

NEWS RELEASE



YOKOHAMA

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Yokohama Rubber Announces Interim Results for Fiscal 2005

The Yokohama Rubber Co., Ltd., has finalized its results for the first half of fiscal 2005 (April 1 through September 30, 2004). Net sales advanced 4.3% from the previous corresponding term, to ¥189.7 billion. This reflected solid tire sales overseas, which offset the impact of a higher yen. Operating income declined 6.3%, however, to ¥4.3 billion, owing to hikes in the prices of natural rubber and other raw materials, as well as higher logistics costs stemming from increased export volume and a jump in shipping charges. Net income plunged 51.6%, to ¥719 million. This was because of inventory losses and a loss on devaluation of securities investment.

Sales were strong overseas, particularly in Europe, Asia, and the Middle East. Sales of the Tires Group thus gained 6.5%, to ¥135.4 billion. Operating income from this segment rocketed 73.0%, to ¥3.5 billion, on cost-cutting and improved revenues and earnings at subsidiaries.

In the Multiple Business Group, however, sales slipped 1.0%, to ¥54.4 billion, as a downturn in golf products and conveyor belts overshadowed a favorable performance in high-pressure hoses and sealing materials. Segment operating income plummeted 68.7%, to ¥800 million. The factors here were higher raw materials costs and lower sales of golf products and the deteriorating earnings of aircraft components.

For the full year, ending March 31, 2005, management's projections are for a 4.6% gain in net sales, to ¥420 billion, a 9.1% rise in operating income, to ¥23 billion, and a 3.2% drop in net income, to ¥10 billion.

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Financial Highlights

(Millions of yen)

	Fiscal 2005 first half	Fiscal 2004 first half	Fiscal 2004
	(Apr. 1, 2004 - Sept. 30, 2004)	(Apr. 1, 2003 - Sept. 30, 2003)	(Apr. 1, 2003 - Mar. 31, 2004)
Net sales	189,722	181,963	¥ 401,718
Operating income	4,325	4,618	21,073
Ordinary income	3,402	2,734	17,258
Net income	719	1,487	10,331
Shareholders' equity	126,852	118,014	127,832
Total assets	423,368	425,735	429,350
Interest-bearing debt	166,066	167,008	159,700
Net cash provided by operating activities	9,113	5,174	25,892
Net cash used in investing activities	(11,210)	(14,272)	(21,234)
Net cash used in financing activities	(589)	5,501	(4,749)
Cash and cash equivalents at end of period	13,827	13,206	16,473
Per Share (Yen):			
Net Income: Basic	2.10	4.34	29.95

Results by Group

(Millions of yen)

	Fiscal 2005 first half	Fiscal 2004 first half	Fiscal 2004
	(Apr. 1, 2004 - Sept. 30, 2004)	(Apr. 1, 2003 - Sept. 30, 2003)	(Apr. 1, 2003 - Mar. 31, 2004)
Tires			
Sales	135,356	127,056	288,629
Operating income	3,512	2,030	15,280
Multiple Business			
Sales	54,366	54,907	113,089
Operating income	800	2,553	5,759

Results by Region

(Millions of yen)

Japan			
Sales	146,493	142,316	319,152
Operating income	2,824	3,889	18,966
North America			
Sales	34,324	32,331	67,078
Operating income	795	423	1,132
Other Regions			
Sales	8,904	7,316	15,488
Operating income	490	357	799

Notes:

- (1) This information has been prepared in accordance with generally accepted accounting principles in Japan.
- (2) All amounts have been rounded to the nearest million yen.
- (3) In Segment Information, Sales indicates only sales to third parties; Operating income includes income from transactions between segments.
- (4) In Results by Region, North America includes the United States and Canada, and Other Regions includes Oceania, Europe, and Asia.