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Summary of Consolidated Financial Results for FY2009

(January 1, 2009 - December 31, 2009)

February 9, 2010

Company Name: Shimano Inc.
Code Number: 7309

Stock Exchanges: Tokyo and Osaka, First Sections
URL: <http://www.shimano.com>

President: Yoizo Shimano
Senior Vice President, Accounting: Yoshihiro Hirata
Date of Shareholders' Meeting: March 25, 2010
Date of submission of annual report to Ministry of Finance: March 26, 2010

Telephone: +81-72-223-3254
Scheduled payment date for dividends: March 26, 2010

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial results for FY2009 (January 1, 2009 - December 31, 2009)

(1) Consolidated income information (The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2009	186,686	(20.6)	20,528	(45.7)	20,135	(45.1)	9,553	(62.0)
FY2008	235,142	11.0	37,819	20.7	36,709	21.3	25,150	26.4

	Net income per share (Basic)	Net income per share (Diluted)	Return on shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2009	99.79	-	5.8	10.5	11.0
FY2008	262.14	-	15.2	18.4	16.1

(Reference) Equity in earnings FY2009: - million yen FY2008: - million yen

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2009	190,830	166,548	87.0	1,748.96
FY2008	193,238	165,768	85.4	1,721.36

(Reference) Shareholders' equity FY2009: 165,983 million yen FY2008: 165,088 million yen

(3) Consolidated cash flow information

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY2009	42,579	(13,766)	(12,456)	54,058
FY2008	19,935	(21,681)	(6,372)	38,509

2. Dividend information

	Dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend per shareholders' equity (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2008	-	30.50	-	30.50	61.00	5,852	23.3	3.5
FY2009	-	30.50	-	30.50	61.00	5,819	61.1	3.5
FY2010 (Forecast)		30.50		30.50	61.00		28.9	

(Note) The year-end cash dividend for FY2009 included no commemorative dividend but a special dividend of 24.25 yen.

3. Forecasted consolidated financial performance for FY2010 (January 1, 2010 - December 31, 2010)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2010	97,000	7.7	12,500	45.0	12,500	37.4	8,500	29.5	89.56
FY2010	205,000	9.8	30,000	46.1	30,000	49.0	20,000	109.3	210.74

The percentages represent the rates of increase (decrease) compared to the corresponding prior period.

4. Others

(1) Change in specified subsidiary due to a change in scope of consolidation: None

(2) Changes in accounting principles, procedures and method of presentation:

Changes in accordance with revision of accounting standards : Yes

Changes other than above: None

Note: For details, refer to "Changes in the Presentation of the Consolidated Financial Statements - Significant Matters" on Page 18.

(3) Number of shares of common stock issued

Number of shares of common stock issued at year-end (including treasury stock):

FY2009: 94,910,000 FY2008: 96,003,207

Number of shares of treasury stock at year-end:

FY2009: 5,838 FY2008: 97,526

(Reference) Non-Consolidated Financial Results

1. Non-consolidated financial results for FY2009 (January 1, 2009 - December 31, 2009)

(1) Non-consolidated income information (The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2009	142,103	(24.9)	6,648	(64.9)	6,978	(61.7)	115	(99.0)
FY2008	189,142	12.3	18,915	23.0	18,206	(52.1)	11,367	(64.1)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
FY2009	1.21	-
FY2008	118.49	-

(2) Non-consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2009	102,324	82,810	80.9	872.57
FY2008	116,948	90,157	77.1	940.06

(Reference) Shareholders' equity FY2009: 82,810 million yen FY2008: 90,157 million yen

2. Forecasted non-consolidated financial performance for FY2010 (January 1, 2010 - December 31, 2010)

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2010	72,000	6.6	4,200	117.4	4,500	56.6	2,700	43.7	28.45
FY2010	155,000	9.1	12,500	88.0	13,000	86.3	7,800	-	82.19

Notes) Explanation regarding the appropriate use of financial forecasts and special items.

The forecasted consolidated and non-consolidated performance information is based on information available at the time and assumptions of uncertain factors affecting future performance. Accordingly, it is understood that actual performance may differ due to changes in internal and external conditions. Please refer to Page 4 of the attachment regarding the forecasted assumptions and other related items. 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

Review of Operations

During fiscal year 2009, the global recession undermined corporate earnings while causing the employment situation to deteriorate and weakening personal consumption. The Japanese economy remained in a severe situation. Although personal consumption picked up somewhat and there were signs of improvement in the second half of the year thanks to the impact of the government's economic stimulus package, corporate earnings continued to decline owing to the appreciation of the yen and weak capital investment.

In these circumstances, adhering to Shimano Group's mission "To create new value and promote health and happiness through the enjoyment of nature and the world around us," we strove to create captivating products. During the year we launched the Lifestyle Gear Division with the aim of enriching the experience of cyclists and anglers.

However, both the bicycle components business and the fishing tackle business operated in a very challenging environment. They suffered greatly from the decline in consumer confidence as well as inventory adjustment in the market.

As a result, consolidated net sales decreased 20.6% from the previous year to 186,686 million yen. Consolidated ordinary income plunged 45.1% to 20,135 million yen, and net income plummeted 62.0% to 9,553 million yen.

Business Segment Overview

Bicycle Components

A decline in the worldwide demand for bicycles since the beginning of fiscal year 2009, reflecting the economic turmoil since 2008, led to inventory adjustment in the market. As a result, sales of bicycle components were sluggish in general, regardless of price ranges.

On the other hand, the number of bicycle users is on an upward trend worldwide, reflecting an increasing interest in health and environmental issues, and the market demand for parts for repair and upgrading remained robust. However, this trend could not fully offset dealers' caution with regard to inventories and Shimano's shipments in fiscal year 2009 were lower than in the previous year.

Although this challenging situation persisted in the fourth quarter, inventory adjustment had almost run its course and there were signs of recovery centering on mid-range and high-end products.

As a result, sales from this segment decreased 22.2% from the previous year to 144,688 million yen, and operating income fell 43.4% to 19,877 million yen.

Fishing Tackle

Sales in the Japanese market were slightly below the previous year's level owing to the trend toward inventory reduction by retailers and consumers' reluctance to purchase high-end products amid mounting deflationary pressure.

Meanwhile, the North American market was on a recovery track from the third quarter onward following the completion of inventory adjustment. However, recovery of the European market did not materialize. A large decline in sales overseas in the first half of fiscal year 2009 resulted in a year-on-year decrease in sales in overseas markets.

As a result, sales from this segment decreased 12.2% from the previous year to 40,675 million yen, and operating income fell 61.0% to 1,142 million yen.

Others

Sales from other businesses decreased 53.1% from the previous year to 1,322 million yen and an operating loss of 491 million yen was recorded, following an operating loss of 201 million yen the previous year.

Forecast for the fiscal year ending December 2010

Owing to large-scale economic stimulus packages by major countries, the world economy is recovering from the recession. However, there is lingering doubt about the sustainability of the recovery because of the impact of the financial crisis and concern about a downside risk to the economy. There is concern in Japan about the possibility of a further weakening of consumption in view of the uncertain outlook of the Japanese economy in addition to the difficult employment situation and weak personal incomes.

In these circumstances, Shimano Group will press ahead with the creation of captivating new products while striving to lead the creation of new cycling culture and sport fishing culture.

We aim to achieve early recovery of financial performance by improving profitability through streamlining of production and logistics.

In view of the outlook described above, for the fiscal year ending December 2010, Shimano Group forecasts net sales of 205 billion yen, an increase of 9.8%, ordinary income of 30 billion yen, an increase of 49.0%, and net income of 20 billion yen, an increase of 109.3%.

Sales forecasts by segment are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle components	Japan	3,500	3.6	4,100	3.8	7,600	3.7
	Overseas	71,500	73.7	81,900	75.8	153,400	74.8
	Sub-total	75,000	77.3	86,000	79.6	161,000	78.5
Fishing tackle		21,500	22.2	21,500	19.9	43,000	21.0
Others		500	0.5	500	0.5	1,000	0.5
Total		97,000	100.0	108,000	100.0	205,000	100.0

(2) Consolidated Financial Position

Assets, Liabilities and Net Assets

(Total assets)

Total assets as of the end of the fiscal 2009 amounted to 190,830 million yen (an decrease of 2,408 million yen compared with the figure as of the previous fiscal year-end). This decrease was primarily due to an increase in cash and time deposits of 18,519 million yen, a decrease of 9,751 million yen in inventories, a decrease of 7,525 million yen in notes and accounts receivable-trade and a decrease of 2,795 million yen in deferred income taxes.

(Total liabilities)

Total liabilities as of the end of the fiscal 2009 amounted to 24,282 million yen (a decrease of 3,187 million yen compared with the figure as of the previous fiscal year-end). This decrease was primarily due to a decrease of 819 million yen in short-term loan payable, and a decrease of 1,749 million yen in long-term loans payable.

(Net assets)

Net assets as of the end of the fiscal 2009 amounted to 166,548 million yen (an increase of 779 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 2,156 million yen in unrealized gain (loss) on other securities and a decrease of 1,371 million yen in foreign currency transaction adjustments.

