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## Summary of Consolidated Financial Results for FY2011

(January 1, 2011 - December 31, 2011)

February 8, 2012

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 29, 2012  
Date for filing of annual report to Ministry of Finance: March 30, 2012  
Supplemental information: Yes  
Financial results briefing: Yes

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Scheduled payment date for dividends: March 30, 2012

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

### 1. Consolidated financial results for FY2011 (January 1, 2011 - December 31, 2011)

(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	%
FY2011	221,770	3.8	31,742	(3.1)	31,701	14.2	19,862	3.9
FY2010	213,596	14.4	32,772	59.6	27,763	37.9	19,121	100.1

(Note) Comprehensive income: FY2011: 14,170 million yen (-18.4%) FY2010: 17,361 million yen (-%)

	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	%	%	%
FY2011	211.83	-	11.2	15.1	14.3
FY2010	202.78	-	11.3	14.0	15.3

(Reference) Equity in earnings: FY2011: - million yen FY2010: - million yen

### (2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2011	216,000	181,774	83.9	1,932.32
FY2010	205,248	173,600	84.3	1,844.81

(Reference) Shareholders' equity: FY2011: 181,189 million yen FY2010: 172,984 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
FY2011	25,484	(9,521)	17	78,549
FY2010	31,118	(10,590)	(10,617)	65,107

### 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	%	%
FY2010	-	30.50	-	30.50	61.00	5,733	30.1	3.4
FY2011	-	30.50	-	30.50	61.00	5,719	28.8	3.2
FY2012 (Forecast)	-	30.50	-	30.50	61.00		23.8	

(Note) The year-end cash dividend for FY2011 included a special dividend of 24.25 yen.

### 3. Forecasted consolidated business performance for FY2012 (January 1, 2012 - December 31, 2012)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2012	115,000	7.3	17,500	14.8	17,500	28.2	12,000	73.8	127.98
FY2012	230,000	3.7	35,000	10.3	35,000	10.4	24,000	20.8	255.95

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

## 4. Others

(1) Changes in significant subsidiaries during the year (Changes in specified subsidiaries due to changes in scope of consolidation): None

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

Changes in accordance with revision of accounting standards: Yes

Changes other than above: No

Note: For details, refer to (7) Changes in the "Presentation of the Consolidated Financial Statements - Significant Matters" on Page 16.

(3) Number of shares of common stock issued

Number of shares of common stock issued at year-end (including treasury stock): FY2011: 93,800,000 FY2010: 93,800,000

Number of shares of treasury stock at year-end: FY2011: 32,168 FY2010: 31,604

Average number of shares during the year: FY2011: 93,768,075 FY2010: 94,294,840

## (Reference) Non-Consolidated Financial Results

1. Non-consolidated financial results for FY2011 (January 1, 2011 - December 31, 2011)

(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	%
FY2011	172,453	3.0	12,715	(7.5)	20,500	60.2	13,511	61.9
FY2010	167,489	17.9	13,747	106.8	12,798	83.4	8,342	-

	Net income per share	Net income per share (Diluted)
	Yen	Yen
FY2011	144.09	-
FY2010	88.48	-

(2) Non-consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2011	110,387	88,204	79.9	940.67
FY2010	103,742	80,175	77.3	855.04

(Reference) Shareholders' equity FY2011: 88,204 million yen FY2010: 80,175 million yen

Notes: Presentation concerning audit procedures

This financial report is outside the scope of audit procedures pursuant to the Financial Instruments and Exchange Act and procedures for audit of financial statements pursuant to the Financial Instruments and Exchange Act were not completed as of the disclosure of this financial report.

Explanation regarding the appropriate use of forecasts of business performance and other special items

The forecasts of consolidated business performance and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that management believes reasonable and actual business performance may differ materially from those described in such statements due to various factors. For details of assumptions for the forecasts and other related items, please refer to Page 3 of the attached document. Shimano Inc. accepts no liability whatsoever for any direct or consequential loss arising from any use of this document.

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## 1. Business Results

### (1) Analysis of Business Results

#### Review of Operations

During fiscal year 2011, as the financial turmoil triggered by the Greek debt crisis rippled across Italy, Spain, and adjacent countries, the soaring Euro credit risk shook the world economy.

