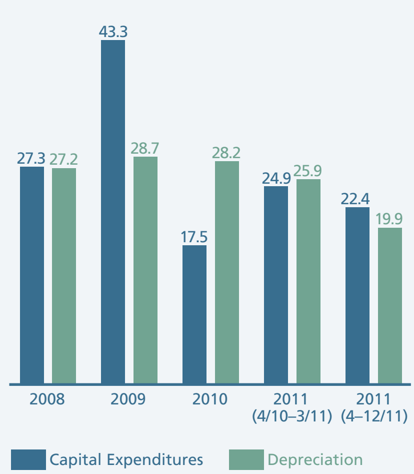
In the fiscal year to December 2012, Yokohama's fiscal projections call for net income of ¥25.0 billion on operating income of ¥40.0 billion and net sales of ¥575.0 billion. The Company will be working to fulfill those projections amid uncertainty about such issues as the European debt crisis and the strong yen. Management has predicated its fiscal projections on average exchange rates of ¥75 to the dollar and ¥95 to the euro.

Net Cash Provided by Operating Activities and Free Cash Flow*
Billions of Yen



** Free cash flow = Net cash provided by operating activities less net cash used in investing activities*

Capital Expenditures and Depreciation
Billions of Yen



Risk

Below is a partial listing of risks that could adversely affect the Company's business performance, financial position, or share price. All references to possible future events and to other subjects are from the standpoint of the nine-month fiscal period ended December 31, 2011.

Economic Conditions
Vehicle tires account for most of the Company's worldwide revenues. Demand for those tires reflects economic conditions in nations and regions where the Company sells its products. Therefore, economic trends and developments that diminish demand in the Company's main markets—including Japan, North America, Europe, and Asian nations besides Japan—could adversely affect the Company's business performance and financial position.

Exchange Rates
The Company conducts most of its business transactions and investment in yen, but it conducts some transactions and investment in dollars and in other currencies. The Company continues to expand its operations globally. That expansion will increase the Company's exposure to fluctuations in currency exchange rates. The Company hedges its exposure to currency exchange rates with forward exchange contracts and with other instruments, but hedging cannot fully offset the effect of fluctuations in currency exchange rates on the Company's business performance and financial position.

Seasonal Factors
Historically, the Company's sales and earnings performance has tended to be strongest in the winter months. That is mainly because sales of studless winter tires are an important contributor to the Company's sales and earnings. A later-than-usual onset of winter or lighter-than-usual snowfall could diminish demand for winter tires and thereby adversely affect the Company's business performance and financial position.

Raw Material Prices
Yokohama's principal raw materials are natural rubber and petrochemical products, including synthetic rubber and carbon black. Sharp increases in prices for crude oil could adversely affect the Company's business performance and financial position.

Access to Funding
Instability in any of the world's principal financial markets could affect the Company's access to funding adversely. In addition, the lowering of the Company's credit rating by leading credit-rating agencies could adversely affect the Company's access to debt financing and could increase the Company's cost of funds. That could adversely affect the Company's financial performance and financial position.

Interest Rates
As of December 31, 2011, the Company's interest-bearing debt was equivalent to 32.9% of its total assets. An increase in interest rates could adversely affect the Company's financial performance and financial position.

Securities
The Company owns marketable securities, mainly Japanese equities. A decline in the value of those securities could adversely affect the Company's financial performance and financial position.

Investment
In response to growing demand for automobile tires, the Company is investing in expanding its tire production capacity, especially in Asia. Changes in the regulatory environment, in economic conditions, in industrial circumstances, or in political and social stability in the host nations for the Company's investment could adversely affect the Company's business performance and financial position.

Retirement Benefit Obligations
The Company calculates retirement benefit obligations and retirement benefit expenses according to predetermined criteria, including expected returns on pension assets. If actual return on the Company's pension assets declined substantially below the expected return, that could adversely affect the Company's financial performance and financial position. Similarly, if the Company revised its retirement plan in a manner that increased future payment obligations or resulted in the occurrence of unforeseen service liabilities, that could adversely affect the Company's financial performance and financial position.

Natural Disasters
Earthquakes and other natural disasters could damage the Company's plants and other facilities and could limit the Company's access to essential raw materials and services. That could adversely affect the Company's business performance and financial position.

Eleven-Year Summary

The Yokohama Rubber Co., Ltd., and Consolidated Subsidiaries
For the nine months ended December 31, 2011 and the years ended March 31, 2002–2011

	2011/12	**2011/3**	**2010**	**2009**
Net sales	**¥465,134**	¥519,742	¥466,358	¥517,263
Operating income	**26,291**	29,491	21,455	12,808
Income before income taxes and minority interests	**16,604**	21,880	18,969	(3,166)
Net income (loss)	**11,619**	13,924	11,487	(5,654)
Depreciation	**19,871**	25,885	28,184	28,684
Capital expenditures	**22,433**	24,944	17,471	43,341
R&D expenditures	**9,307**	12,748	13,280	15,277
Interest-bearing debt	**161,998**	146,773	154,675	179,379
Total net assets	**168,286**	170,872	163,382	144,159
Total assets	**501,786**	478,916	466,973	473,376
Per share (yen):				
Net income (loss): Basic	**¥ 34.68**	¥ 41.55	¥ 34.27	¥ (16.87)
Net assets	**484.04**	489.27	475.26	417.45
Cash dividends	**7.00**	10.00	10.00	10.00
Key financial ratios:				
Operating margin (%)	**5.7**	5.7	4.6	2.5
Return on shareholders' equity (%)	**7.1**	8.6	7.7	(3.6)
Capital turnover (times)	**0.9**	1.1	1.0	1.0
Interest-bearing debt to shareholders' equity (times)	**1.0**	0.9	1.0	1.3
Interest coverage (times)	**14.3**	13.4	8.0	4.3
Number of employees	**19,272**	18,465	17,566	16,772

Millions of Yen

2008	2007	2006	2005	2004	2003	2002
¥551,431	¥497,396	¥451,911	¥419,789	¥401,718	¥400,448	¥399,824
33,119	21,070	21,947	20,955	21,073	23,184	22,701
20,478	26,038	22,673	16,337	16,931	18,778	16,076
21,060	16,363	21,447	11,322	10,331	10,144	7,363
27,238	22,166	20,491	19,616	19,199	19,040	19,247
27,292	40,638	29,067	27,533	23,735	22,708	16,940
15,289	14,649	14,557	14,265	13,818	12,520	12,298
165,614	167,474	163,022	151,758	159,700	167,832	179,098
181,538	186,528	174,609	139,534	130,622	114,719	116
526,192	536,322	502,014	432,717	429,350	412,626	437,771
¥ 62.81	¥ 48.79	¥ 62.75	¥ 32.95	¥ 29.95	¥ 29.38	¥ 21.32
525.96	542.10	508.64	398.24	373.23	327.61	334.24
13.00	12.00	10.00	8.00	8.00	8.00	6.00
6.0	4.2	4.9	5.0	5.2	5.8	5.7
11.8	9.3	14.0	8.6	8.6	8.9	6.5
1.0	1.0	1.0	1.0	1.0	0.9	0.9
0.9	0.9	1.0	1.1	1.2	1.5	1.6
9.0	7.0	10.1	11.2	9.2	7.9	4.9
16,099	15,423	14,617	13,464	13,264	12,979	13,130

Consolidated Balance Sheets

The Yokohama Rubber Co., Ltd. and Consolidated Subsidiaries
As of December 31, 2011 and March 31, 2011