(2) Analysis of Financial Position

Cash Flows

Net cash provided by operating activities amounted to 42,579 million yen compared with 19,935 million yen for the previous year. This increase was primarily attributable to income before income taxes of 15,329 million yen and a decrease of inventories amounting to 10,519 million yen.

Net cash used in investing activities amounted to 13,766 million yen compared with 21,681 million yen for the previous year. The main items included acquisition of property, plant and equipment amounting to 8,335 million yen.

Net cash used in financing activities amounted to 12,456 million yen compared with 6,372 million yen for the previous year. The main items were acquisitions of treasury stock amounting to 3,586 million yen and payments of cash dividends of 5,846 million yen.

As a result, cash and cash equivalents at the end of the year were 54,058 million yen.

Cash flow indicators are shown in the following table.

	FY2005	FY2006	FY2007	FY2008	FY2009
Equity ratio (%)	86.3	86.6	81.1	85.4	87.0
Market value equity ratio (%)	170.7	185.6	189.4	174.2	185.0
Interest-bearing debt to cash flow ratio (%)	0.08	0.11	0.21	0.25	0.06
Interest coverage ratio (times)	57.3	71.8	54.7	45.7	81.9

Notes)

- Each indicator is calculated using the consolidated results based on the formula indicated below:
 Equity ratio: Shareholders' equity / Total assets
 Market value equity ratio: Total market capitalization / Total assets
 Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow
 Interest coverage ratio: Operating cash flow / 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 2009 and the Fiscal Year Ending December 2010

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 continue to provide providing stable returns in consideration of reflecting overall business performance and strategy.

In accordance with the above policy, the Company intends to pay out year-end cash dividends of 30.50 yen per share, including special dividends of 24.25 yen, the same as the previous year-end cash dividends.

As a result of our ongoing acquisition of treasury stock based on the resolution of the Board of Directors' meeting held on February 10, 2009, 1,093,207 shares were retired as of November 16.

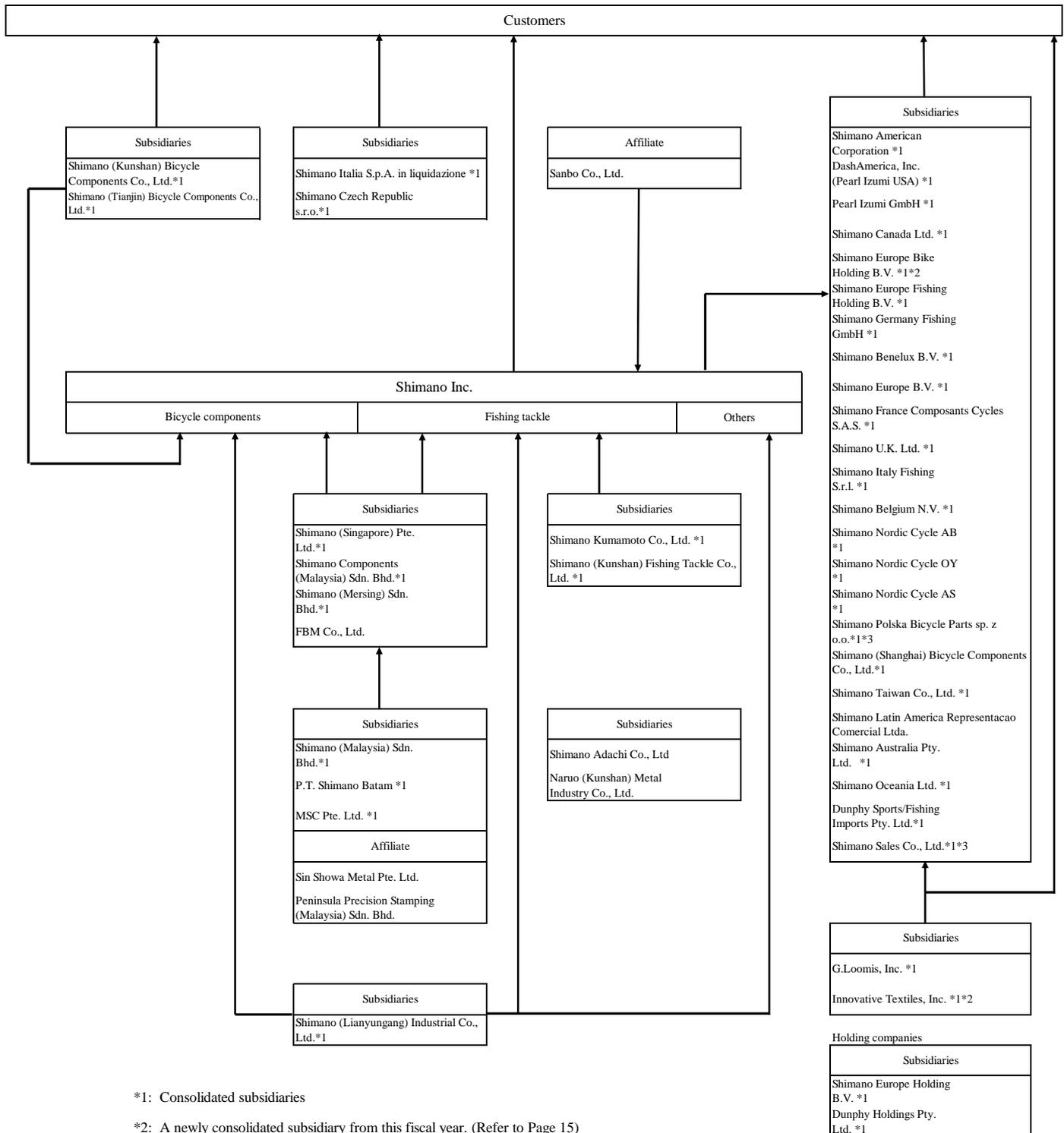
Internal reserve funds will be used for strengthening the financial position, rationalization of the capital structure and future development of the business.

The Company intends to pay out cash dividends of 61 yen per share for fiscal year 2010 (30.50 yen each for interim and year-end cash dividends).

2. Outline of the Group

Shimano Group consists of Shimano Inc. and 40 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 this fiscal year. (Refer to Page 15)

*3: The company names were changed in this fiscal year. (Refer to Page 15)

3 Business Policy

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 has been 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>

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2008	FY2009
	As of Dec. 31, 2008	As of Dec. 31, 2009
Assets		
Current assets		
Cash and time deposits	42,314	60,833
Notes and accounts receivable-trade	*2 31,192	*2 23,666
Inventories	44,086	-
Merchandise and finished goods	-	17,528
Work in process	-	12,624
Raw materials and supplies	-	4,183
Deferred income taxes	1,957	1,517
Others	3,293	3,914
Allowance for doubtful accounts	(352)	(348)
Total current assets	122,492	123,919
Fixed assets		
Property, plant and equipment		
Buildings and structures	39,084	39,797
Accumulated depreciation	(22,301)	(23,114)
Accumulated impairment loss	(280)	(278)
Buildings and structures (net)	16,502	16,404
Machinery and vehicles	43,851	46,366
Accumulated depreciation	(33,197)	(34,866)
Accumulated impairment loss	(304)	(286)
Machinery and vehicles (net)	10,349	11,214
Land	11,692	11,657
Leased assets	-	165
Accumulated depreciation	-	(87)
Leased assets (net)	-	77
Construction in progress	880	1,536
Others	36,276	36,884
Accumulated depreciation	(32,323)	(33,334)
Accumulated impairment loss	(39)	(37)
Others (net)	3,912	3,512
Total property, plant and equipment	43,337	44,402
Intangible assets		
Goodwill	3,816	3,882
Software	5,178	3,937
Others	2,966	3,149
Total intangible assets	11,961	10,969

	(Millions of yen)	
	FY2008	FY2009
	As of Dec. 31, 2008	As of Dec. 31, 2009
Investments and other assets		
Investment securities	*1 9,990	*1 8,767
Deferred income taxes	3,346	990
Others	2,677	2,538
Allowance for doubtful accounts	(567)	(758)
Total investments and other assets	<u>15,446</u>	<u>11,538</u>
Total fixed assets	<u>70,746</u>	<u>66,910</u>
Total assets	<u>193,238</u>	<u>190,830</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,768	7,377
Short-term loans payable	2,304	1,485
Income taxes payable	2,101	1,650
Deferred income taxes	768	615
Accrued employee bonuses	937	1,084
Accrued officer bonuses	132	132
Others	9,184	8,136
Total current liabilities	<u>22,197</u>	<u>20,483</u>
Long-term liabilities		
Long-term loans payable	2,019	270
Deferred income taxes	675	913
Employee retirement benefits	1,347	1,276
Officer retirement benefits	1,140	1,226
Others	89	112
Total long-term liabilities	<u>5,272</u>	<u>3,798</u>
Total liabilities	<u>27,469</u>	<u>24,282</u>
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,823	5,822
Retained earnings	137,004	136,742
Treasury stock	(391)	(18)
Total shareholders' equity	<u>178,049</u>	<u>178,159</u>
Valuation and translation adjustments		
Unrealized gain (loss) on other securities	(1,658)	497
Foreign currency translation adjustments	(11,302)	(12,673)
Total valuation and translation adjustments	<u>(12,961)</u>	<u>(12,176)</u>
Minority interests	680	564
Total net assets	<u>165,768</u>	<u>166,548</u>
Total liabilities and net assets	<u>193,238</u>	<u>190,830</u>