In Japan, consumption, though sluggish in the aftermath of the Great East Japan Earthquake, started to recover as spring gave way to summer. Nevertheless, the business environment for exporters remained challenging owing to the rapid appreciation of the yen and anxiety about the slowing world economy.

In these circumstances, inspired by our mission—"To create new value and promote health and happiness through the enjoyment of nature and the world around us"—the Shimano Group strove to vitalize the market through the creation of a stream of captivating products capable of enriching the experience of cyclists and anglers around the world.

As a result, consolidated net sales increased 3.8% from the previous year to 221,770 million yen. Consolidated ordinary income rose 14.2% to 31,701 million yen, and net income rose 3.9% to 19,862 million yen.

#### Reportable Segment Overview

##### Bicycle Components

In the major markets of Europe and North America, retail sales remained robust since early spring despite a temporary decline owing to unsettled weather and were virtually unchanged from the previous year.

The market for sports bicycles in China, which has been buoyant since the beginning of 2011, continued to show strong growth. Indeed, sales of sports bicycles in China greatly exceeded the previous year's level.

New products continued to enjoy brisk sales. They included the DeoreXT mountain bike components and the TIAGRA road bike components—two series introduced in the second quarter, as well as the ULTEGRA Di2 series of road bike components with electronic shifting introduced in the third quarter.

In the fourth quarter, order-taking for Shimano products for Spring 2012 was upbeat, spurred by the anticipation of further growth of demand in China for sports bicycles coupled with robust retail sales and normal-level distribution inventories.

As a result, sales from this segment increased 4.7% from the previous year to 177,307 million yen, and operating income decreased 3.4% to 29,966 million yen.

##### Fishing Tackle

The Great East Japan Earthquake that occurred in March and the ensuing nuclear accident dealt a severe blow to the Japanese market, particularly in East Japan. Although the impact of the disaster has faded since the summer, especially in West Japan, various factors, including floods caused by typhoons, meant that a broad recovery of the Japanese market did not occur, despite some promising indications of improved conditions. In these circumstances, the TWIN POWER series and the BIOMASTER series of spinning reels as well as the Scorpion DC series of bait-casting reels introduced in the second quarter continued to sell well. Moreover, the FORCE MASTER electric reel introduced in the third quarter was well received in the market.

Overseas, a challenging business environment persisted, such as flooding in the U.S. and other natural disasters, the government debt crisis in Europe, and the rapid appreciation of the yen. However, sales of Shimano products remained buoyant in Asia and Oceania. As a result, total overseas sales exceeded the previous year's figure.

As a result, sales from this segment increased 1.4% from the previous year to 43,884 million yen, and operating income rose 8.6% to 2,139 million yen.

##### Others

Sales from other segments decreased 35.6% from the previous year to 578 million yen and an operating loss of 363 million yen was recorded, following an operating loss of 228 million yen for the previous year.

## Forecast for Fiscal Year 2012

If the government debt crisis were to push Europe into recession, prospects for China and other emerging economies would be damaged.

In Japan, it is hoped that demand associated with recovery from the Great East Japan Earthquake will boost the economy. Nevertheless, it is difficult to find grounds for optimism about Japanese economic prospects as the unprecedentedly strong yen undermines the competitiveness of exporters and raises the possibility of stagnation.

In these circumstances, the Shimano Group, while closely monitoring economic trends in Japan and overseas, is endeavoring to create a stream of captivating products complemented by agile and efficient production and logistics systems deployed to deliver those products worldwide.

Through these initiatives, we will take the lead in the creation of new cycling culture and sport fishing culture.

In view of the outlook described above, for fiscal year 2012, the Shimano Group forecasts net sales of 230,000 million yen, an increase of 3.7%, ordinary income of 35,000 million yen, an increase of 10.4%, and net income of 24,000 million yen, an increase of 20.8%.

The fiscal year-end of 27 consolidated subsidiaries will be changed from November 30 to December 31 during fiscal year 2012. Their financial statements used for preparation of the consolidated financial statements for fiscal year 2012 will be for a 13-month period. Increases of 2,800 million yen in net sales, 1,600 million yen in operating income, 1,600 million yen in ordinary income and 1,600 million yen in income before income taxes and minority interest are estimated and included in the above forecasts.