Assets	Millions of Yen 2011 (12.31.11)	Millions of Yen 2011 (03.31.11)	Thousands of U.S. Dollars (Note 1) 2011 (12.31.11)
Current Assets:			
Cash and deposits	**¥ 21,751**	¥ 28,161	**$ 279,789**
Trade receivables:			
Notes and accounts	**142,132**	111,702	**1,828,296**
Inventories (Note 5)	**75,801**	68,435	**975,063**
Deferred income taxes (Note 19)	**8,182**	6,269	**105,243**
Other current assets	**10,772**	9,621	**138,566**
Allowance for doubtful receivables	**(1,160)**	(960)	**(14,923)**
Total current assets	**257,478**	223,228	**3,312,034**
Property, Plant and Equipment, at Cost (Notes 6, 7 and 14):			
Land	**34,606**	34,571	**445,145**
Buildings and structures	**140,897**	138,092	**1,812,409**
Machinery and equipment	**401,973**	399,495	**5,170,745**
Leased assets	**2,873**	2,536	**36,960**
Construction in progress	**11,661**	16,172	**149,999**
	592,010	590,866	**7,615,258**
Less accumulated depreciation	**(417,401)**	(413,496)	**(5,369,196)**
Total property, plant and equipment, net	**174,609**	177,370	**2,246,062**
Investments and Other Assets:			
Investment securities (Note 16)	**50,871**	59,360	**654,368**
Deferred income taxes (Note 19)	**5,394**	4,820	**69,379**
Other investments and other assets	**14,175**	14,834	**182,357**
Allowance for doubtful receivables	**(741)**	(696)	**(9,530)**
Total investments and other assets	**69,699**	78,318	**896,574**
Total assets	**¥501,786**	¥478,916	**$6,454,670**

See accompanying Notes to Consolidated Financial Statements.

Liabilities and Net Assets	Millions of Yen 2011 (12.31.11)	Millions of Yen 2011 (03.31.11)	Thousands of U.S. Dollars (Note 1) 2011 (12.31.11)
Current Liabilities:			
Bank loans	¥ 82,239	¥ 70,349	$ 1,057,866
Current maturities of long-term debt (Note 6)	7,147	8,220	91,934
Commercial paper	9,000	3,000	115,771
Trade notes and accounts payable	86,962	79,611	1,118,622
Accrued income taxes	4,776	1,167	61,431
Accrued expenses	26,330	28,961	338,696
Allowance for loss on disaster	89	453	1,149
Allowance for sales returns	702	—	9,035
Other current liabilities (Note 19)	14,799	12,490	190,365
Total current liabilities	232,044	204,251	2,984,869
Long-Term Liabilities:			
Long-term debt (Note 6)	63,613	65,204	$ 818,276
Deferred income taxes (Note 19)	3,800	8,873	48,885
Reserve for pension and severance payments (Note 18)	18,402	16,281	236,715
Other long-term liabilities	15,641	13,435	201,189
Total long-term liabilities	101,456	103,793	1,305,065
Total liabilities	333,500	308,044	4,289,934
Contingent liabilities (Note 9)			
Net Assets			
Shareholders' Equity:			
Common stock:			
Authorized: 700,000,000 shares as of December 31, 2011 and March 31, 2011			
Issued: 342,598,162 shares as of December 31, 2011 and March 31, 2011	38,909	38,909	500,504
Capital surplus	31,953	31,953	411,023
Retained earnings (Note 12)	117,016	108,083	1,505,226
Treasury stock, at cost: 7,548,581 shares as of December 31, 2011 and 7,533,081 shares as of March 31, 2011	(4,753)	(4,746)	(61,140)
Total shareholders' equity	183,125	174,199	2,355,613
Accumulated Other Comprehensive Income (Loss):			
Unrealized gains on securities	11,322	16,426	145,639
Foreign currency translation adjustments	(26,389)	(21,829)	(339,457)
Adjustments related to pension obligations of consolidated overseas subsidiaries	(5,882)	(4,860)	(75,658)
Total accumulated other comprehensive income (loss)	(20,949)	(10,263)	(269,476)
Minority Interests	6,110	6,936	78,599
Total net assets	168,286	170,872	2,164,736
Total liabilities and net assets	¥501,786	¥478,916	$6,454,670

Consolidated Statements of Income

The Yokohama Rubber Co., Ltd. and Consolidated Subsidiaries
For the nine months ended December 31, 2011 and years ended March 31, 2011 and 2010

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2011 (04.01.11–12.31.11)	2011 (04.01.10–03.31.11)	2010	**2011 (04.01.11–12.31.11)**
Net sales	**¥465,134**	¥519,742	¥466,358	**$5,983,198**
Cost of sales (Notes 7 and 10)	**327,271**	359,210	323,681	**4,209,817**
Gross profit	**137,863**	160,532	142,677	**1,773,381**
Selling, general and administrative expenses (Notes 7 and 10)	**111,572**	131,041	121,222	**1,435,193**
Operating income	**26,291**	29,491	21,455	**338,188**
Other income (expenses)				
Interest and dividend income	**1,317**	1,548	1,332	**16,944**
Interest expense	**(1,937)**	(2,316)	(2,848)	**(24,916)**
Exchange loss	**(5,252)**	(4,569)	(385)	**(67,558)**
Gain on sale of fixed assets	**264**	—	—	**3,402**
Loss on sale and disposal of fixed assets	**(881)**	(355)	(573)	**(11,329)**
Loss on disaster (Note 11)	**—**	(1,003)	—	**—**
Pension and severance cost (Notes 2 and 18)	**(3,019)**	—	—	**(38,830)**
Other, net	**(179)**	(916)	(12)	**(2,320)**
	(9,687)	(7,611)	(2,486)	**(124,607)**
Income before income taxes and minority interests	**16,604**	21,880	18,969	**213,581**
Income taxes (Notes 2 and 19):				
Current	**6,634**	4,144	2,775	**85,333**
Deferred	**(2,306)**	2,954	4,337	**(29,661)**
	4,328	7,098	7,112	**55,672**
Income before minority interests	**12,276**	14,782	11,857	**157,909**
Minority interests in net income of consolidated subsidiaries	**(657)**	(858)	(370)	**(8,449)**
Net income	**¥ 11,619**	¥ 13,924	¥ 11,487	**$ 149,460**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

The Yokohama Rubber Co., Ltd. and Consolidated Subsidiaries
For the nine months ended December 31, 2011 and year ended March 31, 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011 (04.01.11– 12.31.11)	2011 (04.01.10– 03.31.11)	**2011 (04.01.11– 12.31.11)**
Income before minority interests	**¥12,276**	¥14,782	**$157,910**
Other comprehensive income (loss)			
Unrealized gains on securities	**(5,104)**	23	**(65,654)**
Foreign currency translation adjustments	**(4,897)**	(6,060)	**(62,990)**
Adjustment related to pension obligations of consolidated overseas subsidiaries	**(1,022)**	(96)	**(13,145)**
Share of other comprehensive income of associates accounted for by the equity method	**(50)**	(143)	**(650)**
Total other comprehensive income (loss)	**¥(11,073)**	¥ (6,276)	**$(142,439)**
Comprehensive income	**¥ 1,203**	¥ 8,506	**$ 15,470**
Comprehensive income attributable to owners of the Company	**933**	8,033	**12,003**
Comprehensive income attributable to minority interests	**270**	473	**3,467**

Per Share Amounts:
For the nine months ended December 31, 2011 and years ended March 31, 2011 and 2010

	Yen			U.S. Dollars (Note 1)
	2011 (04.01.11– 12.31.11)	2011 (04.01.10– 03.31.11)	2010	**2011 (04.01.11– 12.31.11)**
Net income: Basic	**¥34.68**	¥41.55	¥34.27	**$0.45**
Net income: Diluted	**—**	—	—	**—**
Cash dividends	**¥ 7.00**	¥10.00	¥10.00	**$0.09**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Net Assets

The Yokohama Rubber Co., Ltd. and Consolidated Subsidiaries
For the nine months ended December 31, 2011 and years ended March 31, 2011 and 2010