(2) Consolidated Statements of Income

	(Millions of yen)	
	FY2008	FY2009
	Jan. 1, 2008 to Dec. 31, 2008	Jan. 1, 2009 to Dec. 31, 2009
Net sales	235,142	186,686
Cost of sales	*2 151,625	*2 123,827
Gross profit	83,516	62,859
Selling, general and administrative expenses	*1, *2 45,696	*1, *2 42,331
Operating income	37,819	20,528
Non-operating income		
Interest income	1,366	564
Dividend income	166	139
Others	441	823
Total non-operating income	1,974	1,527
Non-operating expenses		
Interest expense	545	410
Devaluation loss of marketable securities	79	-
Loss on disposal of fixed assets	331	132
Exchange loss	1,394	509
Others	*3 733	867
Total non-operating expenses	3,084	1,919
Ordinary income	36,709	20,135
Extraordinary losses		
Devaluation loss of investment securities	-	4,805
Total extraordinary losses	-	4,805
Net income before income taxes and minority interests	36,709	15,329
Income tax-current	8,100	4,471
Income tax-deferred	3,329	1,202
Total income taxes	11,430	5,674
Minority interests in net income	129	101
Net income	25,150	9,553

(3) Consolidated Statements of Shareholders' Equity

	(Millions of yen)	
	FY2008	FY2009
	Jan. 1, 2008 to Dec. 31, 2008	Jan. 1, 2009 to Dec. 31, 2009
Shareholders' equity		
Common stock		
Balance at beginning of year	35,613	35,613
Balance at end of year	<u>35,613</u>	<u>35,613</u>
Capital surplus		
Balance at beginning of year	5,822	5,823
Changes of items during the year		
Sales of treasury stock	0	0
Retirement of treasury stock	-	(0)
Total changes of items during the year	<u>0</u>	<u>(0)</u>
Balance at end of year	<u>5,823</u>	<u>5,822</u>
Retained earnings		
Balance at beginning of year	116,748	137,004
Net increase (decrease) in changes in accounting procedures at foreign subsidiaries	-	(8)
Changes of items during the year		
Cash dividends paid	(4,894)	(5,850)
Net income	25,150	9,553
Retirement of treasury stock	-	(3,957)
Total changes of items during the year	<u>20,255</u>	<u>(253)</u>
Balance at end of year	<u>137,004</u>	<u>136,742</u>
Treasury stock		
Balance at beginning of year	(96)	(391)
Changes of items during the year		
Acquisition of treasury stock	(298)	(3,586)
Sales of treasury stock	2	1
Retirement of treasury stock	-	3,958
Total changes of items during the year	<u>(295)</u>	<u>372</u>
Balance at end of year	<u>(391)</u>	<u>(18)</u>
Total shareholders' equity		
Balance at beginning of year	158,088	178,049
Net increase (decrease) in changes in accounting procedures at foreign subsidiaries	-	(8)
Changes of items during the year		
Cash dividends paid	(4,894)	(5,850)
Net income	25,150	9,553
Acquisition of treasury stock	(298)	(3,586)
Sales of treasury stock	3	1
Total changes of items during the year	<u>19,960</u>	<u>118</u>
Balance at end of year	<u>178,049</u>	<u>178,159</u>

	(Millions of yen)	
	FY2008	FY2009
	Jan. 1, 2008 to Dec. 31, 2008	Jan. 1, 2009 to Dec. 31, 2009
Valuation and translation adjustments		
Unrealized gain (loss) on other securities		
Balance at beginning of year	1,641	(1,658)
Changes of items during the year		
Net changes of items other than shareholders' equity	(3,300)	2,156
Total changes of items during the year	(3,300)	2,156
Balance at beginning of year	(1,658)	497
Foreign currency translation adjustments		
Balance at beginning of year	6,615	(11,302)
Changes of items during the year		
Net changes of items other than shareholders' equity	(17,917)	(1,371)
Total changes of items during the year	(17,917)	(1,371)
Balance at end of year	(11,302)	(12,673)
Total valuation and translation adjustments		
Balance at beginning of year	8,257	(12,961)
Changes of items during the year		
Net changes of items other than shareholders' equity	(21,218)	784
Total changes of items during the year	(21,218)	784
Balance at end of year	(12,961)	(12,176)
Minority interest		
Balance at beginning of year	914	680
Changes of items during the year		
Net changes of items other than shareholders' equity	(234)	(115)
Total changes of items during the year	(234)	(115)
Balance at end of year	680	564
Total net assets		
Balance at beginning of year	167,260	165,768
Net increase (decrease) in changes in accounting procedures at foreign subsidiaries	-	(8)
Changes of items during the year		
Cash dividends paid	(4,894)	(5,850)
Net income	25,150	9,553
Acquisition of treasury stock	(298)	(3,586)
Sales of treasury stock	3	1
Net changes of items other than shareholders' equity	(21,452)	669
Total changes of items during the year	(1,491)	788
Balance at end of year	165,768	166,548

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
Cash flows from operating activities:		
Income before income taxes and minority interests	36,709	15,329
Depreciation and amortization	9,598	9,941
Loss on impairment	129	-
Allowance for doubtful accounts	(27)	163
Interest and dividend income	(1,532)	(703)
Interest expense	545	410
Notes and accounts receivable	(1,469)	7,778
Inventories	(7,469)	10,519
Notes and accounts payable	(1,496)	550
Officer retirement benefits	78	85
Employee retirement benefits	(142)	(74)
Loss on sales/revaluation of investment securities	77	4,802
Gain on sale/disposal of fixed assets	318	94
Others, net	(2,447)	(1,569)
Subtotal	32,872	47,330
Interest and dividend income received	1,482	695
Interest expense paid	(436)	(519)
Income taxes paid	(13,983)	(4,926)
Net cash provided by operating activities	19,935	42,579
Cash flows from investing activities:		
Purchases of time deposits	(4,537)	(6,932)
Proceeds from maturities of time deposits	3,034	3,720
Acquisition of property, plant and equipment	(9,096)	(8,335)
Proceeds from sales of fixed assets	188	89
Acquisition of intangible assets	(839)	(549)
Proceeds from sales of investment securities	14	11
Acquisition of investment securities	(1,334)	(43)
Payments for loans	(254)	(7)
Proceeds from collections of loans	328	23
Payments for acquisition of newly consolidated subsidiaries	(9,127)	(2,167)
Others, net	(57)	425
Net cash used in investing activities	(21,681)	(13,766)

	(Millions of yen)	
	FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
Cash flows from financing activities:		
Increase in short-term loan payable	(1,141)	(1,675)
Repayment of long-term loan payable	(20)	(1,119)
Payments of lease obligation	-	(43)
Acquisition of treasury stock	(298)	(3,586)
Gain on sales of treasury stock	3	1
Cash dividends to shareholders	(4,892)	(5,846)
Cash dividends to minority shareholders	(22)	(186)
Net cash used in financing activities	(6,372)	(12,456)
Effect of exchange rate changes on cash and cash equivalents	(6,064)	(806)
Net increase (decrease) in cash and cash equivalents	(14,182)	15,549
Cash and cash equivalents at beginning of year	52,691	38,509
Cash and cash equivalents at end of year	* 38,509	* 54,058

- (5) Note concerning assumption of going concern
Not applicable.