Sales forecasts by segment are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle components	Japan	3,800	3.3	3,700	3.2	7,500	3.3
	Overseas	87,700	76.3	89,300	77.7	177,000	77.0
	Sub-total	91,500	79.6	93,000	80.9	184,500	80.2
Fishing tackle		23,200	20.2	21,800	19.0	45,000	19.6
Others		300	0.3	200	0.2	500	0.2
Total		115,000	100.0	115,000	100.0	230,000	100.0

## (2) Analysis of Consolidated Financial Position

## Assets, Liabilities and Net Assets

## (Total assets)

Total assets as of the end of fiscal year 2011 amounted to 216,000 million yen (an increase of 10,751 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase in cash and time deposits of 9,370 million yen and an increase of 1,723 million yen in construction in progress.

## (Total liabilities)

Total liabilities as of the end of fiscal year 2011 amounted to 34,225 million yen (an increase of 2,577 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 2,294 million yen in long-term loans payable.

## (Net assets)

Net assets as of the end of fiscal year 2011 amounted to 181,774 million yen (an increase of 8,173 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 13,936 million yen in retained earnings and an decrease of 5,899 million yen in foreign currency translation adjustments.

## Cash Flows

Net cash provided by operating activities amounted to 25,484 million yen compared with 31,118 million yen for the previous year. The main items were income before income taxes of 29,555 million yen, depreciation and amortization amounting to 9,925 million yen, and income taxes paid amounting to 11,558 million yen.

Net cash used in investing activities amounted to 9,521 million yen compared with 10,590 million yen for the previous year. The main items included acquisition of property, plant and equipment amounting to 12,383 million yen.

Net cash provided by financing activities amounted to 17 million yen, whereas 10,617 million yen was used for the previous year. The main items were proceeds from long-term loans payable of 3,996 million yen, a net increase in short-term loans payable of 1,714 million yen and cash dividend payments of 5,594 million yen.

As a result, cash and cash equivalents at the end of the year were 78,549 million yen.

Cash flow indicators are shown in the following table.

	FY2007	FY2008	FY2009	FY2010	FY2011
Equity ratio (%)	81.1	85.4	87.0	84.3	83.9
Market value equity ratio (%)	189.4	174.2	185.0	188.7	162.4
Interest-bearing debt to cash flow ratio	0.21	0.25	0.06	0.06	0.30
Interest coverage ratio (times)	54.7	45.7	81.9	93.6	87.1

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 FY2011 and FY2012

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 providing stable returns reflecting overall business performance and strategy.

In accordance with the above policy, the Company's year-end cash dividends for fiscal year 2011 amounted to 30.50 yen per share, including a special dividend of 24.25 yen, the same as the previous year-end cash dividends. As a result, cash dividends for the full year of fiscal year 2011 amount to 61 yen per share, the same as for the previous year.