		Millions of Yen							
	Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Total Accumulated Other Comprehensive Income(Loss)	Minority Interests	Total Net Assets
Balance at April 1, 2009	342,598,162	¥38,909	¥31,953	¥ 83,273	¥(4,700)	¥149,435	¥ (9,512)	¥4,236	¥144,159
Adjustment for employee benefit obligations in overseas subsidiaries	—	—	—	663	—	663	—	—	663
Net income	—	—	—	11,487	—	11,487	—	—	11,487
Cash dividends paid	—	—	—	(2,681)	—	(2,681)	—	—	(2,681)
Repurchase of treasury stock, net	—	—	—	(2)	(30)	(32)	—	—	(32)
Accumulated other comprehensive income (loss)									
Net unrealized gains and losses on securities	—	—	—	—	—	—	8,436	—	8,436
Foreign currency translation adjustments	—	—	—	—	—	—	1,468	—	1,468
Decrease in minority interests	—	—	—	—	—	—	—	(118)	(118)
Balance at March 31, 2010	342,598,162	38,909	31,953	92,740	(4,730)	158,872	392	4,118	163,382
Adjustment for employee benefit obligations in overseas subsidiaries	—	—	—	4,763	—	4,763	—	—	4,763
Net income	—	—	—	13,924	—	13,924	—	—	13,924
Cash dividends paid	—	—	—	(3,351)	—	(3,351)	—	—	(3,351)
Increase in retained earnings due to inclusion of a consolidated subsidiary	—	—	—	8	—	8	—	—	8
Repurchase of treasury stock, net	—	—	—	(1)	(16)	(17)	—	—	(17)
Accumulated other comprehensive income (loss)									
Net unrealized gains and losses on securities	—	—	—	—	—	—	24	—	24
Foreign currency translation adjustments	—	—	—	—	—	—	(5,819)	—	(5,819)
Adjustments related to pension obligations of consolidated overseas subsidiaries	—	—	—	—	—	—	(4,860)	—	(4,860)
Increase in minority interests	—	—	—	—	—	—	—	2,818	2,818
Balance at March 31, 2011	342,598,162	38,909	31,953	108,083	(4,746)	174,199	(10,263)	6,936	170,872
Net income	—	—	—	11,619	—	11,619	—	—	11,619
Cash dividends paid	—	—	—	(3,016)	—	(3,016)	—	—	(3,016)
Increase in retained earnings due to inclusion of a consolidated subsidiary	—	—	—	330	—	330	—	—	330
Repurchase of treasury stock, net	—	—	—	(0)	(7)	(7)	—	—	(7)
Accumulated other comprehensive income (loss)									
Net unrealized gains and losses on securities	—	—	—	—	—	—	(5,104)	—	(5,104)
Foreign currency translation adjustments	—	—	—	—	—	—	(4,560)	—	(4,560)
Adjustments related to pension obligations of consolidated overseas subsidiaries	—	—	—	—	—	—	(1,022)	—	(1,022)
Increase in minority interests	—	—	—	—	—	—	—	(826)	(826)
Balance at December 31, 2011	342,598,162	¥38,909	¥31,953	¥117,016	¥(4,753)	¥183,125	¥(20,949)	¥6,110	¥168,286

See accompanying Notes to Consolidated Financial Statements.

	Thousands of U.S. Dollars (Note 1)							
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Total Accumulated Other Comprehensive Income(Loss)	Minority Interests	Total Net Assets
Balance at March 31, 2011	$500,504	$411,023	$1,390,317	$(61,055)	$2,240,789	$(132,020)	$89,220	$2,197,989
Net income	—	—	149,460	—	149,460	—	—	149,460
Cash dividends paid	—	—	(38,790)	—	(38,790)	—	—	(38,790)
Increase in retained earnings due to inclusion of a consolidated subsidiary	—	—	4,241	—	4,241	—	—	4,241
Repurchase of treasury stock, net	—	—	(2)	(85)	(87)	—	—	(87)
Accumulated other comprehensive income (loss)								
Net unrealized gains and losses on securities	—	—	—	—	—	(65,650)	—	(65,650)
Foreign currency translation adjustments	—	—	—	—	—	(58,661)	—	(58,661)
Adjustments related to pension obligations of consolidated overseas subsidiaries	—	—	—	—	—	(13,145)		(13,145)
Increase in minority interests	—	—	—	—	—	—	(10,621)	(10,621)
Balance at December 31, 2011	$500,504	$411,023	$1,505,226	$(61,140)	$2,355,613	$(269,476)	$78,599	$2,164,736

Consolidated Statements of Cash Flows

The Yokohama Rubber Co., Ltd. and Consolidated Subsidiaries
For the nine months ended December 31, 2011 and years ended March 31, 2011 and 2010

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2011 (04.01.11–12.31.11)	2011 (04.01.10–03.31.11)	2010	**2011 (04.01.11–12.31.11)**
Operating Activities:				
Income (loss) before income taxes and minority interests	**¥16,604**	¥21,880	¥18,969	**$213,581**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization (Notes 2 and 7)	**19,871**	25,885	28,184	**255,607**
Increase(decrease) in reserve for pension and severance payments	**2,128**	(638)	(526)	**27,378**
Gain on sale of investment securities	**—**	—	(718)	**—**
Loss on revaluation of investment securities	**—**	—	33	**—**
Other, net	**2,469**	1,831	1,103	**31,765**
Changes in operating assets and liabilities:				
Trade notes and accounts receivable	**(31,092)**	(10,883)	(9,709)	**(399,951)**
Inventories	**(7,929)**	(3,677)	20,701	**(101,997)**
Notes and accounts payable	**7,541**	11,442	(3,575)	**96,997**
Other, net	**1,890**	55	(497)	**24,319**
Interest and dividends received	**1,335**	1,597	1,295	**17,183**
Interest paid	**(1,887)**	(2,329)	(2,845)	**(24,275)**
Income taxes paid	**(2,806)**	(3,996)	(2,570)	**(36,101)**
Net cash provided by operating activities	**8,124**	41,167	49,845	**104,506**
Investing Activities:				
Purchases of property, plant and equipment	**(23,206)**	(20,429)	(19,690)	**(298,503)**
Purchases of marketable securities and investment securities	**(1,729)**	(189)	(6,268)	**(22,241)**
Proceeds from sales of marketable securities, investment securities and property	**441**	211	1,230	**5,675**
Other, net	**(2,161)**	(168)	(502)	**(27,805)**
Net cash used in investing activities	**(26,655)**	(20,575)	(25,230)	**(342,874)**
Financing Activities:				
Increase (decrease) in short-term bank loans	**12,187**	(3,470)	(3,782)	**156,769**
Increase (decrease) in commercial paper	**6,000**	3,000	(19,000)	**77,180**
Proceeds from long-term debt	**5,306**	18,602	13,167	**68,255**
Decrease in long-term debt	**(7,111)**	(13,891)	(16,363)	**(91,469)**
Redemption of bonds	**—**	(10,000)	—	**—**
Payment of cash dividends	**(3,015)**	(3,348)	(2,728)	**(38,782)**
Other, net	**(525)**	1,766	(729)	**(6,763)**
Net cash provided by (used in) financing activities	**12,842**	(7,341)	(29,435)	**165,190**
Effect of exchange rate changes on cash and cash equivalents	**(977)**	(1,456)	140	**(12,573)**
Increase (decrease) in cash and cash equivalents	**(6,666)**	11,795	(4,680)	**(85,751)**
Cash and cash equivalents at beginning of year	**28,161**	11,559	16,239	**362,247**
Effect of changes in consolidation scope on cash and cash equivalents	**72**	4,807	—	**927**
Cash and cash equivalents at end of year	**¥21,567**	**¥28,161**	**¥11,559**	**$277,423**

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

The Yokohama Rubber Co., Ltd. and Consolidated Subsidiaries

1. Basis of Presentation of Financial Statements

The accompanying consolidated financial statements of The Yokohama Rubber Co., Ltd. (the "Company"), and its domestic consolidated subsidiaries were prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. The Company's subsidiaries in the United States of America (the "USA") prepared their financial statements in accordance with accounting principles generally accepted in the USA.

