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Summary of Consolidated Financial Results for FY2007

(January 1, 2007 - December 31, 2007)

February 12, 2008

Company Name: Shimano Inc.

Code Number: 7309

(URL: <http://www.shimano.com>)

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Date of Shareholders' Meeting : March 27, 2008 Effective date for cash dividends March 28, 2008
Date of submission of annual report to Ministry of Finance March 28, 2008

1. Financial Results for FY2007 (January 1, 2007 - December 31, 2007)

(1) Consolidated income statement summary (All of the amounts in this report are rounded down to the nearest million yen.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2007	211,767	24.3	31,336	49.9	30,263	44.4	19,894	44.4
FY2006	170,303	1.4	20,907	(17.3)	20,963	(19.3)	13,773	(15.9)

	Net income per share (Basic)	Net income per share (Diluted)	Return on shareholders' equity	Return on assets	Ordinary income to net sales
	Yen	Yen	%	%	%
FY2007	205.96	—	12.3	15.7	14.8
FY2006	137.39	—	8.7	11.4	12.3

(Reference) Equity method investment profits and losses FY2007: - million yen FY2006: - million yen

(2) Consolidated balance sheet summary

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2007	205,183	167,260	81.1	1,733.30
FY2006	180,273	156,972	86.6	1,610.51

(Reference) Shareholders' equity FY2007: 166,345 million yen FY2006: 156,203 million yen

(3) Consolidated cash flow statement summary

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
	Million yen	Million yen	Million yen	Million yen
FY2007	29,369	-9,908	-3,107	52,691
FY2006	15,513	-6,105	-23,862	36,057

2. Dividend Summary

	Dividend per Share			Total Dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend per shareholders' equity (Consolidated)
	Interim	Year-end	Total			
	Yen	Yen	Yen	Million yen	%	%
FY2006	17.50	17.50	35.00	3,447	25.5	2.2
FY2007	20.50	20.50	41.00	3,953	19.9	2.5
FY2008 (Forecast)	20.50	20.50	41.00		16.4	

(Note) The year-end cash dividend for fiscal 2008 includes no commemorative dividend but includes a special dividend of 14.25 yen.

3. Forecast of Financial Performance for FY2008 (January 1, 2008 - December 31, 2008)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2008	113,000	13.2	17,500	22.2	17,500	21.2	12,000	18.7	125.04
FY2008	225,000	6.2	35,000	11.7	35,000	15.7	24,000	20.6	250.08

The percentages represent the rate of increase (decrease) from the prior period.

4. Others

(1) Changes in specified subsidiaries resulting in change of scope of consolidation: None

No subsidiary was initially included. No subsidiary was excluded.

(2) Changes in accounting policies and method of presentation: Yes

- 1) Changes in accordance with accounting standards revision: Yes
- 2) Changes other than the above: Yes

(3) The number of shares of common stock issued and outstanding

- 1) The number of shares of common stock issued and outstanding at the end of each year (Treasury stock is included):

FY2007: 96,003,207 FY2006: 97,603,207

- 2) The number of treasury stock issued and outstanding at the end of each year

FY2007: 32,694 FY2006: 613,043

(Reference) Non-Consolidated Financial Results

1. Financial Results for FY2007 (January 1, 2007 - December 31, 2007)

(1) Income statement summary

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2007	168,443	23.2	15,373	63.9	37,993	230.6	31,662	302.7
FY2006	136,744	(1.5)	9,381	(39.7)	11,493	(40.4)	7,862	(38.9)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
FY2007	327.79	-
FY2006	78.44	-

(2) Balance sheet summary

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2007	114,144	87,045	76.3	907.01
FY2006	103,673	66,453	64.1	685.15

(Reference) Shareholders' equity FY2007: 87,045 million yen FY2006: 66,453 million yen

2. Forecast of Financial Performance for FY2008 (January 1, 2008 - December 31, 2008)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2008	88,000	13.9	7,600	23.1	7,600	(40.8)	4,600	(56.5)	47.93
FY2008	177,000	5.1	16,000	4.1	16,000	(57.9)	9,600	(69.7)	100.03

Notes 1 The percentages represent the rate of increase (decrease) from the prior period.

2 These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those anticipated in these statements. These factors include changes in economic conditions, trends in major markets, or currency exchange rates. Shimano Inc. accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.

1. Business Results

(1) Analysis of Business Results

1) Review of operations

During fiscal year 2007, business conditions in Japan developed favorably due to an increase in capital investment fueled by solid corporate profits and robust personal consumption resulting from improvement in the employment situation. On the other hand, global economic uncertainty has increased due to sharp increases in raw material prices, typified by the high price of crude oil, and turbulence in international financial and capital markets originating from the sub-prime loan problem.

In these circumstances, Shimano Group concentrated on providing “captivating products” to its customers. With the aim of increasing customer satisfaction, we developed highly appealing new products, implemented thorough quality control, and strengthened the global logistics system.

As a result, consolidated net sales increased 24.3% from the previous year to 211,767 million yen. Consolidated ordinary income rose 44.4% to 30,263 million yen, and net income rose 44.4% to 19,894 million yen.

Segment Overview

Bicycle Components

During fiscal year 2007, Shimano Group actively introduced new products, implementing a full model change for “Deore XT” mountain bike components and introducing the “ULTEGRA SL” line, an upgraded version of the “ULTEGRA” road bike components.

Interest in environmental problems and health is increasing worldwide and a trend toward re-evaluation of the importance and value of bicycles has gained momentum, resulting in increased demand for all models in European markets and higher demand for medium-grade models, such as cross bikes, in the U.S., Asia, and Central and South America. Similarly, Japan’s bicycle market has been energized as middle-aged and older people choose middle-grade and high-grade sports bikes as a means of enjoying leisure time and people increasingly give importance to quality even in the case of city bicycles.

For the above reasons, sales and profits from the bicycle components business increased. In Europe in particular, the impact of the Euro's appreciation, rising incomes in Russia and Eastern Europe, good weather, and other favorable factors boosted business results. As a result, sales increased 28.5% from the previous year to 157,839 million yen, and operating income rose 45.5% to 27,556 million yen.

Fishing Tackle

Although the Japanese market seems to have bottomed out at long last, there is scant evidence of a strong recovery. Despite these circumstances, Shimano Group increased sales, focusing on products such as spinning reels, notably the flagship “STELLA” line of premium-grade models, the new “FIXCEL” line of convenient, high-performance coolers, and newly introduced surf rods that incorporate “TAFTEC solid tips.” We also actively channeled development resources into low-volume products that are aligned with customer desires, such as the “MASUNOSUKE” king salmon rod.

Regarding developments in overseas markets, we steadily increased sales in Asia, Europe, and elsewhere through the development of emerging markets, notably Eastern Europe. We accomplished this through energetic marketing activities and the introduction of new products that satisfy local requirements.

As a result, sales from this segment increased 14.1% from the previous year to 50,376 million yen, and operating income rose 93.5% to 3,799 million yen.

Others

In the cold-forged products business, orders from automotive companies were brisk throughout the year, and sales in this segment increased steadily. As a result, sales from other businesses increased 6.3% from the previous year to 3,551 million yen. Nevertheless, an operating loss of 18 million yen was recorded, following operating income of 9 million yen the previous year.

2) Forecast for the fiscal year ending December 2008

Due to lower economic growth in the U.S., a sharp increase in the price of crude oil, and a decline in housing investment, the Japanese economy is decelerating. Although global economic expansion is expected to continue, destabilizing factors include concerns about economic prospects in the U.S., the crude oil price trend, and a slower pace of economic expansion in China.

In view of the outlook described above, for the fiscal year ending December 2008, Shimano Group forecasts net sales of 225 billion yen, an increase of 6.2% year on year, ordinary income of 35 billion yen, up 15.7%, and net income of 24 billion yen, a rise of 20.6%.

Sales forecasts by segment are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle components	Japan	3,000	2.6	3,000	2.7	6,000	2.7
	Overseas	81,000	71.7	81,500	72.8	162,500	72.2
	Sub-total	84,000	74.3	84,500	75.5	168,500	74.9
Fishing tackle		27,200	24.1	25,800	23.0	53,000	23.5
Others		1,800	1.6	1,700	1.5	3,500	1.6
Total		113,000	100.0	112,000	100.0	225,000	100.0

(2) Analysis of Financial Position

Cash Flows

Net cash provided by operating activities amounted to 29,369 million yen compared with 15,513 million yen for the previous year. The main items to which this increase was attributable were income before income taxes of 30,901 million yen and depreciation and amortization amounting to 8,232 million yen.

Net cash used in investing activities amounted to 9,908 million yen compared with 6,105 million yen for the previous year. The main items included acquisition of property, plant and equipment and intangible assets amounting to 8,389 million yen.

Net cash used in financing activities amounted to 3,107 million yen compared with 23,862 million yen for the previous year. The main items were acquisitions of treasury stock amounting to 3,816 million yen and payments of cash dividends to shareholders of 3,686 million yen.