(6) Preparation of the Consolidated Financial Statements - Significant Matters

	FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
1. Consolidation	<p>(1) The consolidated financial statements include the accounts of the Company and the 38 subsidiaries whose names are stated on "1. Outline of the Group" on Page 6 of the Attachment.</p> <p>DashAmerica, Inc. (Pearl Izumi USA), Pearl Izumi GmbH, and R & P Pawlak Sp. z o.o. were included in the scope of consolidation during the fiscal year ended December 31, 2008, due to acquisitions of shares. Former affiliates Dunphy Holdings Pty. Ltd. and Dunphy Sports/Fishing Imports Pty. Ltd., were included in the scope of consolidation during the fiscal year ended December 31, 2008, due to additional acquisitions of shares.</p> <p>OOO Shimano Eurasia was dissolved and excluded from the scope of consolidation.</p> <p>The company name of Lianyungang Wooyun Shoes Co., Ltd. was changed to Shimano (Lianyungang) Industrial Co., Ltd. during this fiscal year.</p>	<p>(1) The consolidated financial statements include the accounts of the Company and the 40 subsidiaries whose names are stated on "1. Outline of the Group" on Page 6 of the Attachment.</p> <p>Newly established Shimano Europe Bike Holding B.V. was included in the scope of consolidation during the fiscal year ended December 31, 2009.</p> <p>Innovative Textiles, Inc. was included in the scope of consolidation during the fiscal year ended December 31, 2009, due to acquisitions of shares.</p> <p>The company name of Shimano Rinkai Co., Ltd. was changed to Shimano Sales Co., Ltd. and R & P Pawlak Sp. z o.o. was changed to Shimano Polska Bicycle Parts sp. z o.o. during this fiscal year.</p>

	FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
3. Fiscal year of the consolidated subsidiaries	<p>Shimano (Singapore) Pte. Ltd. Shimano Components (Malaysia) Sdn. Bhd. Shimano (Mersing) Sdn. Bhd. P.T.Shimano Batam Shimano (Malaysia) Sdn. Bhd. MSC Pte. Ltd. Shimano Taiwan Co., Ltd. Shimano American Corporation Shimano Canada Ltd. G.Loomis, Inc. DashAmerica, Inc. (Pearl Izumi USA) Pearl Izumi GmbH Shimano Europe Holding B.V. Shimano Europe Fishing Holding B.V. Shimano Germany Fishing GmbH Shimano Benelux B.V. Shimano Italy Fishing S.r.l. Shimano U.K. Ltd. Shimano Europe B.V. Shimano Belgium N.V. Shimano France Composants Cycles S.A.S. Shimano Italia S.p.A. in liquidazione Shimano Czech Republic s.r.o. Shimano Nordic Cycle AB Shimano Nordic Cycle OY Shimano Nordic Cycle AS R & P Pawlak Sp. z o.o. Dunphy Holdings Pty. Ltd. Dunphy Sports/Fishing Imports Pty. Ltd.</p> <p>The fiscal years of the above foreign subsidiaries end on November 30 and their financial statements at November 30 are used for preparation of the consolidated financial statements. Any material effects occurring during the period from December 1 to December 31 are adjusted in the consolidated financial statements.</p> <p>Shimano (Kunshan) Fishing Tackle Co., Ltd. Shimano (Shanghai) Bicycle Components Co., Ltd. Shimano (Tianjin) Bicycle Components Co., Ltd.</p> <p>The fiscal years of these consolidated subsidiaries end on December 31. Previously, provisional settlements of accounts as of November 30 were utilized. However, effective from the Company's fiscal year ended December 31, 2008, their financial statements at December 31 were used. Their financial statements used for preparation of the consolidated financial statements for the fiscal year ended December 31, 2008, are for a 13-month period because the provisional settlements of accounts as of November 30 were utilized for the previous fiscal year. The impact of this change is immaterial.</p>	<p>Shimano (Singapore) Pte. Ltd. Shimano Components (Malaysia) Sdn. Bhd. Shimano (Mersing) Sdn. Bhd. P.T.Shimano Batam Shimano (Malaysia) Sdn. Bhd. MSC Pte. Ltd. Shimano Taiwan Co., Ltd. Shimano American Corporation Shimano Canada Ltd. G.Loomis, Inc. Innovative Textiles, Inc. DashAmerica, Inc. (Pearl Izumi USA) Pearl Izumi GmbH Shimano Europe Holding B.V. Shimano Europe Bike Holding B.V. Shimano Europe Fishing Holding B.V. Shimano Germany Fishing GmbH Shimano Benelux B.V. Shimano Italy Fishing S.r.l. Shimano U.K. Ltd. Shimano Europe B.V. Shimano Belgium N.V. Shimano France Composants Cycles S.A.S. Shimano Italia S.p.A. in liquidazione Shimano Czech Republic s.r.o. Shimano Nordic Cycle AB Shimano Nordic Cycle OY Shimano Nordic Cycle AS Shimano Polska Bicycle Parts Sp. z o. o. Dunphy Holdings Pty. Ltd. Dunphy Sports/Fishing Imports Pty. Ltd.</p> <p>The fiscal years of the above foreign subsidiaries end on November 30 and their financial statements at November 30 are used for preparation of the consolidated financial statements. Any material effects occurring during the period from December 1 to December 31 are adjusted in the consolidated financial statements.</p>

	FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
<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.</p> <p>Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the assets.</p> <p>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 former straight-line method based on the estimated useful lives of the respective assets.</p> <hr style="width: 20%; margin: 10px auto;"/>	<p>Property, plant and equipment</p> <p>Property, plant and equipment acquired on or before March 31, 2007 (excluding leased assets)</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.</p> <p>Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the assets.</p> <p>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 (excluding leased assets)</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 former straight-line method based on the estimated useful lives of the respective assets.</p> <p>Leased assets</p> <p>Leased assets related to finance lease transactions without ownership transfer</p> <p>Depreciation of leased assets is principally computed by the straight-line method based on the period of the leasing contract as the useful lives.</p>

	FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
	<p>(Additional Information)</p> <p>Effective from the fiscal year ended December 31, 2008, 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 residual value of assets acquired on or before March 31, 2007, is depreciated in an equal amount over five years from the year following the fiscal year when they have been depreciated to their full depreciable amount. The impact of this change on profit and loss is immaterial.</p>	_____

Since no significant changes have been made to the information in the recent securities report (submitted on March 27, 2009) for items other than the above 1, 3, and 4, disclosure of other items has been omitted.

(7) Changes in the "Preparation of the Consolidated Financial Statements - Significant Matters"

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
<p>(Inventory valuation method)</p> <p>Since application of the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, revised on July 5, 2006) to fiscal years starting before March 31, 2008, became possible, the Company adopted this standard effective from the fiscal year ended December 31, 2008.</p> <p>Of the 340 million yen write-down which arose from the adoption of this standard, 282 million yen was recorded as cost of sales and 58 million yen was recorded as non-operating expenses.</p>	<p>(Adoption of the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements")</p> <p>Effective from fiscal year 2009, the Company has adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force (PITF) No. 18). The impact of this change on the consolidated financial statements is immaterial.</p> <p>(Adoption of the "Accounting Standard for Lease Transactions")</p> <p>Finance lease transactions without transfer of ownership were previously accounted in accordance with the accounting procedure for operating leases. Effective from fiscal year 2009, the Company has adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 (June 17, 1993 (First Committee of the Business Accounting Council), revised on March 30, 2007)) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 (January 18, 1994 (Accounting Standards Committee of The Japanese Institute of Certified Public Accountants), revised on March 30, 2007)), and finance lease transactions without transfer of ownership are accounted in accordance with the accounting procedure for ordinary sale and purchase transactions.</p> <p>This change has no impact on operating income, ordinary income or net income before income taxes and minority interest.</p>

Changes in presentation

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
	<p>(Consolidated Balance Sheet)</p> <p>In accordance with the application of the “Cabinet Office Ordinance on Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008), effective from fiscal year 2009, items that were presented as “Inventories” in the previous fiscal year have been classified as “Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies.”</p> <p>“Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies” included in “Inventories” in the previous fiscal year amounted to 22,508 million yen, 16,560 million yen, and 5,017 million yen, respectively.</p>

Additional information

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
	<p>(Change in useful lives of fixed assets)</p> <p>In accordance with the revision to the Corporate Tax Law (Law for Partial Amendment of the Income Tax Law, etc. (April 30, 2008, Law No. 23), the Company reviewed useful lives and classification of depreciable assets. Taking this opportunity, the Company revised useful lives of certain machinery and vehicles of the Company and its consolidated subsidiaries in Japan, and effective from fiscal year 2009, depreciation has been calculated based on the useful lives after the revision.</p> <p>The impact of this change on profit and loss is immaterial.</p>

(8) Notes relating to Consolidated Financial Statements

(Notes relating to consolidated balance sheets)

FY2008 (As of Dec. 31, 2008)	FY2009 (As of Dec. 31, 2009)
<p>*1 The following pertains to non-consolidated subsidiaries and affiliates.</p> <p style="padding-left: 40px;">Investment securities 936 million yen (Shares of non-consolidated subsidiaries and affiliates)</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 a subsequent settlement date.</p> <p>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 99 million yen</p>	<p>*1 The following pertains to non-consolidated subsidiaries and affiliates.</p> <p style="padding-left: 40px;">Investment securities 1,005 million yen (Shares of non-consolidated subsidiaries and affiliates)</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 a subsequent settlement date.</p> <p>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 138 million yen</p>

(Notes relating to consolidated statements of income)