In preparing these statements, certain reclassifications and rearrangements have been made to the consolidated financial statements prepared domestically to present these statements in a form that is more familiar to readers outside Japan. In addition, the accompanying notes include information that is not required under accounting principles generally accepted in Japan.

The U.S. dollar amounts included herein are solely for the convenience of the reader and have been translated from the Japanese yen amounts at the rate of ¥77.74 = US$1.00, the approximate exchange rate prevailing on December 31, 2011.

2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant majority-owned domestic and foreign subsidiaries (together, the "Companies"). Investment in significant unconsolidated subsidiaries and affiliated companies (companies owned 20% to 50%) is accounted for by the equity method.

All significant intercompany transactions and balances have been eliminated in consolidation. The excess of the cost of the Companies' investments in subsidiaries and affiliated companies over their equity in the net assets at the dates of acquisition was not material and was fully written off when acquired.

b. Foreign Currency Translation

Foreign currency receivables and payables are translated at the year-end spot rates. The resulting exchange gains and losses are charged or credited to income.

The assets and liabilities of the consolidated subsidiaries outside Japan are translated at the fiscal year-end rates of those companies, and the income and expense accounts of those companies are translated at the average rates of those companies.

Differences arising from such translation are recorded in foreign currency translation adjustments and minority interests in net assets.

c. Cash Equivalents

For purposes of the consolidated statements of cash flows, highly liquid investments with a maturity of three months or less are considered cash equivalents.

d. Marketable Securities and Investment Securities

Securities classified as available for sale and whose fair value is readily determinable are carried at fair value with unrealized gains or losses included as a component of net assets, net of applicable taxes. Costs are determined by the moving-average method.

Securities whose fair value is not readily determinable are carried at cost. Costs are determined by the moving-average method.

e. Derivative Instruments

Derivative instruments whose fair value is readily determinable are carried at fair value.

f. Inventories

Inventories of the Company and domestic subsidiaries are stated at cost determined by the moving-average method, and inventories of certain foreign subsidiaries are valued at the lower of cost based on the first-in first-out method or market. The book value of inventories of the Company and its domestic consolidated subsidiaries reflects a write-down due to declines in profitability.

g. Allowance for Doubtful Receivables

The allowance for doubtful receivables is provided at an estimated amount of probable bad debts plus an amount based on past credit loss experience.

h. Depreciation

Depreciation of property, plant and equipment is computed principally by the declining-balance method based on the estimated useful lives of the respective assets.

i. Reserve for Severance Payments and Employee Benefit Plans

Employees who terminate their service with the Companies are, under most circumstances, entitled to lump-sum severance payments determined by reference to their current basic rate of pay and length of service. The Company and certain consolidated subsidiaries have noncontributory pension plans for termination caused by age limit.

The Companies accounted for these liabilities based on the projected benefit obligations and plan assets at the balance sheet date. Unrecognized actuarial gain and loss are amortized starting in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period of 10 years, which is shorter than the average remaining service period of employees.

Additional information

Due to reorganization of Japanese sales subsidiaries, Yokohama Tire Japan Co., Ltd. integrated and changed its retirement benefit plan as of July 1, 2011 from a tax qualified pension plan and part of lump-sum severance indemnity plans to a defined contribution pension plan. This change resulted in an increase of ¥200 million ($2,577 thousand) in other income.

Because the numbers of employees per plan exceeded 300 by this reorganization, Yokohama Tire Japan Co., Ltd. and Yokohama Industrial Products Japan Co., Ltd. have changed their calculation method for the projected benefit obligation from the simplified method to the principal method. As a result of this change, the difference between the amount calculated by the simplified method and that calculated by the principal method in the amount of ¥3,019 million ($38,830 thousand) was recorded as "Pension and severance cost" in other expenses.

j. Allowance for Loss on Disaster

The allowance for loss on disaster is provided at an estimated amount for expenses related to the restoration and repair of tangible fixed assets damaged due to the Great East Japan Earthquake.

k. Allowance for Sales Returns

An allowance for sales returns is provided for losses incurred on the return of snow tires sold during the fiscal year but returned subsequent to the balance sheet date. The allowance is based on an estimate using the average rate of such returns in prior years.

Additional information

Losses on returned snow tires had previously been recorded in the period in which the returns occurred, but the Company determined to estimate this allowance based on the historical return rate as the fiscal accounting period changed.

Consequently, an allowance for sales returns has been newly recorded at ¥702 million ($9,035 thousand) in current liabilities as of December 31, 2011.

l. Income Taxes

Income taxes in Japan comprise a corporate tax, an enterprise tax and prefectural and municipal inhabitants' taxes.

Provision is made for deferred income taxes arising from temporary differences between assets or liabilities for financial and tax reporting purposes.

m. Revenue Recognition

Sales of products are recognized upon product shipments to customers.

n. Research and Development Costs

Research and development costs are charged to income as incurred.

o. Earnings per Share

Basic net income per share is computed by dividing net income available to common shareholders by the average number of common shares outstanding during each period. Diluted net income per share is not disclosed because there were no dilutive securities in the nine months ended December 31, 2011, and years ended March 31, 2011 and 2010.

p. Additional Information

Effective beginning the fiscal year ended December 31, 2011, the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009) have been applied for accounting changes and past error corrections.

3. Change in Fiscal Year-End

The Company changed its closing date of accounts on a consolidated basis from March 31 to December 31 of each year pursuant to the resolution of the 135th General Shareholders' Meeting convened on June 29, 2011.

The change is to align the fiscal accounting periods at the parent company and its Japanese subsidiaries with the January–December fiscal period adopted by most of its overseas subsidiaries in order to enhance budgeting efficiency, fiscal management, and other phases of management and operations. In addition, the change will bring the Company into conformance with International Financial Reporting Standards(IFRS), which provide that all individual corporate members of a consolidated entity should adopt the same fiscal accounting period. The change resulted in a nine-month fiscal period from April 1, 2011 to December 31, 2011.

4. Fiscal Year of Subsidiaries

The account closing date of all subsidiaries is December 31.

In preparing consolidated financial statements, 18 Japanese subsidiaries' financial statements for a nine-month accounting period (from April 1, 2011 to December 31, 2011) have been used, while 78 Japanese subsidiaries' and 24 overseas subsidiaries' financial statements for a twelve-month accounting period (from January 1, 2011 to December 31, 2011) have been used.

5. Inventories

Inventories at December 31, 2011 and March 31, 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
Finished products	**¥49,358**	¥44,838	$634,906
Work in process	**7,311**	8,184	94,047
Raw materials and supplies	**19,132**	15,413	246,110
	¥75,801	¥68,435	**$975,063**

6. Long-Term Debt

Long-term debt at December 31, 2011 and March 31, 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
1.688% straight bonds due 2013	**¥10,000**	¥10,000	**$128,634**
1.68% straight bonds due 2014	**10,000**	10,000	**128,634**
Loans, principally from banks and insurance companies	**50,760**	53,424	**652,942**
	70,760	73,424	**910,210**
Less current maturities	**7,147**	8,220	**91,934**
	¥63,613	¥65,204	**$818,276**

Assets pledged to secure bank loans and long-term debt at December 31, 2011 and March 31, 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
Property, plant and equipment	**¥44,430**	¥51,832	**$571,525**

7. Depreciation and Amortization

Depreciation and amortization expenses for the nine months ended December 31, 2011 and for the years ended March 31, 2011 and 2010 were allocated as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011 Nine months ended 12.31	2011 Year ended 03.31	2010	**2011 Nine months ended 12.31**
Selling, general and administrative expenses	**¥ 2,125**	¥ 2,649	¥ 2,964	**$ 27,334**
Manufacturing costs	**¥17,746**	¥23,236	¥25,220	**$228,273**

8. Notes Maturing on December 31, 2011

As December 31, 2011, which was the account closing date, was a non-business day for financial institutions, notes receivable and payable maturing on that date were settled on the following business day. However, the Company recognized notes receivable and payable that matured on the date as being settled. Information on notes receivable and payable treated as settled was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2011 (12.31.11)	**2011 (12.31.11)**
Notes receivable	**¥1,124**	**$14,461**
Notes payable	**1,676**	**21,561**
Other current liabilities (Notes payable—facilities)	**225**	**2,898**

9. Contingent Liabilities

Contingent liabilities at December 31, 2011 and March 31, 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
Guarantees	**¥3,470**	¥3,662	**$44,642**

10. Research and Development Expenses

Research and development expenses charged to manufacturing costs and selling, general and administrative expenses for the nine months ended December 31, 2011 and for the years ended March 31, 2011 and 2010 were ¥9,307 million ($119,721 thousand), ¥12,748 million and ¥13,280 million, respectively.