As a result, cash and cash equivalents at the end of the year were 52,691 million yen.

Cash flow indicators are shown in the following table.

	FY2006	FY2007
Equity ratio (%)	86.6	81.1
Market value equity ratio (%)	185.6	189.4
Interest-bearing debt to cash flow ratio (%)	0.11	0.21
Interest coverage ratio (times)	71.8	54.7

Notes)

- Each indicator is calculated using the consolidated results based on the formula indicated below:
 Equity ratio: $\text{Shareholders' equity} / \text{Total assets}$
 Market value equity ratio: $\text{Total market capitalization} / \text{Total assets}$
 Interest-bearing debt to cash flow ratio: $\text{Interest-bearing debt} / \text{Operating cash flow}$
 Interest coverage ratio: $\text{Operating cash flow} / \text{Interest paid}$
- Total market capitalization is calculated by
 Closing stock price on the last day of the fiscal year x The number of shares of common stock issued and outstanding at the end of the fiscal year, less treasury stock.
- Interest-bearing debt covers all debt in the consolidated balance sheet for which interest is paid.
- Cash flows from operating activities and the amount of interest payments stated in the consolidated statements of cash flows are used as operating cash flow and interest paid.

(3) Dividend Policy and Cash Dividends for the Fiscal Year Ended December 2007

The Company considers the return of earnings to shareholders to be one of the most important issues for management. The Company's basic policy is to increase the internal reserve, taking into account the strengthening of business fundamentals and future business development, to secure returns to shareholders, and to maintain stable dividends.

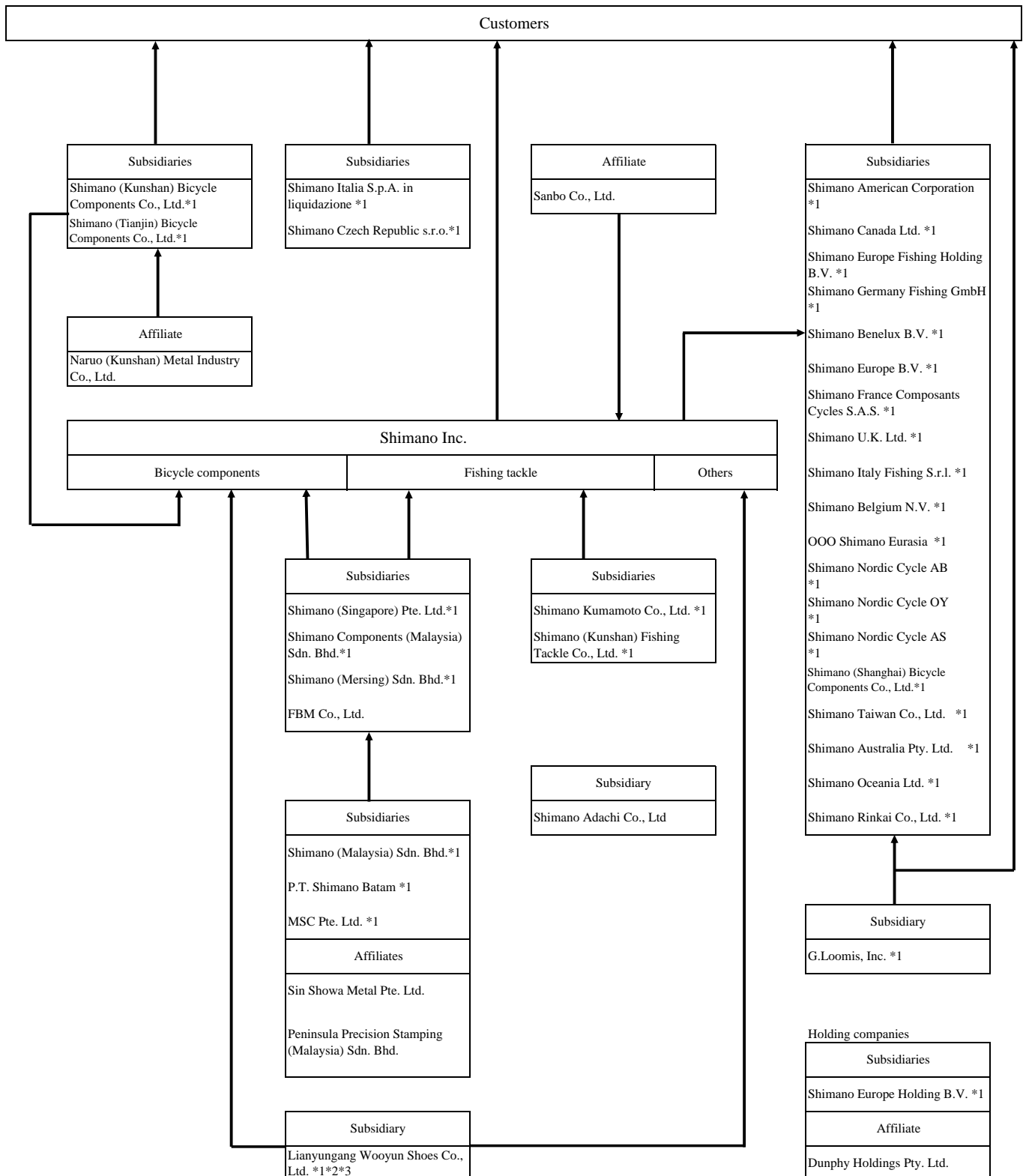
In accordance with the above policy, the Company intends to pay out year-end cash dividends of 20.50 yen per share, including special dividends of 14.25 yen, an increase of 3 yen per share compared with the previous year-end cash dividends.

As a result of our ongoing acquisition of treasury stock based on the approval of the annual general meeting of shareholders held on March 29, 2007, 1,600,000 shares were retired as of November 16.

Own funds will be used for strengthening the financial position, rationalization of the capital structure and future business development.

2. Outline of the Group

Shimano Group consists of Shimano Inc. and 34 consolidated subsidiaries and affiliates. The Group is mainly engaged in manufacturing and sales of bicycle components and fishing tackle. Business relationships among Shimano Group companies are indicated below.



*1: Consolidated subsidiaries

*2: A newly consolidated subsidiary from the year ended December 31, 2007 (Refer to Page 14.)

*3: Lianyungang Wooyun Shoes Co.,Ltd is not a specified subsidiary.

3. Management Policies

Since no significant changes have been made to the information for management policies in the Summary of Consolidated Financial Results for FY2006 disclosed on February 13, 2007, disclosure of the management policies is omitted.

The Summary of Consolidated Financial Results for FY2006 is available at the following URL.

- Shimano Website <http://www.shimano.com>
- Tokyo Stock Exchange Website (Listed Company Information Search)
<http://www.tse.or.jp/listing/compsearch/index.html>

Consolidated Balance Sheets

(Millions of yen)

Accounts	Periods	FY2006		FY2007		Difference
		As of Dec. 31, 2006		As of Dec. 31, 2007		
		Amount	Ratio	Amount	Ratio	Amount
(Assets)			%		%	
Current assets						
1 Cash and time deposits		¥38,834		¥55,851		¥17,016
2 Notes and accounts receivable-trade		26,433		31,030		4,597
3 Inventories		36,788		40,184		3,396
4 Deferred income taxes		2,010		5,122		3,112
5 Others		2,423		2,202		(220)
6 Allowance for doubtful receivables		(331)		(439)		(107)
Total current assets		106,158	58.9	133,953	65.3	27,794
Fixed assets						
1 Property, plant and equipment						
1) Buildings and structures		18,209		18,548		338
2) Machinery and vehicles		10,279		10,772		493
3) Land		11,596		11,563		(32)
4) Construction in progress		1,607		846		(761)
5) Others		3,294		4,054		760
Total property, plant and equipment		44,986	25.0	45,785	22.3	798
2 Intangible assets						
1) Software		4,352		6,458		2,106
2) Software development in progress		2,094		36		(2,057)
3) Others		811		1,094		283
Total intangible assets		7,257	4.0	7,590	3.7	332
3 Investments and other assets						
1) Investment securities		19,957		14,666		(5,291)
2) Long-term loans receivable		3		118		114
3) Deferred income taxes		88		1,293		1,205
4) Others		2,307		2,408		100
5) Allowance for doubtful receivables		(486)		(632)		(146)
Total investments and other assets		21,870	12.1	17,854	8.7	(4,016)
Total fixed assets		74,115	41.1	71,230	34.7	(2,885)
Total assets		¥180,273	100.0	¥205,183	100.0	¥24,909

(Millions of yen)