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009																								
<p>*1 Main components of selling, general and administrative expenses for the fiscal year ended December 31, 2008:</p> <p style="padding-left: 40px;">1 Salaries and wages 9,973 million yen 2 Advertising and sales promotion expenses 6,566 million yen</p> <p>*2 R&D expenses included in selling, general and administrative expenses and manufacturing expenses for the fiscal year ended December 31, 2008:</p> <p style="padding-left: 40px;">9,354 million yen</p> <p>*3 The Group recognized impairment losses for the following groups of fixed assets.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: left;">Category</th> <th style="text-align: left;">Location</th> <th style="text-align: left;">Remarks</th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="vertical-align: top;">Production and operational facilities of bicycle components</td> <td>Buildings and structures</td> <td>Sakai City, Osaka</td> <td rowspan="3" style="vertical-align: top;">Idle assets</td> </tr> <tr> <td>Machinery and vehicles</td> <td>Johor, Malaysia</td> </tr> <tr> <td>Others (tools, equipment and furniture)</td> <td></td> </tr> <tr> <td style="vertical-align: top;">Production facilities of fishing tackle</td> <td>Machinery and vehicles</td> <td>Sakai City, Osaka</td> <td style="vertical-align: top;">Idle assets</td> </tr> <tr> <td rowspan="3" style="vertical-align: top;">Other production facilities and employee welfare facilities</td> <td>Others (tools, equipment and furniture)</td> <td>Sakai City, Osaka</td> <td rowspan="3" style="vertical-align: top;">Idle assets</td> </tr> <tr> <td>Land</td> <td>Hakone-cho, Ashigarashimo-gun, Kanagawa</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	Use	Category	Location	Remarks	Production and operational facilities of bicycle components	Buildings and structures	Sakai City, Osaka	Idle assets	Machinery and vehicles	Johor, Malaysia	Others (tools, equipment and furniture)		Production facilities of fishing tackle	Machinery and vehicles	Sakai City, Osaka	Idle assets	Other production facilities and employee welfare facilities	Others (tools, equipment and furniture)	Sakai City, Osaka	Idle assets	Land	Hakone-cho, Ashigarashimo-gun, Kanagawa			<p>*1 Main components of selling, general and administrative expenses for the fiscal year ended December 31, 2009:</p> <p style="padding-left: 40px;">1 Salaries and wages 9,848 million yen 2 Advertising and sales promotion expenses 6,038 million yen</p> <p>*2 R&D expenses included in selling, general and administrative expenses and manufacturing expenses for the fiscal year ended December 31, 2009:</p> <p style="padding-left: 40px;">8,371 million yen</p> <p style="text-align: center;">_____</p>
Use	Category	Location	Remarks																						
Production and operational facilities of bicycle components	Buildings and structures	Sakai City, Osaka	Idle assets																						
	Machinery and vehicles	Johor, Malaysia																							
	Others (tools, equipment and furniture)																								
Production facilities of fishing tackle	Machinery and vehicles	Sakai City, Osaka	Idle assets																						
Other production facilities and employee welfare facilities	Others (tools, equipment and furniture)	Sakai City, Osaka	Idle assets																						
	Land	Hakone-cho, Ashigarashimo-gun, Kanagawa																							

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009												
<p>(Background)</p> <p>The book values of idle production facilities of bicycle components, production facilities of fishing tackle, and production facilities of other segments and employee welfare facilities were reduced to recoverable values because they are unscheduled for business use and the difference between the book values and the recoverable values was recorded as a loss on impairment (129 million yen), and included as non-operating expenses.</p> <p>(Amount of impairment losses) (Millions of yen)</p> <table border="1" data-bbox="197 645 783 860"> <thead> <tr> <th>Type</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Buildings and structures</td> <td>3</td> </tr> <tr> <td>Machinery and vehicles</td> <td>105</td> </tr> <tr> <td>Others (Tools, equipment and furniture)</td> <td>3</td> </tr> <tr> <td>Land</td> <td>16</td> </tr> <tr> <td>Total</td> <td>129</td> </tr> </tbody> </table> <p>(Method of grouping)</p> <p>The Group's assets are grouped by industrial segment and in the minimum unit that produces cash flows. 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)</p> <p>Recoverable value is stated at net sale value, which is either residual value or property tax assessment values due to the immateriality of the amounts involved.</p>	Type	Amount	Buildings and structures	3	Machinery and vehicles	105	Others (Tools, equipment and furniture)	3	Land	16	Total	129	
Type	Amount												
Buildings and structures	3												
Machinery and vehicles	105												
Others (Tools, equipment and furniture)	3												
Land	16												
Total	129												

(Notes relating to consolidated statements of shareholders' equity)

FY2008 (From January 1, 2008 to December 31, 2008)

1. Total number of issued shares (Thousand shares)

Class of shares	Balance as of December 31, 2007	Increase	Decrease	Balance as of December 31, 2008
Common stock	96,003	-	-	96,003

2. Treasury stock (Thousand shares)

Class of shares	Balance as of December 31, 2007	Increase	Decrease	Balance as of December 31, 2008
Common stock	32	65	0	97

(Details of the change)

Details of the increase in the number of shares are as follows:

Acquisition in accordance with the resolution of the Board of Directors	60 thousand shares
Acquisition of fractional shares	5 thousand shares

3. Dividends

(1) Payment of cash dividends

Resolution	Class of shares	Total amount of cash dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
General Meeting of Shareholders held on March 27, 2008	Common stock	1,967	20.50	31-Dec-07	28-Mar-08
Meeting of the Board of Directors held on August 12, 2008	Common stock	2,927	30.50	30-Jun-08	4-Sep-08

(2) Dividends with record date within the current fiscal year and effective date in the next fiscal year

Resolution	Class of shares	Source of dividends	Total amount of cash dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
General Meeting of Shareholders held on March 26, 2009	Common stock	Retained earnings	2,925	30.50	31-Dec-08	27-Mar-09

FY2009 (From January 1, 2009 to December 31, 2009)

1. Total number of issued shares (Thousand shares)

Class of shares	Balance as of December 31, 2008	Increase	Decrease	Balance as of December 31, 2009
Common stock	96,003		1,093	94,910

(Details of the change)

Details of the decrease in the number of shares are as follows:

Retirement of treasury stock	1,093 thousand shares
------------------------------	-----------------------

2. Treasury stock

(Thousand shares)

Class of shares	Balance as of December 31, 2008	Increase	Decrease	Balance as of December 31, 2009
Common stock	97	1,001	1,093	5

(Details of the change)

Details of the increase in the number of shares are as follows:

Acquisition in accordance with the resolution at the General Meeting of Shareholders	1,000 thousand shares
Acquisition of fractional shares	1 thousand shares

Details of the decrease in the number of shares are as follows:

Retirement of treasury stock	1,093 thousand shares
Sale of fractional shares	0 thousand shares

3. Dividends

(1) Payment of cash dividends

Resolution	Class of shares	Total amount of cash dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
General Meeting of Shareholders held on March 26, 2009	Common stock	2,925	30.50	31-Dec-08	27-Mar-09
Meeting of the Board of Directors held on July 28, 2009	Common stock	2,925	30.50	30-Jun-09	4-Sep-09

(2) Dividends with record date within the current fiscal year and effective in the next fiscal year

Resolution	Class of shares	Source of dividends	Total amount of cash dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
General Meeting of Shareholders held on March 25, 2010	Common stock	Retained earnings	2,894	30.50	31-Dec-09	26-Mar-10

(Notes relating to consolidated statements of cash flows)

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
* Reconciliation between cash and cash equivalents at the end of the year and the accounts in the consolidated balance sheets (as of December 31, 2008)	* Reconciliation between cash and cash equivalents at the end of the year and the accounts in the consolidated balance sheets (as of December 31, 2009)
(millions of yen)	(millions of yen)
Cash and time deposits	Cash and time deposits
42,314	60,833
Time deposits with maturities exceeding three months	Time deposits with maturities exceeding three months
(3,804)	(6,774)
Cash and cash equivalents	Cash and cash equivalents
<u>38,509</u>	<u>54,058</u>

(Notes relating to securities)

FY2008 (As of Dec. 31, 2008)

1. Other securities with market prices

(Millions of yen)

	Item	Acquisition cost	Book value	Difference
Securities for which the amount recorded on the consolidated balance sheet exceeds acquisition cost	(1) Stock	1,320	2,869	1,548
	Subtotal	1,320	2,869	1,548
Securities for which the amount recorded on the consolidated balance sheet does not exceed acquisition cost	(1) Stock	9,752	5,799	(3,952)
	Subtotal	9,752	5,799	(3,952)
Total		11,073	8,668	(2,404)

2. Other securities with no market prices

(Millions of yen)

	Book value
Unlisted stock	339
Investment in investment limited partnerships	46
Total	385

FY2009 (As of Dec. 31, 2009)

1. Other securities with market prices

(Millions of yen)

	Item	Acquisition cost	Book value	Difference
Securities for which the amount recorded on the consolidated balance sheet exceeds acquisition cost	(1) Stock	1,054	2,481	1,426
	Subtotal	1,054	2,481	1,426
Securities for which the amount recorded on the consolidated balance sheet does not exceed acquisition cost	(1) Stock	5,600	4,908	(691)
	Subtotal	5,600	4,908	(691)
Total		6,654	7,389	734

2. Other securities sold in FY2009 (from Jan. 1, 2009 to Dec. 31, 2009)

(Millions of yen)

Amount sold	Total gain on sales	Total loss on sales
4	3	(0)

3. Other securities with no market prices

(Millions of yen)

	Book value
Unlisted stock	346
Investment in investment limited partnerships	25
Total	372

(Notes relating to deferred tax accounting)