11. Loss on Disaster

Loss on disaster related to the Great East Japan Earthquake for the year ended March 31, 2011 included the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (04.01.11–12.31.11)	2011 (04.01.10–03.31.11)	**2011 (04.01.11–12.31.11)**
Repair expenses	—	¥ 399	—
Costs on suspended operations	—	210	—
Others	—	394	—
	—	¥1,003	—

The allowance for loss on disaster was ¥89 million ($1,149 thousand) and ¥453 million as of December 31, 2011 and March 31, 2011, respectively.

12. Retained Earnings and Dividends

The amount of retained earnings available for dividends under the Corporate Law of Japan is based on the amount stated in the nonconsolidated financial statements of the Company. Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year for which the dividends are applicable.

13. Supplementary Cash Flow Information

A reconciliation of cash and deposits presented in the consolidated balance sheets as of December 31, 2011 and March 31, 2011 and 2010 and cash and cash equivalents reported in the consolidated statements of cash flows for the nine months ended December 31, 2011 and for the years ended March 31, 2011 and 2010 was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	2010	**2011 (12.31.11)**
Cash and deposits	**¥21,751**	¥28,161	¥11,561	**$279,789**
Time deposits with maturities of more than three months	**(184)**	(0)	(2)	**(2,366)**
Cash and cash equivalents	**¥21,567**	¥28,161	¥11,559	**$277,423**

14. Leases

Leased assets under finance lease agreements include molds and warehouse equipment. Depreciation of leased assets is computed by the straight-line method over the term of the leases.

Future lease obligations under noncancelable operating leases subsequent to December 31, 2011 and March 31, 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
Within one year	**¥ 750**	¥ 692	$ 9,642
After one year	**2,204**	2,318	28,357
	¥2,954	¥3,010	**$37,999**

15. Financial Instruments

a. Policies for Financial Instruments

The Companies raise funds through bank loans and the issuance of corporate bonds, mainly in accordance with their capital investment plans for manufacturing and selling tires, and raise short-term working capital through commercial paper.

Derivative transactions are carried out to reduce risks, as mentioned below, and not for speculative trading.

b. Information and Risks Related to Financial Instruments

Trade receivables, which are notes and accounts receivable, are subject to customer credit risk. Also, some trade receivables denominated in foreign currencies as a result of global business are subject to exchange rate fluctuation risk. Therefore, the Companies use forward exchange contracts for hedging purposes.

Securities, principally corporate equities, are subject to market price fluctuation risk.

Trade liabilities, which are notes and accounts payable, are mostly due within one year. Some trade liabilities denominated in foreign currencies in relation to imported raw materials are subject to exchange rate fluctuation risk.

Bank loans and corporate bonds are for the purpose of capital investment. The longest maturity is five years after December 31, 2011. Some of the bank loans and corporate bonds have floating interest rates and are subject to interest rate fluctuation risk.

Derivative transactions are forward exchange contracts and currency swaps for the purpose of hedging against exchange rate fluctuation risk in relation to trade receivables and trade liabilities denominated in foreign currencies and interest rate swaps for the purpose of hedging against interest rate fluctuation risk in relation to bank loans.

c. Risk Management of Financial Instruments

(1) Credit Risk Management (Customer Credit Default)

Under credit management standards, the Companies manage due dates and balances of trade receivables for customers to assess and reduce collection risks.

Derivative transactions are only carried out with highly rated financial institutions to reduce credit risks.

The amounts of the largest credit risks as of December 31, 2011 and March 31, 2011 are indicated in the balance sheets as part of allowance for doubtful receivables.

(2) Market Risk Management (Fluctuation Risk of Foreign Currency Exchange Rates and Interest Rates and Others)

The Company and some of its consolidated subsidiaries use forward exchange contracts and currency swaps to hedge against exchange rate fluctuation risk in connection with trade receivables and trade liabilities denominated in foreign currencies.

They assess the amount of risk monthly by currency. Some consolidated subsidiaries also use interest swaps to hedge against interest rate fluctuation risk in connection with bank loans.

The Companies regularly assess the fair market value of their holdings of securities issued by entities with which they have business relationships. They also assess the financial condition of the issuers of those securities and review the holdings in light of the status of their business relationships with the issuers.

Derivative transactions are carried out under internal regulations that specify trading authority and limits, and details of transactions are reported to the responsible executive officers. Consolidated subsidiaries also manage their derivative transactions in accordance with the regulations.

(3) Liquidity Risk in Fund-Raising Management (Risk of Being Unable to Make Payment at Due Date)

Based on reports from each department, the corporate finance and accounting department prepares a cash flow plan and revises as appropriate to reduce liquidity risk.

d. Supplementary Information about the Fair Value of Financial Instruments

The fair value of financial instruments is the market price or, for instruments that do not have a market price, a value calculated by appropriate means. The calculation of fair values incorporates variables, and the values are therefore subject to change,depending on diverse factors. The contract amounts for derivative transactions cited in "17. Derivative Instruments" do not indicate the market risk related to derivative transactions.

e. Fair Value of Financial Instruments

The book value and fair value of financial instruments and the differences between them as of December 31, 2011 and March 31, 2011 were as follows.

However, financial instruments whose fair value is extremely difficult to ascertain are not included in the table below (see Note 2).

	Millions of Yen					
	2011 (12.31.11)			2011 (03.31.11)		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
(1) Cash and deposits	**¥ 21,751**	**¥ 21,751**	**¥ —**	¥ 28,161	¥ 28,161	¥ —
(2) Trade receivables: Notes and accounts	**142,132**	**142,132**	**—**	111,702	111,702	—
(3) Investment securities	**45,550**	**45,550**	**—**	53,928	53,928	—
Total assets	**209,433**	**209,433**	**—**	193,791	193,791	—
(1) Trade notes and accounts payable	**86,962**	**86,962**	**—**	79,611	79,611	—
(2) Short-term loans payable	**82,239**	**82,239**	**—**	70,349	70,349	—
(3) Accrued expenses	**26,330**	**26,330**	**—**	28,961	28,961	—
(4) Commercial paper	**9,000**	**9,000**	**—**	3,000	3,000	—
(5) Bonds	**20,000**	**20,309**	**309**	20,000	20,315	315
(6) Long-term loans payable	**50,760**	**51,240**	**480**	53,424	53,991	567
(7) Long-term deposits received	**3,194**	**3,511**	**317**	3,194	3,498	304
Total liabilities	**278,485**	**279,591**	**1,106**	258,539	259,725	1,186
Derivative transactions*	**338**	**338**	**—**	(283)	(283)	—

	Thousands of U.S. Dollars		
	2011 (12.31.11)		
	Book Value	Fair Value	Difference
(1) Cash and deposits	**$ 279,789**	**$ 279,789**	**$ —**
(2) Trade receivables: Notes and accounts	**1,828,296**	**1,828,296**	**—**
(3) Investment securities	**585,929**	**585,929**	**—**
Total assets	**2,694,014**	**2,694,014**	**—**
(1) Trade notes and accounts payable	**1,118,622**	**1,118,622**	**—**
(2) Short-term loans payable	**1,057,866**	**1,057,866**	**—**
(3) Accrued expenses	**338,696**	**338,696**	**—**
(4) Commercial paper	**115,771**	**115,771**	**—**
(5) Bonds	**257,268**	**261,248**	**3,980**
(6) Long-term loans payable	**652,942**	**659,115**	**6,173**
(7) Long-term deposits received	**41,087**	**45,171**	**4,084**
Total liabilities	**3,582,252**	**3,596,489**	**14,237**
Derivative transactions*	**4,344**	**4,344**	**—**

*The net amount of the assets and liabilities arising from derivatives is shown. If the net amount is a liability, it is presented in parenthesis.