Accounts	Periods	FY2006		FY2007		Difference.
		As of Dec. 31, 2006		As of Dec. 31, 2007		
		Amount	Ratio	Amount	Ratio	Amount
(Liabilities)			%		%	
Current liabilities						
1 Notes and accounts payable-trade		¥7,434		¥8,956		¥1,521
2 Short-term loans payable		952		3,495		2,542
3 Income taxes payable		2,056		8,443		6,387
4 Deferred income taxes		725		796		70
5 Accrued bonuses to employees		841		853		12
6 Accrued bonuses to officers		107		128		20
7 Others		8,171		10,584		2,413
Total current liabilities		20,290	11.2	33,259	16.2	12,968
Long-term liabilities						
1 Long-term loans payable		-		2,098		2,098
2 Deferred income taxes		761		2		(759)
3 Employees' retirement benefits		1,265		1,489		224
4 Officers' retirement benefits		983		1,062		78
5 Others		-		10		10
Total long-term liabilities		3,010	1.7	4,663	2.3	1,652
Total liabilities		23,300	12.9	37,922	18.5	14,621
(Net assets)						
Shareholders' equity						
1 Common stock		¥35,613	19.8	¥35,613	17.4	-
2 Capital surplus		5,822	3.2	5,822	2.8	(0)
3 Retained earnings		106,463	59.1	116,748	56.9	10,285
4 Treasury stock		(2,125)	(1.2)	(96)	(0.0)	2,029
Total shareholders' equity		145,773	80.9	158,088	77.1	12,315
Valuation and translation adjustments						
1 Unrealized gain on other securities		5,224	2.9	1,641	0.8	(3,582)
2 Foreign currency translation adjustments		5,205	2.9	6,615	3.2	1,410
Total valuation and translation adjustments		10,429	5.8	8,257	4.0	(2,172)
Minority interest		769	0.4	914	0.4	145
Total net assets		156,972	87.1	167,260	81.5	10,287
Total liabilities and net assets		¥180,273	100.0	¥205,183	100.0	¥24,909

Consolidated Statements of Income

(Millions of yen)

Accounts	Periods	FY2006		FY2007		Difference
		Jan. 1, 2006 to Dec. 31, 2006		Jan. 1, 2007 to Dec. 31, 2007		
		Amount	Ratio	Amount	Ratio	Amount
			%		%	
Net sales		¥170,303	100.0	¥211,767	100.0	¥41,463
Cost of sales		111,666	65.6	138,738	65.5	27,071
Gross profit		58,636	34.4	73,028	34.5	14,392
Selling, general and administrative expenses		37,728	22.1	41,691	19.7	3,962
Operating income		20,907	12.3	31,336	14.8	10,429
Non-operating income						
1 Interest and dividend income		1,719		2,000		280
2 Others		572		432		(140)
Total non-operating income		2,292	1.3	2,432	1.2	140
Non-operating expenses						
1 Interest expense		214		537		322
2 Others		2,021		2,968		946
Total non-operating expenses		2,235	1.3	3,505	1.7	1,269
Ordinary income		20,963	12.3	30,263	14.3	9,299
Extraordinary gains						
1 Gain on sales of investment securities		226		638		411
Total extraordinary gains		226	0.1	638	0.3	411
Extraordinary losses						
1 Devaluation loss on inventories		1,057		-		(1,057)
2 Loss on impairment		385		-		(385)
Total extraordinary losses		1,443	0.8	-	-	(1,443)
Net income before income taxes and minority interest		19,746	11.6	30,901	14.6	11,155
Income tax-current		6,099	3.6	13,357	6.3	7,257
Income tax-deferred		(267)	(0.2)	(2,543)	(1.2)	(2,275)
Minority interest in net income		141	0.1	194	0.1	52
Net income		¥13,773	8.1	¥19,894	9.4	¥6,120

Consolidated Statements of Shareholders' Equity

January 1, 2006 to December 31, 2006

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2005	¥35,613	¥15,455	¥104,481	(¥255)	¥155,293
Changes of items during the year					
Distribution of surplus			(3,342)		(3,342)
Net income			13,773		13,773
Bonuses to officers			(107)		(107)
Acquisition of treasury stock				(20,003)	(20,003)
Retirement of treasury stock		(9,632)	(8,500)	18,133	0
Inclusion of newly consolidated subsidiaries			159		159
Net changes of items other than shareholders' equity					-
Total changes of items during the year	-	(9,632)	1,981	(1,869)	(9,520)
Balance as of December 31, 2006	¥35,613	¥5,822	¥106,463	(¥2,125)	¥145,773

	Valuation and translation adjustments			Minority interest	Total net assets
	Unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2005	¥4,905	¥874	¥5,780	¥540	¥161,614
Changes of items during the year					
Distribution of surplus			-		(3,342)
Net income			-		13,773
Bonuses to officers			-		(107)
Acquisition of treasury stock			-		(20,003)
Retirement of treasury stock			-		0
Inclusion of newly consolidated subsidiaries			-		159
Net changes of items other than shareholders' equity	318	4,330	4,649	229	4,878
Total changes of items during the year	318	4,330	4,649	229	(4,641)
Balance as of December 31, 2006	¥5,224	¥5,205	¥10,429	¥769	¥156,972

January 1, 2007 to December 31, 2007

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2006	¥35,613	¥5,822	¥106,463	(¥2,125)	¥145,773
Changes of items during the year					
Distribution of surplus			(3,683)		(3,683)
Net income			19,894		19,894
Acquisition of treasury stock				(3,816)	(3,816)
Retirement of treasury stock		(0)	(5,844)	5,845	0
Inclusion of newly consolidated subsidiaries			(80)		(80)
Total changes of items during the year	-	(0)	10,285	2,029	12,315
Balance as of December 31, 2007	¥35,613	¥5,822	¥116,748	(¥96)	¥158,088

	Valuation and translation adjustments			Minority interest	Total net assets
	Unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2006	¥5,224	¥5,205	¥10,429	¥769	¥156,972
Changes of items during the year					
Distribution of surplus					(3,683)
Net income					19,894
Acquisition of treasury stock					(3,816)
Retirement of treasury stock					0
Inclusion of newly consolidated subsidiaries					(80)
Net changes of items other than shareholders' equity	(3,582)	1,410	(2,172)	145	(2,027)
Total changes of items during the year	(3,582)	1,410	(2,172)	145	10,287
Balance as of December 31, 2007	¥1,641	¥6,615	¥8,257	¥914	¥167,260

Consolidated Statements of Cash Flows

(Millions of yen)

Accounts	Periods	FY2006	FY2007	Difference
		Jan. 1, 2006 to Dec. 31, 2006	Jan. 1, 2007 to Dec. 31, 2007	
		Amount	Amount	Amount
Cash flows from operating activities:				
Income before income taxes and minority interest		¥19,746	¥30,901	¥11,155
Depreciation and amortization		7,650	8,232	581
Loss on impairment		385	49	(335)
Allowance for doubtful receivables		9	240	231
Employees' retirement benefits		(665)	223	888
Officers' retirement benefits		112	78	(33)
Loss on sales/revaluation of investment securities		(219)	(649)	(430)
Loss on revaluation of golf membership		0	-	(0)
Interest and dividend income		(1,719)	(2,000)	(280)
Interest expense		214	537	322
Gain on sale/disposal of fixed assets		54	122	67
Notes and accounts receivable		884	(4,386)	(5,270)
Inventories		(3,712)	(2,790)	921
Notes and accounts payable		288	1,154	866
Accrued sales rebates		(87)	55	143
Accrued bonuses to officers		(107)	-	107
Others, net		(1,864)	3,088	4,953
Subtotal		20,970	34,858	13,888
Interest and dividend income received		1,643	2,090	447
Interest expense paid		(215)	(536)	(320)
Income taxes paid		(6,884)	(7,042)	(157)
Net cash provided by operating activities		15,513	29,369	13,856
Cash flows from investing activities:				
Purchase of time deposits		(2,777)	(3,159)	(382)
Proceeds from maturities of time deposits		6,825	2,796	(4,028)
Acquisition of property, plant and equipment		(6,631)	(6,693)	(62)
Acquisition of intangible assets		(3,736)	(1,695)	2,040
Acquisition of investment securities		(10)	(1,115)	(1,104)
Proceeds from sales of investment securities		407	851	444
Payments for acquisition of newly consolidated subsidiaries		-	(872)	(872)
Proceeds from collections of loans		43	(68)	(111)
Others, net		(226)	48	274
Net cash provided by (used in) investing activities		(6,105)	(9,908)	(3,802)
Cash flows from financing activities:				
Increase in short-term bank loans		221	2,368	2,146
Proceeds from long-term debt		-	2,093	2,093
Repayment of long term debt		(704)	(24)	680
Acquisition of treasury stock		(20,003)	(3,816)	16,187
Gain on retirement of treasury stock		0	0	(0)
Cash dividends to shareholders		(3,376)	(3,686)	(309)
Cash dividends to minority shareholders		-	(42)	(42)
Net cash used in financing activities		(23,862)	(3,107)	20,755
Effect of exchange rate changes on cash and cash equivalents		2,424	280	(2,144)
Net increase (decrease) in cash and cash equivalents		(12,029)	16,634	28,664
Cash and cash equivalents at beginning of the year		48,015	36,057	(11,957)
Effect of initial inclusion of subsidiaries in consolidation		72	-	(72)
Cash and cash equivalents at end of the year		¥36,057	¥52,691	¥16,634