FY2008 (As of Dec. 31, 2008)	FY2009 (As of Dec. 31, 2009)
1. Significant components of deferred tax assets and liabilities (Millions of yen)	1. Significant components of deferred tax assets and liabilities (Millions of yen)
(Deferred tax assets)	(Deferred tax assets)
Excess of limit of accrued employee bonuses 126	Excess of limit of accrued employee bonuses 101
Officers retirement benefits 467	Officers retirement benefits 530
Excess of limit of employees retirement benefits 541	Excess of limit of employees retirement benefits 507
Unrealized loss on other securities 1,620	Unrealized loss on other securities 197
Book in excess of tax depreciation 64	Book in excess of tax depreciation 231
Unrealized gain on inventory 714	Unrealized gain on inventory 567
Loss on revaluation of other securities 159	Loss on revaluation of other securities 159
Loss on revaluation of golf memberships 135	Loss on revaluation of golf memberships 141
Loss on impairment 439	Loss on impairment 377
Excess of limit of allowance for doubtful accounts 412	Excess of limit of allowance for doubtful accounts 657
Book in excess of tax depreciation for small sum assets 129	Book in excess of tax depreciation for small sum assets 123
Devaluation loss on inventories 349	Devaluation loss on inventories 380
Business tax payable 25	Others 318
Others 118	Sub-total deferred tax assets 4,293
Total deferred tax assets 5,304	Valuation allowance (1,200)
(Deferred tax liabilities)	Total deferred tax assets 3,093
Undistributed earnings of consolidated (233)	(Deferred tax liabilities)
Deferred tax on land valuation gain (167)	Undistributed earnings of consolidated (149)
Unrealized gain on other securities (636)	Deferred tax on land valuation gain (169)
Others (406)	Reserve for special depreciation (1,126)
Total deferred tax liabilities (1,443)	Unrealized gain on other securities (585)
Net deferred tax assets 3,860	Others (83)
	Total deferred tax liabilities (2,114)
	Net deferred tax assets 979
2. Reconciliation between the statutory effective tax rate and the actual effective tax rate	2. Reconciliation between the statutory effective tax rate and the actual effective tax rate
(%)	(%)
Statutory effective tax rate 41.0	Statutory effective tax rate 41.0
(Reconciliation)	(Reconciliation)
Permanent difference-expenses 0.3	Permanent difference-expenses 3.5
Permanent difference-income (0.1)	Permanent difference-income (0.8)
Foreign tax credit (1.4)	Foreign tax credit (1.8)
Differences in tax rates for foreign subsidiaries (9.3)	Differences in tax rates for foreign subsidiaries (13.4)
Effect of elimination of dividends received from consolidated subsidiaries 2.8	Effect of elimination of dividends received from consolidated subsidiaries 1.0
Other (2.2)	Valuation allowance 7.8
Actual effective tax rate 31.1	Other (0.3)
	Actual effective tax rate 37.0

Segment Information

(1) Business segment information

FY2008 (Jan. 1, 2008 - Dec. 31, 2008)

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
.Net sales & operating income (loss)						
Net sales						
1) Third parties	185,996	46,324	2,821	235,142	-	235,142
2) Inter-segment	-	-	-	-	(-)	-
Total	185,996	46,324	2,821	235,142	(-)	235,142
Operating expenses	150,907	43,392	3,022	197,322	(-)	197,322
Operating income (loss)	35,089	2,931	(201)	37,819	(-)	37,819
.Total assets, depreciation & investments						
Total assets	103,320	26,754	2,143	132,217	61,020	193,238
Depreciation	7,590	1,871	136	9,598	-	9,598
Loss on impairment	81	15	32	129	-	129
Investments	8,347	1,537	51	9,936	-	9,936

FY2009 (Jan. 1, 2009 - Dec. 31, 2009)

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
.Net sales & operating income (loss)						
Net sales						
1) Third parties	144,688	40,675	1,322	186,686	-	186,686
2) Inter-segment	-	-	-	-	(-)	-
Total	144,688	40,675	1,322	186,686	(-)	186,686
Operating expenses	124,811	39,532	1,814	166,158	(-)	166,158
Operating income (loss)	19,877	1,142	(491)	20,528	(-)	20,528
.Total assets, depreciation & investments						
Total assets	87,931	27,246	1,600	116,777	74,052	190,830
Depreciation	8,145	1,699	96	9,941	-	9,941
Investments	6,951	1,847	86	8,885	-	8,885

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

Note: 2. Representative products of each business segment:

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

Fishing tackle - Reels, rods, etc.

Others - Cold forged products, etc.

Note: 3. The amount of common assets belonging to Corporate/Elimination was 74,052 million yen as of December 31, 2009, and 61,020 million yen as of December 31, 2008. Surplus assets (cash and time deposits) and investments in fixed assets (investment securities) were the main components.

(2) Geographical segment information

FY2008 (Jan. 1, 2008 - Dec. 31, 2008)

(Millions of yen)

	Japan	North America	Europe	Asia	Others	Total	Corporate/ Elimination	Consolidated
.Net sales & operating income (loss)								
1) Third parties	163,470	22,282	27,809	18,807	2,771	235,142	-	235,142
2) Inter-segment	28,895	590	3,525	71,186	4	104,202	(104,202)	-
Total	192,365	22,873	31,335	89,994	2,776	339,344	(104,202)	235,142
Operating expenses	171,897	21,852	28,204	77,121	2,449	301,524	(104,202)	197,322
Operating income	20,468	1,020	3,131	12,872	327	37,819	-	37,819
.Total assets	77,436	10,944	8,969	47,875	977	146,203	47,034	193,238

FY2009 (Jan. 1, 2009 - Dec. 31, 2009)

(Millions of yen)

	Japan	North America	Europe	Asia	Others	Total	Corporate/ Elimination	Consolidated
.Net sales & operating income (loss)								
1) Third parties	123,656	21,986	23,113	14,171	3,758	186,686	-	186,686
2) Inter-segment	22,000	767	2,357	49,373	4	74,504	(74,504)	-
Total	145,657	22,753	25,471	63,545	3,762	261,190	(74,504)	186,686
Operating expenses	137,122	22,131	23,593	54,399	3,415	240,662	(74,504)	166,158
Operating income	8,534	622	1,877	9,146	347	20,528	-	20,528
.Total assets	67,080	15,255	12,544	31,066	1,586	127,533	63,296	190,830

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

Note: 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 Poland

Asia - Singapore, Malaysia, China, Taiwan, and Indonesia

Others - Australia

Note: 3. The amount of common assets belonging to Corporate/Elimination was 74,052 million yen as of December 31, 2009, and 61,020 million yen as of December 31, 2008. Surplus assets (cash and time deposits) and investments in fixed assets (investment securities) were the main components.

(3) Overseas Sales

FY2008 (Jan. 1, 2008 - Dec. 31, 2008)

(Millions of yen)

	America	Europe	Asia	Others	Total
. Overseas sales	30,006	96,013	76,957	4,033	207,010
. Consolidated net sales					235,142
. Overseas sales ratio [/]	12.8%	40.8%	32.7%	1.7%	88.0%

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

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

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

Europe - Netherlands, Germany, United Kingdom, Italy, France, Sweden, Norway,

Finland, Russia and Poland

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.

FY2009 (Jan. 1, 2009 - Dec. 31, 2009)

(Millions of yen)

	North America	Europe	Asia	Others	Total
. Overseas sales	24,452	73,986	54,146	6,986	159,571
. Consolidated net sales					186,686
. Overseas sales ratio [/]	13.1%	39.6%	29.0%	3.7%	85.5%

Note: 1. Countries and regions are classified according to geographical 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, France, Sweden, Norway,

Finland, Russia and Poland

Asia - China, Taiwan

Others - Australia and South America

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

(Changes in accounting method)

"South America" was previously included in "America". To identify "America" as "North America", "South America" was classified under "Others" for the fiscal year ended December 31, 2009. Sales amounts to "North America" and "South America" for fiscal year 2008 were 26,596 million yen and 3,409 million yen, respectively. Sales amount to "South America" for fiscal year 2009 was 2,485 million yen.

(Per share data)

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
Net assets per share : 1,721.36 yen Net income per share : 262.14 yen Diluted net income per share is not presented because there were no securities with dilutive effect.	Net assets per share : 1,748.96 yen Net income per share : 99.79 yen The same as at left

Basis for calculation of net income per share

	FY2008 〔 Jan. 1, 2008 to Dec. 31, 2008 〕	FY2009 〔 Jan. 1, 2009 to Dec. 31, 2009 〕
Net income	25,150	9,553
Net income attributable to common stock	25,150	9,553
Amount not attributable to common shareholders	-	-
Average number of shares of common stock outstanding (thousand shares)	95,942	95,738

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

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

(Significant subsequent events)

FY2008 (Jan. 1, 2008 - Dec. 31, 2008)

Acquisition of treasury stock

(1) Resolution and its purpose

Shimano Inc. has resolved at the Board of Directors' Meeting held on Feb. 10, 2009 to acquire its own shares. The purpose is to improve capital efficiency and make possible the implementation of an expeditious capital policy adapted to the business environment.