Note 1. Method of determining the fair value of financial instruments and securities and derivative transactions

Assets

(1) Cash and deposits and (2) trade receivables: notes and accounts

The fair value of these assets is approximately equivalent to their book values because of short—term settlement, so the book values are indicated.

(3) Investment securities

The fair value of securities is based on the market price on stock exchanges.

See "16. Securities" regarding the differences between the amounts booked on the consolidated balance sheets and the acquisition costs.

Liabilities
(1) Trade notes and accounts payable, (2) short-term loans payable, (3) accrued expenses, and (4) commercial paper

The fair value of these liabilities is approximately equivalent to their book values because of short-term settlement, so the book values are indicated.

(5) Bonds

The fair value of bonds is calculated based on the present value of the sum of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and credit risk.

(6) Long-term loans payable

The fair value of long-term loans payable is calculated based on the present value of the sum of principal and interest discounted by an interest rate determined taking into account the remaining period of each loan and credit risk.

(7) Long-term deposits received

The fair value of long-term deposits received is calculated based on the present value of the sum of principal and interest, which are handled together with currency swaps, discounted by an interest rate determined taking into account the remaining period of each deposit and credit risk, because long-term deposits received are subject to the allocation method of currency swaps.

Derivative transactions

See "17. Derivative Instruments."

Note 2. Financial instruments whose fair value is extremely difficult to ascertain were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
	Book Value	Book Value	Book Value
Unlisted stock and others	**¥5,320**	¥5,432	**$68,439**

Note: These financial instruments are not included in "(3) Investment securities." It is extremely difficult to ascertain the fair values because they do not have market prices.

Note 3. The amount of monetary claims and securities with maturities to be redeemed after the consolidated closing date was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
	Within One Year	Within One Year	Within One Year
Deposits	**¥ 21,164**	¥ 27,244	**$ 272,247**
Trade receivables: Notes and accounts	**142,132**	111,702	**1,828,296**
Total	**¥163,296**	¥138,946	**$2,100,543**

Note 4. The amount of bonds, long-term loans payable and other liabilities with interest to be repaid after the consolidated closing date was as follows:

	Millions of Yen 2011 (12.31.11)					
	Within One Year	Over One Year, within Two Years	Over Two Years, within Three Years	Over Three Years, within Four Years	Over Four Years, within Five Years	Over Five Years
Bonds	**¥ —**	**10,000**	**¥10,000**	**¥ —**	**¥ —**	**¥—**
Long-term loans payable	**7,147**	**8,792**	**18,848**	**10,270**	**5,665**	**38**
Other liabilities with interest	**91,239**	**—**	**—**	**3,194**	**—**	**—**
Total	**¥98,385**	**¥18,792**	**¥28,848**	**¥13,464**	**¥5,665**	**¥38**

	Millions of Yen 2011 (03.31.11)					
	Within One Year	Over One Year, within Two Years	Over Two Years, within Three Years	Over Three Years, within Four Years	Over Four Years, within Five Years	Over Five Years
Bonds	¥ —	¥ —	¥10,000	¥10,000	¥ —	¥ —
Long-term loans payable	8,220	8,567	6,565	22,394	2,608	5,070
Other liabilities with interest	73,349	—	—	3,194	—	—
Total	¥81,569	¥8,567	¥16,565	¥35,588	¥2,608	¥5,070

	Thousands of U.S. Dollars 2011 (12.31.11)					
	Within One Year	Over One Year, within Two Years	Over Two Years, within Three Years	Over Three Years, within Four Years	Over Four Years, within Five Years	Over Five Years
Bonds	**$ —**	**$128,634**	**$128,634**	**$ —**	**$ —**	**$ —**
Long-term loans payable	**91,934**	**113,099**	**242,449**	**132,108**	**72,867**	**484**
Other liabilities with interest	**1,173,637**	**—**	**—**	**41,087**	**—**	**—**
Total	**$1,265,571**	**$241,733**	**$371,083**	**$173,195**	**$72,867**	**$484**

16. Securities

Cost, carrying amount and unrealized gains and losses pertaining to available-for-sale securities at December 31, 2011 and March 31, 2011 were as follows:

	Millions of Yen							
	2011 (12.31.11)				2011 (03.31.11)			
	Cost	Carrying Amount	Unrealized Gains	Unrealized Losses	Cost	Carrying Amount	Unrealized Gains	Unrealized Losses
Securities classified as available for sale:								
Stock	**¥27,959**	**¥45,550**	**¥19,321**	**¥(1,730)**	¥26,400	¥53,928	¥28,322	¥(794)

	Thousands of U.S. Dollars			
	2011 (12.31.11)			
	Cost	Carrying Amount	Unrealized Gains	Unrealized Losses
Securities classified as available for sale:				
Stock	**$359,647**	**$585,929**	**$248,541**	**$(22,259)**

Sales of securities classified as available-for-sale securities and an aggregate gain and loss for the nine months ended December 31, 2011 and the year ended March 31, 2011 are immaterial.

Note: Unlisted stock, whose book value as of December 31, 2011 on the consolidated balance sheet is ¥1,183 million ($15,220 thousand), is not included in the above table. It is extremely difficult to ascertain the fair values because they do not have market prices.

In the preceding table for fiscal year 2011(12.31.11), "cost" is the book value after impairment. Loss for the nine months ended December 31, 2011 from revaluation of securities is ¥167 million ($2,154 thousand). The corresponding amount for the year ended March 31, 2011 was immaterial.

17. Derivative Instruments

Fair value information of derivative instruments, for which deferral hedge accounting has not been applied, at December 31, 2011 and March 31, 2011 was as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2011 (12.31.11)			2011 (03.31.11)			**2011 (12.31.11)**		
	Contract Amount	Fair Value	Unrealized Gains (Losses)	Contract Amount	Fair Value	Unrealized Losses	Contract Amount	Fair Value	Unrealized Gains (Losses)
Forward exchange contracts:									
RUB	**¥2,355**	**¥201**	**¥201**	¥2,296	¥(103)	¥(103)	**$ 30,297**	**$2,591**	**$2,591**
EURO	**1,943**	**142**	**142**	2,485	(95)	(95)	**24,994**	**1,825**	**1,825**
U.S. dollar	**2,453**	**(2)**	**(2)**	1,452	(25)	(25)	**31,553**	**(25)**	**(25)**
Others	**1,842**	**(4)**	**(4)**	1,590	(60)	(60)	**23,691**	**(47)**	**(47)**
	¥8,593	**¥337**	**¥337**	¥7,823	¥(283)	¥(283)	**$110,535**	**$4,344**	**$4,344**

	Millions of Yen						Thousands of U.S. Dollars		
	2011 (12.31.11)			2011 (03.31.11)			**2011 (12.31.11)**		
	Contract Amount	Fair Value	Unrealized Losses	Contract Amount	Fair Value	Unrealized Losses	Contract Amount	Fair Value	Unrealized Losses
Interest rate swap agreements	**¥21**	**¥(0)**	**¥(0)**	¥25	¥(0)	¥(0)	**$270**	**$(4)**	**$(4)**

Fair value information of derivative instruments, for which deferral hedge accounting has been applied, at December 31, 2011 and March 31, 2011 was as follows:

	Millions of Yen							
	2011 (12.31.11)				2011 (03.31.11)			
	Contract Amount	Over One Year	Fair Value	Unrealized Losses	Contract Amount	Over One Year	Fair Value	Unrealized Losses
Forward exchange contracts with allocation method:								
Long-term deposits received	**¥3,194**	**¥3,194**	*****	**¥ —**	¥3,194	¥3,194	*	¥ —

	Thousands of U.S. Dollars			
	2011 (12.31.11)			
	Contract Amount	Over One Year	Fair Value	Unrealized Losses
Forward exchange contracts with allocation method:				
Long-term deposits received	**$41,087**	**$41,087**	**$ —**	**$ —**

*Amounts settled by the allocation method of currency swaps are handled together with those of the long-term deposits received, which are regarded as the hedged items. See "15. Financial Instruments" for their fair value.