(5) Basis of Presenting Consolidated Financial Statements

<p style="text-align: center;">FY2006 { Jan. 1, 2006 } to Dec. 31, 2006</p>	<p style="text-align: center;">FY2007 { Jan. 1, 2007 } to Dec. 31, 2007</p>
<p>1. Consolidation</p> <p>(1) The consolidated financial statements include the accounts of the Company and the 33 subsidiaries whose names are stated on "1. Outline of the Group" on Page 2 of the Attachment. Shimano Nordic Cycle AS and Shimano Oceania Ltd. were newly established during fiscal 2006 and subsequently consolidated. Shimano Australia Pty. Ltd. was included in the scope of consolidation since its effect on the consolidated statements has become material as a result of the establishment of its operational systems during the second half of fiscal 2006 and its increased importance as a geographical G. Loomis Products, Inc. and G. Loomis Sporting Goods, Inc. were excluded from the scope of consolidation due to their dissolution.</p>	<p>1. Consolidation</p> <p>(1) The consolidated financial statements include the accounts of the Company and the 34 subsidiaries whose names are stated on "1. Outline of the Group" on Page 6 of the Attachment. Previous affiliate Liangyungang Wooyun Shoes Co., Ltd. was included in the scope of consolidation during the fiscal year under review due to an additional acquisition of shares. However, as the deemed acquisition date was the last day of the fiscal year, the company was consolidated in the balance sheet only.</p>
<p>4. Summary of significant accounting policies</p> <p>(2) Depreciation and amortization of principal fixed assets</p> <p>Property, plant and equipment</p> <p>Property, plant and equipment of the Company and its consolidated domestic subsidiaries are depreciated principally by the declining-balance method based on the estimated useful lives of the respective assets.</p> <p>Depreciation of property, plant and equipment of consolidated foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the respective assets. Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the assets. The straight-line method is applied to buildings acquired on or after April 1, 1998, at rates based on the estimated useful lives of the respective assets.</p>	<p>4. Summary of significant accounting policies</p> <p>(2) Depreciation and amortization of principal fixed assets</p> <p>Property, plant and equipment</p> <p>Property, plant and equipment acquired on or before March 31, 2007</p> <p>Property, plant and equipment of the Company and its consolidated domestic subsidiaries are depreciated principally by the former declining-balance method based on the estimated useful lives of the respective assets.</p> <p>Depreciation of property, plant and equipment of consolidated foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the respective assets. Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the assets. The former straight-line method is applied to buildings (excluding building fixtures) acquired on or after April 1, 1998, at rates based on the estimated useful lives of the respective assets.</p> <p>Property, plant and equipment acquired on or after April 1, 2007</p> <p>Property, plant and equipment of the Company and its consolidated domestic subsidiaries are depreciated principally by the declining-balance method based on the estimated useful lives of the respective assets. Depreciation of property, plant and equipment of consolidated foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the respective assets.</p>

Since no significant changes have been made for items other than the above 1 and 4 from the information in the recent securities report (submitted on March 30, 2007), disclosure of other items is omitted.

(6) Changes in the Basis of Presentation of the Consolidated Financial Statements and Significant Accounting Policies

FY2006 (Jan. 1, 2006 to Dec. 31, 2006)	FY2007 (Jan. 1, 2007 to Dec. 31, 2007)
<p>(Balance-sheet presentation of net assets)</p> <p>(Partial revision of accounting standards relating to decreases in treasury stock and legal reserves)</p> <p>Effective the fiscal year ended December 31, 2006, the Company adopted the “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5, December 9, 2005) and the “Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005), along with the revised “Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (ASBJ Statement No. 1, final version issued on August 11, 2006) and the “Implementation Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (ASBJ Guidance No. 2, final version issued on August 11, 2006).</p> <p>The impact on profit and loss of this change is immaterial.</p> <p>Total shareholders’ equity as of December 31, 2006, in accordance with the previous accounting standards would have been 156,203 million yen.</p> <p>With respect to the revision to the Regulation for Terminologies, Forms and Methods of Preparation of Consolidated Financial Statements, the consolidated financial statements for the fiscal year ended December 31, 2006, are in accordance with this revised regulation.</p> <p>(Bonuses to officers)</p> <p>Effective the fiscal year ended December 31, 2006, the Company adopted the Accounting Standards Board of Japan (ASBJ) “Accounting Standard for Directors’ Bonus” (ASBJ Statement No. 4, November 29, 2005).</p> <p>As a result, selling, general and administrative expenses increased 107 million yen and operating income, ordinary income and income before income taxes and minority interest each decreased by the same amount.</p> <p>The impact of this change on segment information is immaterial.</p>	<hr style="width: 20%; margin: auto;"/>

<p style="text-align: center;">FY2006 (Jan. 1, 2006 to Dec. 31, 2006)</p>	<p style="text-align: center;">FY2007 (Jan. 1, 2007 to Dec. 31, 2007)</p>
<p>(Retirement benefits)</p> <p>Effective the fiscal year ended December 31, 2006, the Company adopted the partially revised “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 3, March 16, 2005) and the “Implementation Guidance on Partial Revision of the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 7, March 16, 2005).</p> <p>As a result, operating income, ordinary income and income before income taxes each increased by 61 million yen.</p> <p>The impact of this change on segment information is immaterial</p> <p style="text-align: center;">_____</p>	<p>(Depreciation of fixed assets)</p> <p>Effective the fiscal year ended December 31, 2007, in accordance with fiscal 2007 revisions to the Corporate Tax Law (Law for Partial Amendment of the Income Tax Law, etc. (March 30, 2007, Law No. 6) and the Cabinet Order for Partial Amendment of the Corporate Tax Law Enforcement Ordinance (March 30, 2007, Cabinet Order No. 83)), the Company changed the method of calculating depreciation of assets acquired on or after April 1, 2007, to a method in accordance with the revised Corporate Tax Law.</p> <p>The impact of this change on profit and loss is immaterial.</p> <p>(Loss on impairment)</p> <p>Loss on impairment was previously treated as an extraordinary loss. The loss on impairment for the fiscal year ended December 31, 2007, was not significant and was treated as a non-operating expense.</p> <p>As a result, compared with the previous method of accounting treatment, ordinary income for the fiscal year decreased by 49 million yen.</p>

(7) Notes relating to Consolidated Financial Statements

(Notes relating to consolidated balance sheets)

FY2006 (As of Dec. 31, 2006)	FY2007 (As of Dec. 31, 2007)
<p>1. The following pertains to non-consolidated subsidiaries and affiliates.</p> <p style="padding-left: 40px;">Investment securities 422 million yen (Non-consolidated subsidiaries' and affiliates' stocks) (422 million yen)</p> <p>2. As the fiscal year-end fell on a holiday for financial institutions, notes receivables with maturity dates on the fiscal year-end date were cashed on the date of clearing. The following amount of notes receivable with maturity dates on the fiscal year-end date was included in the balance of notes receivable at fiscal year-end.</p> <p style="padding-left: 40px;">Notes receivable 73 million yen</p> <p>3. Accumulated depreciation of property, plan and equipment 86,521 million yen</p>	<p>1. The following pertains to non-consolidated subsidiaries and affiliates.</p> <p style="padding-left: 40px;">Investment securities 358 million yen (Non-consolidated subsidiaries' and affiliates' stocks) (358 million yen)</p> <p>2. As the fiscal year-end fell on a holiday for financial institutions, notes receivables with maturity dates on the fiscal year-end date were cashed on the date of clearing. The following amount of notes receivable with maturity dates on the fiscal year-end date was included in the balance of notes receivable at fiscal year-end.</p> <p style="padding-left: 40px;">Notes receivable 92 million yen</p> <p>3. Accumulated depreciation of property, plan and equipment 86,887 million yen</p>

(Notes relating to consolidated statements of income)

FY2006 〔 Jan. 1, 2006 to Dec. 31, 2006 〕	FY2007 〔 Jan. 1, 2007 to Dec. 31, 2007 〕
<p>Main components of selling, general and administrative expenses for the fiscal year ended December 31, 2006</p> <p style="padding-left: 40px;">1 Salaries and wages 7,872 million yen 2 Advertising and sales promotion expense 6,372 million yen</p> <p>R&D expenses included in selling, general and administrative expenses and manufacturing expenses for the fiscal year ended December 31, 2006 7,035 million yen</p>	<p>Main components of selling, general and administrative expenses for the fiscal year ended December 31, 2007</p> <p style="padding-left: 40px;">1 Salaries and wages 8,949 million yen 2 Advertising and sales promotion expense 6,221 million yen</p> <p>R&D expenses included in selling, general and administrative expenses and manufacturing expenses for the fiscal year ended December 31, 2007 8,038 million yen</p>