(2) Number and amount of shares to be acquired

Number of shares to be acquired: Not exceeding 3,000,000 shares

Amount of shares to be acquired: Not exceeding 12,000 million yen

(3) Period

During one year from Feb. 12, 2009

FY2009 (Jan. 1, 2009 - Dec. 31, 2009)

Not applicable.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

	(Millions of yen)	
	FY2008	FY2009
	As of Dec. 31, 2008	As of Dec. 31, 2009
Assets		
Current assets		
Cash and time deposits	8,898	10,785
Notes receivable	* 1,670	* 1,134
Accounts receivable-trade	21,937	17,108
Finished goods	6,466	5,019
Work in process	8,745	6,527
Raw materials	1,290	1,208
Supplies	214	293
Accounts receivable-other	4,562	3,475
Deferred income taxes	736	535
Others	558	731
Allowance for doubtful accounts	(13)	(14)
Total current assets	55,067	46,806
Fixed assets		
Property, plant and equipment		
Buildings	20,286	20,269
Accumulated depreciation	(12,902)	(13,150)
Accumulated impairment loss	(172)	(170)
Buildings (net)	7,212	6,947
Structures	2,479	2,458
Accumulated depreciation	(2,015)	(2,048)
Accumulated impairment loss	(1)	(1)
Structures (net)	462	408
Plant and machinery	19,151	20,467
Accumulated depreciation	(14,900)	(15,944)
Accumulated impairment loss	(304)	(286)
Plant and machinery (net)	3,947	4,236
Vehicles	173	165
Accumulated depreciation	(111)	(124)
Vehicles (net)	61	41
Tools, equipment and furniture	26,184	26,487
Accumulated depreciation	(24,064)	(24,679)
Accumulated impairment loss	(39)	(37)
Tools, equipment and furniture (net)	2,079	1,770
Land	9,815	9,816
Leased assets	-	27
Accumulated depreciation	-	(15)
Leased assets (net)	-	11
Construction in progress	460	522
Total property, plant and equipment	24,039	23,756
Intangible assets		
Software	4,906	3,675
Others	171	114
Total intangible assets	5,078	3,789

	(Millions of yen)	
	FY2008	FY2009
	As of Dec. 31, 2008	As of Dec. 31, 2009
Investments and other assets		
Investment securities	8,485	7,019
Subsidiaries and affiliates' stock	10,473	10,506
Investments in subsidiaries and affiliates	1,336	1,336
Long-term loans to subsidiaries and affiliates	8,056	7,229
Deferred income taxes	3,213	816
Others	2,578	2,637
Allowance for doubtful accounts	(1,380)	(1,575)
Total investments and other assets	32,763	27,971
Total fixed assets	61,881	55,517
Total assets	116,948	102,324
Liabilities		
Current liabilities		
Accounts payable-trade	9,030	6,482
Short-term loans payable to subsidiaries and affiliates	9,383	4,570
Accounts payable-other	3,797	3,050
Deposit payable	1,502	2,331
Accrued bonuses to employees	207	234
Accrued bonuses to officers	120	120
Others	376	355
Total current liabilities	24,418	17,145
Long-term liabilities		
Employees retirement benefits	1,232	1,139
Officers retirement benefits	1,140	1,226
Others	-	2
Total long-term liabilities	2,372	2,367
Total liabilities	26,791	19,513
(Net assets)		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus		
Capital reserve	5,822	5,822
Other capital surplus	0	-
Total capital surplus	5,823	5,822
Retained earnings		
Legal reserve	3,194	3,194
Other retained earnings		
Unappropriated retained earnings	47,334	37,642
Total retained earnings	50,528	40,836
Treasury stock	(391)	(18)
Total shareholders' equity	91,573	82,253
Valuation and transaction adjustments		
Unrealized gain on other securities	(1,415)	557
Total valuation and transaction adjustments	(1,415)	557
Total net assets	90,157	82,810
Total liabilities and net assets	116,948	102,324

(2) Non-consolidated Statements of Income

	(Millions of yen)	
	FY2008	FY2009
	Jan. 1, 2008 to Dec. 31, 2008	Jan. 1, 2009 to Dec. 31, 2009
Net sales	189,142	142,103
Cost of sales		
Beginning balance of finished goods	6,530	6,466
Purchases of finished goods	73,002	49,694
Cost of products manufactured	*2 69,886	*2 59,599
Total	149,419	115,759
Transfer to other accounts	667	383
Ending balance of finished goods	6,466	5,019
Total cost of sales	142,285	110,357
Gross profit	46,856	31,746
Selling, general and administrative expenses	*2 27,941	*2 25,097
Operating income	18,915	6,648
Non-operating income		
Interest income	402	406
Dividend income	*1 1,074	*1 524
Exchange gain	-	195
Others	146	166
Total non-operating income	1,623	1,292
Non-operating expenses		
Interest expense	93	97
Devaluation loss of marketable securities	79	-
Payment discounts	271	264
Donations	123	108
Exchange loss	1,254	-
Others	*3 509	491
Total non-operating expenses	2,332	962
Ordinary income	18,206	6,978
Extraordinary losses		
Devaluation loss of investment securities	-	4,805
Total extraordinary losses	-	4,805
Income before income taxes	18,206	2,172
Income tax-current	3,641	830
Income tax-deferred	3,197	1,227
Total income taxes	6,838	2,057
Net income	11,367	115

(3) Non-consolidated Statements of Shareholders' Equity

	(Millions of yen)	
	FY2008	FY2009
	Jan. 1, 2008 to Dec. 31, 2008	Jan. 1, 2009 to Dec. 31, 2009
Shareholders' equity		
Common stock		
Balance at beginning of year	35,613	35,613
Balance at end of year	35,613	35,613
Capital surplus		
Capital reserve		
Balance at beginning of year	5,822	5,822
Balance at end of year	5,822	5,822
Other capital surplus		
Balance at beginning of year	-	0
Changes of items during the year		
Sales of treasury stock	0	0
Retirement of treasury stock	-	(0)
Total changes of items during the year	0	(0)
Balance at end of year	0	-
Total capital surplus		
Balance at beginning of year	5,822	5,823
Changes of items during the year		
Sales of treasury stock	0	0
Retirement of treasury stock	-	(0)
Total changes of items during the year	0	(0)
Balance at end of year	5,823	5,822
Retained earnings		
Legal reserve		
Balance at beginning of year	3,194	3,194
Balance at end of year	3,194	3,194
Other retained earnings		
Unappropriated retained earnings		
Balance at beginning of year	40,860	47,334
Changes of items during the year		
Cash dividends paid	(4,894)	(5,850)
Net income	11,367	115
Retirement of treasury stock	-	(3,957)
Total changes of items during the year	6,473	(9,692)
Balance at end of year	47,334	37,642
Total retained earnings		
Balance at beginning of year	44,054	50,528
Changes of items during the year		
Cash dividends paid	(4,894)	(5,850)
Net income	11,367	115
Retirement of treasury stock	-	(3,957)
Total changes of items during the year	6,473	(9,692)
Balance at end of year	50,528	40,836

	(Millions of yen)	
	FY2008	FY2009
	Jan. 1, 2008 to Dec. 31, 2008	Jan. 1, 2009 to Dec. 31, 2009
Treasury stock		
Balance at beginning of year	(96)	(391)
Changes of items during the year		
Acquisition of treasury stock	(298)	(3,586)
Sales of treasury stock	2	1
Retirement of treasury stock	-	3,958
Total changes of items during the year	<u>(295)</u>	<u>372</u>
Balance at end of year	<u>(391)</u>	<u>(18)</u>
Total shareholders' equity		
Balance at beginning of year	85,394	91,573
Changes of items during the year		
Cash dividends paid	(4,894)	(5,850)
Net income	11,367	115
Acquisition of treasury stock	(298)	(3,586)
Sales of treasury stock	3	1
Total changes of items during the year	<u>6,178</u>	<u>(9,320)</u>
Balance at end of year	<u>91,573</u>	<u>82,253</u>
Valuation and translation adjustments		
Unrealized gain on other securities		
Balance at beginning of year	1,651	(1,415)
Changes of items during the year		
Net changes of items other than shareholders' equity	<u>(3,067)</u>	<u>1,973</u>
Total changes of items during the year	<u>(3,067)</u>	<u>1,973</u>
Balance at end of year	<u>(1,415)</u>	<u>557</u>
Total valuation and translation adjustments		
Balance at beginning of year	1,651	(1,415)
Changes of items during the year		
Net changes of items other than shareholders' equity	<u>(3,067)</u>	<u>1,973</u>
Total changes of items during the year	<u>(3,067)</u>	<u>1,973</u>
Balance at end of year	<u>(1,415)</u>	<u>557</u>
Total net assets		
Balance at beginning of year	87,045	90,157
Changes of items during the year		
Cash dividends paid	(4,894)	(5,850)
Net income	11,367	115
Acquisition of treasury stock	(298)	(3,586)
Sales of treasury stock	3	1
Net changes of items other than shareholders' equity	<u>(3,067)</u>	<u>1,973</u>
Total changes of items during the year	<u>3,111</u>	<u>(7,346)</u>
Balance at end of year	<u>90,157</u>	<u>82,810</u>

- (4) Note concerning assumption of going concern
Not applicable.