18. Pension and Severance Plans

a. The projected benefit obligations, plan assets and composition of amounts recognized in the consolidated balance sheets at December 31, 2011 and March 31, 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
Projected benefit obligations	**¥(32,848)**	¥(28,429)	**$(422,536)**
Fair value of plan assets	**7,870**	10,461	**101,232**
Funded status	**(24,978)**	(17,968)	**(321,304)**
Unrecognized actuarial gain and loss	**6,203**	1,240	**79,795**
Unrecognized prior service cost	**373**	447	**4,795**
Net amount recognized	**¥(18,402)**	¥(16,281)	**$(236,714)**

b. The components of net pension and severance costs for the nine months ended December 31, 2011 and the year ended March 31, 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (04.01.11– 12.31.11)	2011 (04.01.10– 03.31.11)	**2011 (04.01.11– 12.31.11)**
Service cost	**¥1,382**	¥1,767	**$17,773**
Interest cost	**465**	575	**5,977**
Expected return on plan assets	**—**	—	**—**
Recognized actuarial losses	**253**	402	**3,249**
Recognized prior service cost	**74**	100	**961**
Pension and severance cost due to change in method for calculating retirement benefit obligations	**3,018**	—	**38,830**
Net periodic benefit cost	**5,192**	2,844	**66,790**
Gain on change of pension and severance plan	**(200)**	—	**(2,577)**
Contribution of defined contribution benefit plan	**435**	496	**5,596**
	¥5,427	¥3,340	**$69,809**

c. Assumptions used as of December 31, 2011 and March 31, 2011 were as follows:

	2011 (12.31.11)	2011 (03.31.11)
Discount rate	**mainly 1.6%**	2.5%
Expected return rate on plan assets	**0.00%**	0.00%

19. Deferred Income Taxes

a. Significant components of the deferred income tax assets and liabilities at December 31, 2011 and March 31, 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
Deferred tax assets:			
Liabilities for pension and severance payments	**¥12,223**	¥11,384	**$157,228**
Net operating loss carry forwards	**389**	1,098	**5,000**
Unrealized profits	**2,600**	3,085	**33,439**
Accrued expenses	**1,002**	2,375	**12,890**
Loss on revaluation of investment securities	**58**	54	**741**
Other	**9,281**	7,251	**119,397**
Gross deferred tax assets	**25,553**	25,247	**328,695**
Less valuation allowance	**(924)**	(3,364)	**(11,884)**
Total deferred tax assets	**24,629**	21,883	**316,811**
Deferred tax liabilities:			
Unrealized gains on securities	**(6,155)**	(11,040)	**(79,168)**
Liabilities for pension and severance payments	**(3,446)**	(3,446)	**(44,334)**
Gain on receipt of stock set by pension plan	**(2,103)**	(2,103)	**(27,048)**
Property, plant and equipment	**(1,501)**	(1,610)	**(19,305)**
Other	**(1,704)**	(1,510)	**(21,924)**
Total deferred tax liabilities	**(14,909)**	(19,709)	**(191,779)**
Net deferred tax assets	**¥ 9,720**	¥ 2,174	**$ 125,032**

b. A reconciliation of the statutory income tax rate to the effective income tax rates for the nine months ended December 31, 2011 and the year ended March 31, 2011 was as follows:

	2011 (04.01.11– 12.31.11)	2011 (04.01.10– 03.31.11)
Statutory income tax rate	**40.3%**	40.3%
Permanently nondeductible expenses	**1.6**	1.4
Permanently nontaxable income	**(1.5)**	(1.6)
Tax deduction for research and development	**(1.9)**	—
Valuation allowance	**(14.7)**	(5.4)
Reversal of tax effect due to change in corporate income tax rate	**3.3**	—
Other	**(1.0)**	(2.3)
Effective income tax rates	**26.1%**	32.4%

c. Recalculation of deferred tax assets and deferred tax liabilities due to a change in corporate income tax rates.
On December 2, 2011,"Act on the Partial Revision of the Income Tax Act for the Establishment of a Taxation System Responding to Structural Transformation of Economy and Society"(Act No. 114 of 2011) and "Act on Special Measures for Securing Financial Resources Needed to Implement Measures to Recover From the Great East Japan Earthquake" (Act No. 117 of 2011) were issued. By these acts, the corporate tax rate will be changed from fiscal years beginning on or after April 1, 2012. Therefore, the effective statutory tax rate, which is used to calculate the Company's deferred tax assets and liabilities, will be as follows, depending when the temporary differences will reverse:

Until December 31, 2012 : 40.3%
From January 1, 2013 to December 31, 2015: 37.6%
On and after January 1, 2016: 35.3%

As a result, deferred tax assets and liabilities decreased by ¥387 million ($4,976 thousand) and ¥708 million ($9,105 thousand), respectively, while unrealized gains on securities and adjustment on corporate tax, etc, increased by ¥872 million ($11,214 thousand) and ¥551 million ($7,085 thousand), respectively.

20. Business Combinations

Transactions under common control for the nine months ended December 31, 2011
The Company omitted this information because of its immateriality.

Transactions under common control for the year ended March 31, 2011
A domestic consolidated subsidiary, Yokohama Rubber MBE Co., Ltd. and seven other domestic consolidated subsidiaries that sell industrial products merged on October 1, 2010. An outline of the merger is as follows:

a. Outline of the Business Combination

1. Name of the company
   Yokohama Rubber MBE Co., Ltd. and seven other consolidated subsidiaries
2. Description of the business
   Sales of various industrial products
3. Date of the business combination
   October 1, 2010
4. Legal form of the business combination
   The business combination was a merger by absorption, with Yokohama Rubber MBE Co., Ltd. as the surviving company
5. Name of the company after the business combination
   Yokohama Industrial Products Japan Co., Ltd. (a consolidated subsidiary)
6. Reason for the business combination
   The purpose of this business combination is to reinforce its domestic sales performance by reorganizing eight subsidiaries and a part of the industrial sales department of the Company. This merger improves customer service, establishes a more strategic management system, and reinforces sales connected to communities by introducing an in-house company system.

b. Outline of Accounting Method

Based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and revised implementation guidance "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008), the above business combination is accounted for as transactions under common control.

21. Segment Information

(1) Outline of Reportable Segments

The Company's reportable segments are the organizational units for which the Company is able to obtain individual financial information in order for the Board of Directors to regularly review performance to determine distribution of management resources and evaluate its business results.

The Company classifies organizational units by products and services. Each organizational unit plans domestic or overseas general strategies for its products and services and operates its business.

Therefore, the Company is organized by business segments, and its reportable segments are "Tires" and "Industrial Products."

(2)Methods of Calculating the Amount of Sales, Income (Loss), Assets, Liabilities, and Other Items by Reportable Segments

Accounting methods for reportable segments are mostly the same as "2. Summary of Significant Accounting Policies".