FY2006 〔 Jan. 1, 2006 to Dec. 31, 2006 〕				FY2007 〔 Jan. 1, 2007 to Dec. 31, 2007 〕																									
The Group recognized impairment losses for the following groups of fixed assets				The Group recognized impairment losses for the following groups of fixed assets																									
Use	Category	Location	Remarks	Use	Category	Location	Remarks																						
Production and operational facilities of bicycle components	Buildings and structures Machinery and vehicles Others (Tools, equipment and furniture)	Sakai City, Osaka Shimonoseki City, Yamaguchi	Idle assets	Production and operational facilities of bicycle components	Buildings and structures Machinery and vehicles Others (Tools, equipment and furniture)	Sakai City, Osaka Shimonoseki City, Yamaguchi Malaysia	Idle assets																						
Production and operational facilities of fishing tackle	Buildings and structures Machinery and vehicles Land Others (Tools, equipment and furniture)	Sakai City, Osaka Yotsukaido City, Chiba	Idle assets	Production facilities of fishing tackle	Machinery and vehicles Others (Tools, equipment and furniture)	Sakai City, Osaka	Idle assets																						
Production facilities of other segments	Others (Tools, equipment and furniture)	Sakai City, Osaka	Idle assets	Production facilities of other segments	Others (Tools, equipment and furniture)	Sakai City, Osaka	Idle assets																						
<p>(Background)</p> <p>The book values of idle assets of production and operational facilities of bicycle components, production and operational facilities of fishing tackle, and production facilities of other segments were reduced to recoverable values because they are unscheduled for business use. The difference between the book values and the recoverable values was recorded as a loss on impairment (385 million yen) and included in extraordinary losses.</p> <p>(Amount of impairment losses) (Millions of yen)</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Buildings and structures</td> <td>47</td> </tr> <tr> <td>Machinery and vehicle</td> <td>151</td> </tr> <tr> <td>Land</td> <td>110</td> </tr> <tr> <td>Others (Tools, equipment and furniture)</td> <td>76</td> </tr> <tr> <td>Total</td> <td>385</td> </tr> </tbody> </table>				Type	Amount	Buildings and structures	47	Machinery and vehicle	151	Land	110	Others (Tools, equipment and furniture)	76	Total	385	<p>(Background)</p> <p>The book values of idle assets of production and operational facilities of bicycle components, production facilities of fishing tackle, and production facilities of other segments were reduced to recoverable values because they are unscheduled for business use. The difference between the book values and the recoverable values was recorded as a loss on impairment (49 million yen) and included in non-operating expenses.</p> <p>(Amount of impairment losses) (Millions of yen)</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Buildings and structures</td> <td>18</td> </tr> <tr> <td>Machinery and vehicle</td> <td>29</td> </tr> <tr> <td>Others (Tools, equipment and furniture)</td> <td>2</td> </tr> <tr> <td>Total</td> <td>49</td> </tr> </tbody> </table>				Type	Amount	Buildings and structures	18	Machinery and vehicle	29	Others (Tools, equipment and furniture)	2	Total	49
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Total	385																												
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Machinery and vehicle	29																												
Others (Tools, equipment and furniture)	2																												
Total	49																												

<p style="text-align: center;">FY2006 (Jan. 1, 2006 to Dec. 31, 2006)</p>	<p style="text-align: center;">FY2007 (Jan. 1, 2007 to Dec. 31, 2007)</p>
<p>(Method of grouping) The Group's assets are grouped by industrial segment and in the minimum unit that produces cash flow. Assets that are currently idle and unscheduled for business use are grouped as idle assets. Assets for lease are grouped by each property.</p> <p>(Method of calculation of recoverable value) Recoverable value is stated at net sale value, which is either residual value or assessed value of fixed assets, in view of immateriality of net sale value.</p>	<p>(Method of grouping) The same as at left</p> <p>(Method of calculation of recoverable value) The same as at left</p>

(Notes relating to consolidated statements of cash flows)

FY2006 (Jan. 1, 2006 to Dec. 31, 2006)	FY2007 (Jan. 1, 2007 to Dec. 31, 2007)												
<p>Relation between cash and cash equivalents at the end of the year and the accounts in the consolidated balance sheets (as of December 31, 2006)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Cash and time deposits</td> <td style="text-align: right;">38,834 million yen</td> </tr> <tr> <td>Time deposits with maturity exceeding three months</td> <td style="text-align: right;"><u>(2,777) million yen</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">36,057 million yen</td> </tr> </table>	Cash and time deposits	38,834 million yen	Time deposits with maturity exceeding three months	<u>(2,777) million yen</u>	Cash and cash equivalents	36,057 million yen	<p>Relation between cash and cash equivalents at the end of the year and the accounts in the consolidated balance sheets (as of December 31, 2007)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Cash and time deposits</td> <td style="text-align: right;">55,851 million yen</td> </tr> <tr> <td>Time deposits with maturity exceeding three months</td> <td style="text-align: right;"><u>(3,159) million yen</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">52,691 million yen</td> </tr> </table>	Cash and time deposits	55,851 million yen	Time deposits with maturity exceeding three months	<u>(3,159) million yen</u>	Cash and cash equivalents	52,691 million yen
Cash and time deposits	38,834 million yen												
Time deposits with maturity exceeding three months	<u>(2,777) million yen</u>												
Cash and cash equivalents	36,057 million yen												
Cash and time deposits	55,851 million yen												
Time deposits with maturity exceeding three months	<u>(3,159) million yen</u>												
Cash and cash equivalents	52,691 million yen												

Segment Information

(1) Segment by Industry

FY2006 (Jan. 1, 2006 - Dec. 31, 2006)

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
.Net sales & operating income (loss)						
Net sales						
1) Third parties	122,793	44,167	3,342	170,303	-	170,303
2) Inter-segment	-	-	-	-	(-)	-
Total	122,793	44,167	3,342	170,303	(-)	170,303
Operating expenses	103,859	42,204	3,332	149,395	(-)	149,395
Operating income	18,934	1,963	9	20,907	(-)	20,907
.Total assets, depreciation & investment						
Total assets	105,941	25,579	2,572	134,093	46,179	180,273
Depreciation	5,849	1,632	168	7,650	-	7,650
Loss on impairment	202	183	0	385	-	385
Investment	8,727	1,485	153	10,367	-	10,367

FY2007 (Jan. 1, 2007 - Dec. 31, 2007)

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
.Net sales & operating income (loss)						
Net sales						
1) Third parties	157,839	50,376	3,551	211,767	-	211,767
2) Inter-segment	-	-	-	-	(-)	-
Total	157,839	50,376	3,551	211,767	(-)	211,767
Operating expenses	130,283	46,576	3,570	180,430	(-)	180,430
Operating income (loss)	27,556	3,799	(18)	31,336	(-)	31,336
.Total assets, depreciation & investment						
Total assets	115,662	26,542	2,389	144,594	60,589	205,183
Depreciation	6,582	1,502	147	8,232	-	8,232
Loss on impairment	47	1	1	49	-	49
Investment	7,156	1,213	19	8,389	-	8,389

Notes: 1. Industrial segments are determined in light of the intended use of the Company's product lines.

2. Representative products of each industrial segment:

Bicycle components - Freewheels, front gears, derailleurs, brakes, etc.

Fishing tackle - Reels, rods, etc.

Others - Cold forged products, snowboard equipment, etc.

3. The amount of common assets belonging to Corporate/Elimination was 60,589 million yen as of Dec. 31, 2007, and 46,179 million yen as of Dec. 31, 2006. Surplus assets (cash and time deposits) and long-term investment assets (investment securities) were the primary components.

(2) Segment by Geography

FY2006 (Jan. 1, 2006 - Dec. 31, 2006)

(Millions of yen)

	Japan	North America	Europe	Asia	Others	Total	Corporate/ Elimination	Consolidated
Net sales								
1) Third parties	113,096	20,468	22,448	13,189	1,101	170,303	-	170,303
2) Inter-segment	25,793	257	2,176	46,340	6	74,575	(74,575)	-
Total	138,890	20,726	24,625	59,529	1,107	244,878	(74,575)	170,303
Operating expenses	128,304	19,595	23,386	51,721	963	223,971	(74,575)	149,395
Operating income	10,586	1,130	1,238	7,807	144	20,907	-	20,907

FY2007 (Jan. 1, 2007 - Dec. 31, 2007)

(Millions of yen)

	Japan	North America	Europe	Asia	Others	Total	Corporate/ Elimination	Consolidated
Net sales								
1) Third parties	143,336	21,532	29,092	16,402	1,403	211,767	-	211,767
2) Inter-segment	27,654	261	2,863	61,954	2	92,737	(92,737)	-
Total	170,991	21,794	31,955	78,357	1,405	304,504	(92,737)	211,767
Operating expenses	154,658	20,499	28,930	67,887	1,192	273,168	(92,737)	180,430
Operating income	16,332	1,295	3,024	10,469	213	31,336	-	31,336

Note: 1. Countries and regions are classified according to geographic proximity.