(5) Significant accounting policies

	FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
3. Depreciation and amortization of principal fixed assets	<p>Property, plant and equipment Property, plant and equipment acquired on or before March 31, 2007</p> <p>Property, plant and equipment of the Company are depreciated by the former declining-balance 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 are depreciated by the declining-balance method based on the estimated useful lives of the respective assets.</p> <hr style="width: 20%; margin-left: auto; margin-right: auto;"/>	<p>Property, plant and equipment Property, plant and equipment acquired on or before March 31, 2007 (excluding leased assets)</p> <p>Property, plant and equipment of the Company are depreciated by the former declining-balance 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 (excluding leased assets)</p> <p>Property, plant and equipment of the Company are depreciated by the declining-balance method based on the estimated useful lives of the respective assets.</p> <p>Leased assets Leased assets related to finance lease transactions without ownership transfer</p> <p>Depreciation of leased assets are computed by the straight-line method based on the period of the leasing contract as the useful lives.</p>

(6) Changes in the Significant Accounting Policies

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
<p style="text-align: center;">—————</p> <p>(Inventory valuation method) Since application of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) to fiscal years starting before March 31, 2008, became possible, the Company adopted this standard effective from the fiscal year ended December 31, 2008. Of the 340 million yen write-down which arose from the adoption of this standard, 282 million yen was recorded as cost of sales and 58 million yen was recorded as non-operating expenses.</p>	<p>(Adoption of the "Accounting Standard for Lease Transactions") Finance lease transactions without transfer of ownership were previously accounted in accordance with the accounting procedure for operating leases. Effective from fiscal year 2009, the Company has adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 (June 17, 1993 (First Committee of the Business Accounting Council), revised on March 30, 2007)) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 (January 18, 1994 (Accounting Standards Committee of The Japanese Institute of Certified Public Accountants), revised on March 30, 2007)), and finance lease transactions without transfer of ownership are accounted in accordance with the accounting procedure for ordinary sale and purchase transactions.</p> <p>This change has no impact on operating income, ordinary income or income before income taxes and minority interest.</p> <p style="text-align: center;">—————</p>

Additional information

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
<p style="text-align: center;">—————</p>	<p>(Change in useful lives of fixed assets) In accordance with the revision to the Corporate Tax Law (Law for Partial Amendment of the Income Tax Law, etc. (April 30, 2008, Law No. 23), the Company reviewed useful lives and classification of depreciable assets. Taking this opportunity, the Company revised useful lives of certain plant and machinery of the Company and effective from fiscal year 2009, depreciation has been calculated based on the useful lives after the revision. As a result, compared with previous method, operating income, ordinary income and income before income taxes decreased by 262 million yen, respectively.</p>

(7) Notes relating to Non-consolidated Financial Statements

(Notes relating to non-consolidated balance sheets)

FY2008 (As of Dec. 31, 2008)	FY2009 (As of Dec. 31, 2009)
<p>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 a subsequent settlement date.</p> <p>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="text-align: right;">Notes receivable 99 million yen</p>	<p>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 a subsequent settlement date.</p> <p>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="text-align: right;">Notes receivable 138 million yen</p>

(Notes relating to non-consolidated statements of income)

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009																										
<p>*1. Dividend income from affiliated companies amounted to 916 million yen.</p> <p>*2. R&D expenses included in selling, general and administrative expenses and manufacturing expenses amounted to 8,658 million yen.</p> <p>*3 The Company recognized impairment losses for the following groups of fixed assets.</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Category</th> <th>Location</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Production and operational facilities of bicycle components</td> <td>Plant and machinery Tools, equipment and furniture</td> <td>Sakai City, Osaka</td> <td>Idle assets</td> </tr> <tr> <td>Production facilities of fishing tackle</td> <td>Plant and machinery Tools, equipment and furniture</td> <td>Sakai City, Osaka</td> <td>Idle assets</td> </tr> <tr> <td>Other production facilities and employee welfare facilities</td> <td>Plant and machinery Tools, equipment and furniture Land</td> <td>Sakai City, Osaka Hakone-cho, Ashigarashimo-gun, Kanagawa</td> <td>Idle assets</td> </tr> </tbody> </table> <p>(Background)</p> <p>The book values of idle production facilities of bicycle components, production facilities of fishing tackle, and production facilities of other segments and employee welfare facilities were reduced to recoverable values because they are unscheduled for business use and the difference between the book values and the recoverable values was recorded as a loss on impairment (129 million yen), and included as non-operating expenses.</p> <p>(Amount of impairment losses)</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Plant and machinery</td> <td style="text-align: right;">105</td> </tr> <tr> <td>Tools, equipment and furniture</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">16</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">125</td> </tr> </tbody> </table>	Use	Category	Location	Remarks	Production and operational facilities of bicycle components	Plant and machinery Tools, equipment and furniture	Sakai City, Osaka	Idle assets	Production facilities of fishing tackle	Plant and machinery Tools, equipment and furniture	Sakai City, Osaka	Idle assets	Other production facilities and employee welfare facilities	Plant and machinery Tools, equipment and furniture Land	Sakai City, Osaka Hakone-cho, Ashigarashimo-gun, Kanagawa	Idle assets	Type	Amount	Plant and machinery	105	Tools, equipment and furniture	3	Land	16	Total	125	<p>*1. Dividend income from affiliated companies amounted to 391 million yen.</p> <p>*2. R&D expenses included in selling, general and administrative expenses and manufacturing expenses amounted to 7,825 million yen.</p> <p style="text-align: center;">_____</p>
Use	Category	Location	Remarks																								
Production and operational facilities of bicycle components	Plant and machinery Tools, equipment and furniture	Sakai City, Osaka	Idle assets																								
Production facilities of fishing tackle	Plant and machinery Tools, equipment and furniture	Sakai City, Osaka	Idle assets																								
Other production facilities and employee welfare facilities	Plant and machinery Tools, equipment and furniture Land	Sakai City, Osaka Hakone-cho, Ashigarashimo-gun, Kanagawa	Idle assets																								
Type	Amount																										
Plant and machinery	105																										
Tools, equipment and furniture	3																										
Land	16																										
Total	125																										

FY2008 Jan. 1, 2008 to Dec. 31, 2008	FY2009 Jan. 1, 2009 to Dec. 31, 2009
<p>(Method of grouping)</p> <p>The Company's assets are grouped by industrial segment and in the minimum unit that produces cash flows. 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)</p> <p>Recoverable value is stated at net sale value, which is either residual value or property tax assessment values due to the immateriality of the amounts involved.</p>	

(Notes relating to deferred tax accounting)

FY2008 (As of Dec. 31, 2008)	FY2009 (As of Dec. 31, 2009)
1. Significant components of deferred tax assets and liabilities (Millions of yen)	1. Significant components of deferred tax assets and liabilities (Millions of yen)
(Deferred tax assets)	(Deferred tax assets)
Excess of limit of accrued employee bonuses 85	Excess of limit of accrued employee bonuses 95
Officers retirement benefits 467	Officers retirement benefits 502
Excess of limit of employees retirement benefits 505	Excess of limit of employees retirement benefits 467
Unrealized gain on other securities 1,620	Unrealized gain on other securities 197
Book in excess of tax depreciation 355	Book in excess of tax depreciation 219
Loss on revaluation of golf memberships 130	Loss on revaluation of golf memberships 141
Excess of limit of allowance for doubtful accounts 395	Excess of limit of allowance for doubtful accounts 630
Loss on impairment 402	Loss on impairment 340
Book in excess of tax depreciation for small sum assets 127	Book in excess of tax depreciation for small sum assets 121
Devaluation loss on inventories 320	Devaluation loss on inventories 321
Others 175	Others 98
Total deferred tax assets <u>4,587</u>	Sub-total deferred tax assets <u>3,137</u>
(Deferred tax liabilities)	Valuation allowance (1,200)
Unrealized gain on other securities (636)	Total deferred tax assets <u>1,936</u>
Total deferred tax liabilities <u>(636)</u>	(Deferred tax liabilities)
Net deferred tax assets <u>3,950</u>	Unrealized gain on other securities (585)
	Total deferred tax liabilities <u>(585)</u>
	Net deferred tax assets <u>1,351</u>
2. Reconciliation between the statutory effective tax rate and the actual effective tax rate	2. Reconciliation between the statutory effective tax rate and the actual effective tax rate
(%)	(%)
Statutory effective tax rate <u>41.0</u>	Statutory effective tax rate <u>41.0</u>
(Reconciliation)	(Reconciliation)
Permanent difference-expenses 0.6	Permanent difference-expenses 6.4
Permanent difference-income (0.2)	Permanent difference-income (1.3)
Foreign tax credit (3.2)	Foreign tax credit (12.7)
Others (0.6)	Valuation allowance 55.2
Actual effective tax rate <u>37.6</u>	Adjustments of previous year 6.6
	Others (0.5)
	Actual effective tax rate <u>94.7</u>