Profits from reportable segments are operating income, and inter-segment income and transfers are based on prevailing market prices

(3) Information on sales, income (loss), assets, liabilities, and other items by reportable segments for the nine months ended December 31, 2011 and for the year ended March 31, 2011 is as follows:

	Millions of Yen						
	Tires	Industrial Products	Reportable Segment Total	Others	Total	Adjustments	Consolidated Amount
	Nine months ended December 31, 2011						
Sales to third parties	**¥379,220**	**¥68,179**	**¥447,399**	**¥17,735**	**¥465,134**	**¥ —**	**¥465,134**
Intergroup sales and transfers	**1,371**	**71**	**1,442**	**3,074**	**4,516**	**(4,516)**	**—**
Total sales	**380,591**	**68,250**	**448,841**	**20,809**	**469,650**	**(4,516)**	**465,134**
Segment income	**¥ 23,366**	**¥ 1,686**	**¥ 25,052**	**¥ 1,245**	**¥ 26,297**	**¥ (6)**	**¥ 26,291**
Segment assets	**¥393,704**	**¥60,934**	**¥454,638**	**¥57,222**	**¥511,860**	**¥(10,074)**	**¥501,786**
Other items							
Depreciation and amortization	**¥ 16,645**	**¥ 2,163**	**¥ 18,808**	**¥ 581**	**¥ 19,389**	**¥ 482**	**¥ 19,871**
Amortization of goodwill	**¥ 441**	**¥ —**	**¥ 441**	**¥ —**	**¥ 441**	**¥ —**	**¥ 441**
Investment in equity method affiliates	**¥ 1,376**	**¥ —**	**¥ 1,376**	**¥ —**	**¥ 1,376**	**¥ —**	**¥ 1,376**
Increase of tangible and intangible fixed assets	**¥ 19,520**	**¥ 2,103**	**¥ 21,623**	**¥ 461**	**¥ 22,084**	**¥ 349**	**¥ 22,433**
	Year ended March 31, 2011						
Sales to third parties	¥411,574	¥83,835	¥495,409	¥24,333	¥519,742	¥ —	¥519,742
Intergroup sales and transfers	1,798	79	1,877	4,310	6,187	(6,187)	—
Total sales	413,372	83,914	497,286	28,643	525,929	(6,187)	519,742
Segment income	¥ 24,953	¥ 3,034	¥ 27,987	¥ 1,519	¥ 29,506	¥ (15)	¥ 29,491
Segment assets	¥368,083	¥59,316	¥427,399	¥64,519	¥491,918	¥(13,002)	¥478,916
Other items							
Depreciation and amortization	¥ 21,340	¥ 3,214	¥ 24,554	¥ 845	¥ 25,399	¥ 486	¥ 25,885
Investment in equity method affiliates	¥ 1,161	¥ —	¥ 1,161	¥ —	¥ 1,161	¥ —	¥ 1,161
Increase of tangible and intangible fixed assets	¥ 22,221	¥ 2,297	¥ 24,518	¥ 138	¥ 24,656	¥ 288	¥ 24,944

	Thousands of U.S. Dollars						
	Tires	Industrial Products	Reportable Segment Total	Others	Total	Adjustments	Consolidated Amount
	Nine months ended December 31, 2011						
Sales to third parties	**$4,878,059**	**$877,018**	**$5,755,077**	**$228,121**	**$5,983,198**	**$ —**	**$5,983,198**
Intergroup sales and transfers	**17,637**	**911**	**18,548**	**39,546**	**58,094**	**(58,094)**	**—**
Total sales	**4,895,696**	**877,929**	**5,773,625**	**267,667**	**6,041,292**	**(58,094)**	**5,983,198**
Segment income	**$ 300,563**	**$ 21,682**	**$ 322,245**	**$ 16,016**	**$ 338,261**	**$ (73)**	**$ 338,188**
Segment assets	**$5,064,369**	**$783,816**	**$5,848,185**	**$736,068**	**$6,584,253**	**$(129,583)**	**$6,454,670**
Other items							
Depreciation and amortization	**$ 214,108**	**$ 27,831**	**$ 241,939**	**$ 7,471**	**$ 249,410**	**$ 6,196**	**$ 255,606**
Amortization of goodwill	**$ 5,675**	**$ —**	**$ 5,675**	**$ —**	**$ 5,675**	**$ —**	**$ 5,675**
Investment in equity method affiliates	**$ 17,694**	**$ —**	**$ 17,694**	**$ —**	**$ 17,694**	**$ —**	**$ 17,694**
Increase of tangible and intangible fixed assets	**$ 251,093**	**$ 27,055**	**$ 278,148**	**$ 5,925**	**$ 284,073**	**$ 4,496**	**$ 288,569**

Notes:

1. The "Others" category incorporates operations not included in reportable segments, including aircraft products and sports products.

2. Adjustments are as follows:
   (1) Segment income adjustments are the elimination of inter-segment transactions.
   (2) Segment asset adjustments for the nine months ended December 31, 2011 of ¥10,074 million ($129,582 thousand) were the elimination of inter-segment transactions of ¥30,851 million ($396,844 thousand) and "Corporate" assets of ¥20,777 million ($267,262 thousand). "Corporate" assets primarily consist of accumulated working capital and investments in securities.
   The corresponding amounts for the year ended March 31, 2011 of ¥13,002 million ($156,371 thousand) were the elimination of inter-segment transactions of ¥35,485 million ($426,760 thousand) and "Corporate" assets of ¥22,483 million ($270,389 thousand). "Corporate" assets primarily consist of accumulated working capital and investments in securities.

3. Segment income was adjusted with operating income presented in the consolidated statements of income.

Related information for the nine months ended December 31, 2011 and for the year ended March 31, 2011

1. Product and service information
   Information has been omitted as the classification is the same as that for reportable segments.

2. Information about geographic areas
   (1) Sales

	Millions of Yen		Thousands of U.S. Dollars
	2011 (04.01.11–12.31.11)	2011 (04.01.10–03.31.11)	**2011 (04.01.11–12.31.11)**
Japan	**¥245,428**	¥281,330	**$3,157,033**
United States of America	**95,607**	105,961	**1,229,831**
Others	**124,099**	132,451	**1,596,334**
Total	**¥465,134**	¥519,742	**$5,983,198**

Note: Sales are based on the location of clients classified by country.

(2) Property, plant and equipment

	Millions of Yen		Thousands of U.S. Dollars
	2011 (12.31.11)	2011 (03.31.11)	**2011 (12.31.11)**
Japan	**¥105,838**	¥113,000	**$1,361,436**
Thailand	**22,059**	23,357	**283,753**
Others	**46,712**	41,013	**600,873**
Total	**¥174,609**	¥177,370	**$2,246,062**

3. External customer information

Disclosure of information on external customers is not required as there were no sales to a single external customer amounting to 10% or more of the Company's net sales.

Impairment losses on fixed assets by reportable segment for the nine months ended December 31, 2011 and for the year ended March 31, 2011

The Company omitted this information because of its immateriality.

Amortization of goodwill and the amortization balance by reportable segment as of and for the nine months ended December 31, 2011 and as of and for the year ended March 31, 2011

As of and for the nine months ended December 31, 2011

Information has been omitted as the classification is the same as that for reportable segments.

As of and for the year ended March 31, 2011

The Company omitted this information because of its immateriality.

Gains on negative goodwill by reportable segment for the nine months ended December 31, 2011 and for the year ended March 31, 2011

The Company omitted this information because of its immateriality.

Report of Independent Auditors

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
The Yokohama Rubber Co., Ltd.

We have audited the accompanying consolidated financial statements of The Yokohama Rubber Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at December 31, 2011, and the consolidated statement of income, changes in net assets, and cash flows and consolidated statement of comprehensive income for the nine-month period ended December 31, 2011, and a summary of significant accounting policies and other explanatory information, all expressed in yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Yokohama Rubber Co., Ltd. and consolidated subsidiaries at December 31, 2011 and the consolidated results of their operation and their cash flows for the nine-month period ended December 31, 2011 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2011 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

March 29, 2012

Ernst & Young ShinNihon LLC