2. Countries and regions outside Japan are classified into the following geographical areas:

North America - U.S.A. and Canada

Europe - Netherlands, Germany, United Kingdom, Italy, Belgium, France, Czech Republic, Sweden,
Norway, Finland, and Russia

Asia - Singapore, Malaysia, China, Taiwan and Indonesia

Others - Australia

(3) Overseas Sales

FY2006 (Jan. 1, 2006 - Dec. 31, 2006)

(Millions of yen)

	Americas	Europe	Asia	Others	Total
. Overseas sales	28,037	66,429	46,316	3,838	144,622
. Consolidated net sales					170,303
. Overseas sales ratio [/]	16.5%	39.0%	27.2%	2.3%	84.9%

FY2007 (Jan. 1, 2007 - Dec. 31, 2007)

(Millions of yen)

	Americas	Europe	Asia	Others	Total
. Overseas sales	29,510	86,917	63,826	4,136	184,391
. Consolidated net sales					211,767
. Overseas sales ratio [/]	13.9%	41.1%	30.1%	2.0%	87.1%

Note: 1. Countries and regions are classified according to geographic proximity.

2. Countries and regions outside Japan are classified into the following geographical areas:

Americas - U.S.A., Canada, Central and South America

Europe - Netherlands, Germany, United Kingdom, Italy, France, Sweden, Norway,
Finland and Russia

Asia - China and Taiwan

Others - Australia

3. Overseas sales refers to sales posted by the Company and its consolidated subsidiaries in countries and regions outside Japan.

(Notes relating to deferred tax accounting)

FY2006 (As of Dec. 31, 2006)	FY2007 (As of Dec. 31, 2007)
<p>1. Significant components of deferred tax assets and liabilities (Millions of yen)</p> <p>(Deferred tax assets)</p> <p>Excess of limit of accrued bonuses to employees 128</p> <p>Business tax payable 93</p> <p>Officers' retirement benefits 403</p> <p>Excess of limit of employees' retirement benefits 481</p> <p>Unrealized loss on other securities 190</p> <p>Book in excess of tax depreciation 568</p> <p>Unrealized gain on inventory 637</p> <p>Loss on revaluation of golf memberships 135</p> <p>Excess of limit of allowance for doubtful receivables 550</p> <p>Loss on impairment 444</p> <p>Book in excess of tax depreciation for small sum assets 212</p> <p>Devaluation loss on inventories 485</p> <p>Excess of foreign tax credit limit 195</p> <p>Others 532</p> <p>Total deferred tax assets <u>5,060</u></p> <p>(Deferred tax liabilities)</p> <p>Undistributed earnings of consolidated subsidiaries (174)</p> <p>Valuation of land (167)</p> <p>Tax in excess of book depreciation (371)</p> <p>Unrealized gain on other securities (3,665)</p> <p>Others (71)</p> <p>Total deferred tax liabilities <u>(4,449)</u></p> <p>Net deferred tax assets <u>610</u></p>	<p>1. Significant components of deferred tax assets and liabilities (Millions of yen)</p> <p>(Deferred tax assets)</p> <p>Excess of limit of accrued bonuses to employees 118</p> <p>Business tax payable 945</p> <p>Officers' retirement benefits 435</p> <p>Excess of limit of employees' retirement benefits 598</p> <p>Unrealized loss on other securities 556</p> <p>Book in excess of tax depreciation 542</p> <p>Unrealized gain on inventory 739</p> <p>Loss on revaluation of golf memberships 135</p> <p>Excess of limit of allowance for doubtful receivables 593</p> <p>Loss on impairment 377</p> <p>Book in excess of tax depreciation for small sum assets 133</p> <p>Devaluation loss on inventories 395</p> <p>Excess of foreign tax credit limit 1,940</p> <p>Others 650</p> <p>Total deferred tax assets <u>8,162</u></p> <p>(Deferred tax liabilities)</p> <p>Undistributed earnings of consolidated subsidiaries (240)</p> <p>Valuation of land (211)</p> <p>Tax in excess of book depreciation (367)</p> <p>Unrealized gain on other securities (1,706)</p> <p>Others (18)</p> <p>Total deferred tax liabilities <u>(2,544)</u></p> <p>Net deferred tax assets <u>5,618</u></p>
<p>2. Reconciliation between the statutory effective tax rate and the actual effective tax rate reflected in the non-consolidated statement of income</p> <p>Statutory effective tax rate <u>41.0 %</u></p> <p>(Reconciliation)</p> <p>Permanent difference-expenses 1.9 %</p> <p>Permanent difference-income (1.1) %</p> <p>Foreign tax credit (8.9) %</p> <p>Differences in tax rates with foreign subsidiaries (7.0) %</p> <p>Other 3.6 %</p> <p>Actual effective tax rate <u>29.5 %</u></p>	<p>2. Reconciliation between the statutory effective tax rate and the actual effective tax rate reflected in the non-consolidated statement of income</p> <p>Statutory effective tax rate <u>41.0 %</u></p> <p>(Reconciliation)</p> <p>Permanent difference-expenses 0.3 %</p> <p>Permanent difference-income (3.6) %</p> <p>Foreign tax credit (13.0) %</p> <p>Differences in tax rates with foreign subsidiaries 5.4 %</p> <p>Effect of elimination of dividends received from consolidated subsidiaries 6.0 %</p> <p>Other (1.1) %</p> <p>Actual effective tax rate <u>35.0 %</u></p>

(Notes relating to securities)

Fiscal 2006

1. Other securities with market prices (As of December 31, 2006)

(Securities for which the amount recorded on the consolidated balance sheet exceeds acquisition cost)

(Millions of yen)

Item	Acquisition cost	Book value	Difference
Stock	9,589	18,496	8,907
Total	9,589	18,496	8,907

(Securities for which the amount recorded on the consolidated balance sheet does not exceed acquisition cost)

(Millions of yen)

Item	Acquisition cost	Book value	Difference
Stock	654	565	(88)
Total	654	565	(88)

The Group applies impairment accounting when fair value declines over 50% compared with acquisition cost.

2. Other securities sold in fiscal 2006 (From January 1, 2006 to December 31, 2006)

(Millions of yen)

Amount sold	Total gain on sale	Total loss on sale
375	226	-

3. Other securities with no market prices and their book value (As of December 31, 2006)

Other securities

(Millions of yen)

Unlisted stock	375
Investment in investment limited partnerships	96

Note: Investment in investment limited partnerships includes the market price (net value of shares amounting to 36 million yen) of securities held by investment limited partnerships.

Fiscal 2007

1. Other securities with market prices (As of December 31, 2007)

(Securities for which the amount recorded on the consolidated balance sheet exceeds acquisition cost)

(Millions of yen)

Item	Acquisition cost	Book value	Difference
Stock	3,454	7,612	4,157
Total	3,454	7,612	4,157

(Securities for which the amount recorded on the consolidated balance sheet does not exceed acquisition cost)

(Millions of yen)

Item	Acquisition cost	Book value	Difference
Stock	7,629	6,257	(1,371)
Total	7,629	6,257	(1,371)

The Group applies impairment accounting when fair value declines over 50% compared with the acquisition

2. Other securities sold in fiscal 2007 (From January 1, 2007 to December 31, 2007)

(Millions of yen)

Amount sold	Total gain on sale	Total loss on sale
851	638	-

3. Other securities with no market prices and their book value (As of December 31, 2007)

Other securities

(Millions of yen)

Unlisted stock	378
Investment in investment limited partnerships	59

Note: Investment in investment limited partnerships includes the market price (net value of shares amounting to 4 million yen) of securities held by investment limited partnerships.

(Per share data)

FY2006 〔 Jan. 1, 2006 to Dec. 31, 2006 〕	FY2007 〔 Jan. 1, 2007 to Dec. 31, 2007 〕
Net assets per share: 1,610.51 yen Net income per share: 137.39 yen Diluted net income per share is not stated because there were no securities with dilutive effect	Net assets per share: 1,733.30 yen Net income per share: 205.96 yen The same as at left

Basis for calculation of net income per share

	FY2006 〔 Jan. 1, 2006 to Dec. 31, 2006 〕	FY2007 〔 Jan. 1, 2007 to Dec. 31, 2007 〕
Net income	13,773	19,894
Net income attributable to common stock	13,773	19,894
Amount not attributable to common shareholders	-	-
Average number of shares of common stock outstanding (thousand shares)	100,245	96,591

Disclosure of notes relating to lease transactions, derivative transactions, and employees' retirement benefits is omitted because such disclosure in the Summary of Financial Results is considered to be unnecessary.

Stock options, related party transactions, business combinations, or significant subsequent events are not applicable.

(Status of Production, Orders Received and Sales)

(1) Production

(Millions of yen)

Segment by industry	FY2006	FY2007
Bicycle components	123,845	156,470
Fishing tackle	42,742	45,195
Others	3,169	3,403
Total	169,757	205,068

Notes: 1. Production amounts are approximations based on sales prices.

2. The above amounts do not include consumption tax.

(2) Orders received

For bicycle components and fishing tackle, most production of the Company and its subsidiaries is based on sales forecasts. For cold-forged products, production is based on orders. As the value of orders received is immaterial, information on orders received is not presented.

(3) Sales

(Millions of yen)

Segment by industry	FY2006	FY2007
Bicycle components	122,793	157,839
Fishing tackle	44,167	50,376
Others	3,342	3,551
Total	170,303	211,767

Note: The above amounts do not include consumption tax.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

Accounts	FY2006		FY2007		Difference
	(As of Dec. 31, 2006)		(As of Dec. 31, 2007)		
	Amount	Ratio	Amount	Ratio	Amount
(Assets)		%		%	
Current assets					
1 Cash and time deposits	¥4,481		¥11,959		¥7,477
2 Notes receivable	1,963		1,229		(734)
3 Accounts receivable-trade	18,929		21,702		2,772
4 Finished goods and merchandise	7,455		6,530		(924)
5 Raw materials and supplies	1,181		1,495		314
6 Work in process	6,125		7,395		1,270
7 Accounts receivable-other	3,619		4,122		503
8 Deferred income taxes	809		3,825		3,015
9 Others	332		1,140		808
10 Allowance for doubtful receivables	(25)		(26)		(0)
Total current assets	44,872	43.3	59,374	52.0	14,502
Fixed assets					
1 Property, plant and equipment					
1) Buildings	7,718		7,448		(269)
2) Structures	500		441		(58)
3) Plant and machinery	3,352		3,393		41
4) Vehicles	64		60		(4)
5) Tools, equipment and furniture	2,017		2,018		1
6) Land	9,421		9,421		-
7) Construction in progress	353		426		72
Total property, plant and equipment	23,428	22.6	23,211	20.4	(217)
2 Intangible assets					
1) Industrial property rights	31		28		(2)
2) Software	3,999		6,082		2,083
3) Software development in progress	2,094		32		(2,061)
4) Others	36		33		(2)
Total intangible assets	6,161	5.9	6,177	5.4	16
3 Investments and other assets					
1) Investment securities	19,296		13,276		(6,020)
2) Subsidiaries and affiliates' stock	7,533		8,478		945
3) Investments	25		25		-
4) Investments in subsidiaries and affiliates	1,336		1,336		-
5) Long-term loans receivable	-		50		50
6) Long-term prepaid expenses	62		54		(8)
7) Deferred income taxes	-		1,191		1,191
8) Others	2,255		2,412		156
9) Allowance for doubtful receivables	(1,299)		(1,445)		(146)
Total investments and other assets	29,210	28.2	25,380	22.2	(3,830)
Total fixed assets	58,800	56.7	54,769	48.0	(4,031)
Total assets	¥103,673	100.0	¥114,144	100.0	¥10,471

Accounts	Periods		FY2006		FY2007		Difference
			(As of Dec. 31, 2006)		(As of Dec. 31, 2007)		
	Amount	Ratio	Amount	Ratio	Amount		
(Liabilities)		%		%			
Current liabilities							
1 Accounts payable-trade	¥9,979		¥11,530		¥1,551		
2 Short-term loans payable	15,118		-		(15,118)		
3 Accounts payable-other	2,951		3,565		614		
4 Income taxes payable	544		7,106		6,562		
5 Accrued expenses	181		80		(100)		
6 Deposit payable	4,801		1,359		(3,441)		
7 Accrued bonuses to employees	195		203		8		
8 Accrued bonuses to officers	100		120		20		
9 Others	435		685		249		
Total current liabilities	34,307	33.1	24,652	21.6	(9,654)		
Long-term liabilities							
1 Employees' retirement benefits	1,169		1,383		214		
2 Officers' retirement benefits	983		1,062		78		
3 Deferred income taxes	760		-		(760)		
Total long-term liabilities	2,912	2.8	2,445	2.1	(466)		
Total liabilities	37,219	35.9	27,098	23.7	(10,121)		
(Net assets)							
Shareholders' equity							
1 Common stock	35,613	34.4	35,613	31.2	-		
2 Capital surplus							
Capital reserve	5,822		5,822		-		
Other capital surplus	0		-		(0)		
Total capital surplus	5,822	5.6	5,822	5.1	(0)		
3 Retained earnings							
Legal reserve	3,194		3,194		-		
Other legal reserve							
Unappropriated retained earnings	18,727		40,860		22,133		
Total retained earnings	21,921	21.1	44,054	38.6	22,133		
4 Treasury stock	(2,125)	(2.0)	(96)	(0.1)	2,029		
Total shareholders' equity	61,231	59.1	85,394	74.8	24,163		
Valuation and transaction adjustments							
1 Unrealized gain on other securities	5,221		1,651		(3,570)		
Total valuation and transaction adjustments	5,221	5.0	1,651	1.5	(3,570)		
Total net assets	66,453	64.1	87,045	76.3	20,592		
Total liabilities and net assets	¥103,673	100.0	¥114,144	100.0	¥10,471		

(2) Non-consolidated Statements of Income

(Millions of yen)

Accounts	Periods	FY2006		FY2007		Difference	
		〔 Jan. 1, 2006 to Dec. 31, 2006 〕		〔 Jan. 1, 2007 to Dec. 31, 2007 〕			
		Amount	Ratio	Amount	Ratio	Amount	
Net sales		¥136,744	100.0		¥168,443	100.0	¥31,699
Cost of sales		103,424	75.6		126,693	75.2	23,268
Gross profit		33,319	24.4		41,750	24.8	8,430
Selling, general and administrative expenses		23,938	17.5		26,376	15.7	2,437
Operating income		9,381	6.9		15,373	9.1	5,992
Non-operating income							
1 Interest and dividend income	2,863			24,431			21,567
2 Others	411	3,275	2.4	256	24,687	14.7	(154)
Non-operating expenses							
1 Interest expenses	125			58			(67)
2 Others	1,037	1,162	0.9	2,010	2,068	1.2	973
Ordinary income		11,493	8.4		37,993	22.6	26,499
Extraordinary gains							
1 Gain on sales of investment securities	226			638			412
2 Bad debt recovered	44	270	0.2	-	638	0.3	(44)
Extraordinary losses							
1 Loss on impairment	385			-			(385)
2 Devaluation loss on inventories	947	1,333	1.0	-	-	-	(947)
Income before income taxes		10,430	7.6		38,631	22.9	28,201
Income tax-current	3,012			9,455			6,443
Income tax-deferred	(444)	2,567	1.8	(2,485)	6,969	4.1	(2,040)
Net income		¥7,862	5.8		¥31,662	18.8	¥23,799

(3) Non-consolidated Statement of Shareholders' Equity

Fiscal 2006 (From January 1, 2006 to Dec. 31, 2006)

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance as of December 31, 2005	35,613	5,822	9,632	15,455
Change of items during the year				
Retirement of treasury stock			(9,632)	(9,632)
Total changes of items during the year	-	-	(9,632)	(9,632)
Balance as of December 31, 2006	35,613	5,822	0	5,822

	Shareholders' equity				
	Retained earnings			Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings	Total retained earnings		
		Unappropriated retained earnings			
Balance as of December 31, 2005	3,194	22,807	26,001	(255)	76,813
Change of items during the year					
Distribution of surplus (Note 1)		(3,342)	(3,342)		(3,342)
Net income		7,862	7,862		7,862
Bonuses to officers (Note 2)		(100)	(100)		(100)
Acquisition of treasury stock				(20,003)	(20,003)
Retirement of treasury stock		(8,500)	(8,500)	18,133	0
Total changes of items during the year	-	(4,080)	(4,080)	(1,869)	(15,582)
Balance as of December 31, 2006	3,194	18,727	21,921	(2,125)	61,231

	Valuation and translation adjustments		Total net assets
	Unrealized gain on other securities	Total valuation and translation adjustments	
Balance as of December 31, 2005	4,903	4,903	81,716
Change of items during the year			
Distribution of surplus (Note 1)			(3,342)
Net income			7,862
Bonuses to officers (Note 2)			(100)
Acquisition of treasury stock			(20,003)
Retirement of treasury stock			0
Net changes of items other than shareholders' equity	318	318	318
Total changes of items during the year	318	318	(15,263)
Balance as of December 31, 2006	5,221	5,221	66,453

Notes:

1. Of this amount, 1,592 million yen corresponds to an appropriation of retained earnings approved at the General Meeting of Shareholders held in March 2006.
2. Appropriation of retained earnings approved at the General Meeting of Shareholders held in March 2006.

Fiscal 2007 (From January 1, 2007 to December 31, 2007)

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance as of December 31, 2006	35,613	5,822	0	5,822
Change of items during the year				
Retirement of treasury stock			(0)	(0)
Total changes of items during the year	-	-	(0)	(0)
Balance as of December 31, 2007	35,613	5,822	-	5,822

	Shareholders' equity				
	Retained earnings			Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings	Total retained earnings		
		Unappropriated retained earnings			
Balance as of December 31, 2006	3,194	18,727	21,921	(2,125)	61,231
Change of items during the year					
Distribution of surplus		(3,683)	(3,683)		(3,683)
Net income		31,662	31,662		31,662
Acquisition of treasury stock				(3,816)	(3,816)
Retirement of treasury stock		(5,844)	(5,844)	5,845	0
Total changes of items during the year	-	22,133	22,133	2,029	24,163
Balance as of December 31, 2007	3,194	40,860	44,054	(96)	85,394

	Valuation and translation adjustments		Total net assets
	Unrealized gain on other securities	Total valuation and translation adjustments	
Balance as of December 31, 2006	5,221	5,221	66,453
Change of items during the year			
Distribution of surplus			(3,683)
Net income			31,662
Acquisition of treasury stock			(3,816)
Retirement of treasury stock			0
Net changes of items other than shareholders' equity	(3,570)	(3,570)	(3,570)
Total changes of items during the year	(3,570)	(3,570)	20,592
Balance as of December 31, 2007	1,651	1,651	87,045

(4) Changes in the Basis of Presentation of the Financial Statements and Significant Accounting Policies

<p style="text-align: center;">FY2006 (Jan. 1, 2006) to Dec. 31, 2006)</p>	<p style="text-align: center;">FY2007 (Jan. 1, 2007) to Dec. 31, 2007)</p>
<p>(Balance-sheet presentation of net assets) (Partial revision of accounting standards relating to decreases in treasury stock and legal reserves)</p> <p>Effective the fiscal year ended December 31, 2006, the Company adopted the “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5, December 9, 2005) and the “Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005), along with the revised “Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (ASBJ Statement No. 1, final version issued on August 11, 2006) and the “Implementation Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (ASBJ Guidance No. 2, final version issued on August 11, 2006).</p> <p>The impact on profit and loss of this change is immaterial.</p> <p>Total shareholders’ equity as of December 31, 2006, in accordance with the previous accounting standards would have been 66,453 million yen.</p> <p>With respect to the revision to the Regulation for Terminologies, Forms and Methods of Preparation of Financial Statements, financial statements for the fiscal year ended December 31, 2006, are in accordance with this revised regulation.</p> <p>(Bonuses to officers)</p> <p>Effective the fiscal year ended December 31, 2006, the Company adopted the Accounting Standards Board of Japan (ASBJ) “Accounting Standard for Directors’ Bonus” (ASBJ Statement No. 4, November 29, 2005).</p> <p>As a result, selling, general and administrative expenses increased 100 million yen and operating income, ordinary income and income before income taxes and minority interest each decreased by the same amount.</p>	<p style="text-align: center;">—————</p>

<p style="text-align: center;">FY2006 〔 Jan. 1, 2006 〕 to Dec. 31, 2006〕</p>	<p style="text-align: center;">FY2007 〔 Jan. 1, 2007 〕 to Dec. 31, 2007〕</p>
<p>(Retirement benefits)</p> <p>Effective the fiscal year ended December 31, 2006, the Company adopted the partially revised “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 3, March 16, 2005) and the “Implementation Guidance on Partial Revision of the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 7, March 16, 2005).</p> <p>As a result, operating income, ordinary income and income before income taxes each increased by 61 million yen.</p> <p style="text-align: center;">—————</p>	<p>(Depreciation of fixed assets)</p> <p>Effective the fiscal year ended December 31, 2007, in accordance with fiscal 2007 revisions to the Corporate Tax Law (Law for Partial Amendment of the Income Tax Law, etc. (March 30, 2007, Law No. 6) and the Cabinet Order for Partial Amendment of the Corporate Tax Law Enforcement Ordinance (March 30, 2007, Cabinet Order No. 83)), the Company changed the method of calculating depreciation of assets acquired on or after April 1, 2007, to a method in accordance with the revised Corporate Tax Law.</p> <p>The impact of this change on profit and loss is immaterial.</p> <p>(Loss on impairment)</p> <p>Loss on impairment was previously treated as an extraordinary loss. The loss on impairment for the fiscal year ended December 31, 2007, was not significant and was treated as a non-operating expense.</p> <p>As a result, compared with the previous method of accounting treatment, ordinary income for the fiscal year under review decreased by 37 million yen.</p>

(5) Notes relating to non-consolidated financial statements

(Notes relating to non-consolidated balance sheets)

FY2006 (As of Dec. 31, 2006)	FY2007 (As of Dec. 31, 2007)
Accumulated depreciation of property, plant and equipment 52,135 million yen	Accumulated depreciation of property, plant and equipment 53,348 million yen

(Notes relating to non-consolidated statements of income)

FY2006 (to Dec. 31, 2006 to Dec. 31, 2006)	FY2007 (Jan. 1, 2007 to Dec. 31, 2007)
1. Dividend income from affiliated companies amounted to 2,538 million yen. 2. R&D expenses included in selling, general and administrative expenses and manufacturing expenses amounted to 6,640 million yen.	1. Dividend income from affiliated companies amounted to 24,011 million yen. 2. R&D expenses included in selling, general and administrative expenses and manufacturing expenses amounted to 7,591 million yen.

(Notes relating to deferred tax accounting)

FY2006 (As of Dec. 31, 2006)	FY2007 (As of Dec. 31, 2007)
<p>1. Significant components of deferred tax assets and liabilities (Millions of yen)</p> <p>(Deferred tax assets)</p> <p>Excess of limit of accrued bonuses to employees 80</p> <p>Business tax payable 76</p> <p>Officers' retirement benefits 403</p> <p>Excess of limit of employees' retirement benefits 453</p> <p>Unrealized loss on other securities 190</p> <p>Book in excess of tax depreciation 544</p> <p>Loss on revaluation of golf memberships 130</p> <p>Excess of limit of allowance for doubtful receivables 527</p> <p>Loss on impairment 408</p> <p>Book in excess of tax depreciation for small sum assets 210</p> <p>Devaluation loss on inventories 388</p> <p>Excess of foreign tax credit limit 195</p> <p>Others 104</p> <p>Total deferred tax assets <u>3,714</u></p> <p>(Deferred tax liabilities)</p> <p>Unrealized gain on other securities <u>(3,664)</u></p> <p>Total deferred tax liabilities <u>(3,664)</u></p> <p>Net deferred tax assets <u>49</u></p>	<p>1. Significant components of deferred tax assets and liabilities (Millions of yen)</p> <p>(Deferred tax assets)</p> <p>Excess of limit of accrued bonuses to employees 83</p> <p>Business tax payable 929</p> <p>Officers' retirement benefits 435</p> <p>Excess of limit of employees' retirement benefits 567</p> <p>Unrealized loss on other securities 556</p> <p>Book in excess of tax depreciation 523</p> <p>Loss on revaluation of golf memberships 130</p> <p>Excess of limit of allowance for doubtful receivables 567</p> <p>Loss on impairment 340</p> <p>Book in excess of tax depreciation for small sum assets 131</p> <p>Devaluation loss on inventories 283</p> <p>Excess of foreign tax credit limit 1,940</p> <p>Others 229</p> <p>Total deferred tax assets <u>6,720</u></p> <p>(Deferred tax liabilities)</p> <p>Unrealized gain on other securities <u>(1,704)</u></p> <p>Total deferred tax liabilities <u>(1,704)</u></p> <p>Net deferred tax assets <u>5,016</u></p>
<p>2. Reconciliation between the statutory effective tax rate and the actual effective tax rate reflected in the non-consolidated statement of income</p> <p>Statutory effective tax rate <u>41.0 %</u></p> <p>(Reconciliation)</p> <p>Permanent difference-expenses 0.9 %</p> <p>Permanent difference-income (0.2) %</p> <p>Foreign tax credit (16.8) %</p> <p>Others (0.3) %</p> <p>Actual effective tax rate <u>24.6 %</u></p>	<p>2. Reconciliation between the statutory effective tax rate and the actual effective tax rate reflected in the non-consolidated statement of income</p> <p>Statutory effective tax rate <u>41.0 %</u></p> <p>(Reconciliation)</p> <p>Permanent difference-expenses 0.3 %</p> <p>Permanent difference-income (5.2) %</p> <p>Foreign tax credit (18.6) %</p> <p>Others 0.5 %</p> <p>Actual effective tax rate <u>18.0 %</u></p>