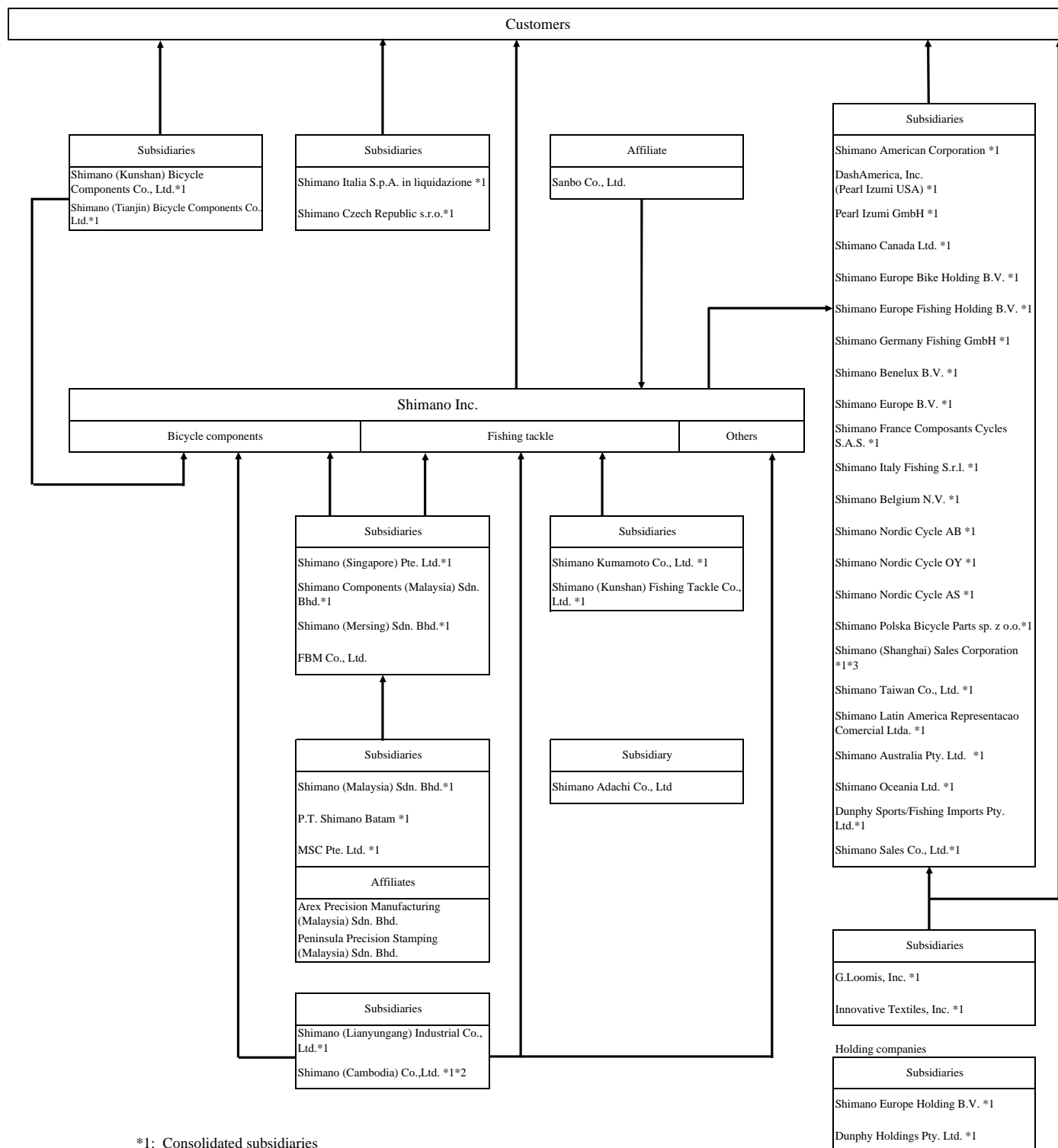
Internal reserve funds will be used for strengthening the financial position, rationalization of the capital structure and future development of the business

The Company intends to pay out cash dividends of 61 yen per share for fiscal year 2012 (30.50 yen each for interim and year-end cash dividends).

## 2. Outline of the Group

The Shimano Group consists of Shimano Inc. and 41 consolidated subsidiaries and affiliates. The Group is mainly engaged in manufacturing and sales of bicycle components and fishing tackle.

Business relationships among the Shimano Group companies are indicated below.



\*1: Consolidated subsidiaries

\*2: A newly consolidated subsidiary from fiscal year 2011. (Refer to Page 15.)

\*3: The company name was changed in fiscal year 2011. (Refer to Page 15.)

### 3. Business Policy

#### (1) Basic Business Policy

The mission of the Shimano Group is "To promote health and happiness through the enjoyment of nature and the world around us." In order to promote health and happiness, we provide innovative and exciting bicycle components and fishing tackle.

We are focusing on four business policies:

We strive to provide quality products and services that are reliable and trustworthy.

We pledge to continually increase corporate value and to ensure corporate management worthy of the trust placed in us.

We strive to provide a fair and vibrant work environment where all can share in the pleasure and satisfaction that comes with achievement.

We pledge to be a good corporate citizen by protecting the environment and contributing to the prosperity of our community.

#### (2) Management Benchmark

We adopt ROE as a management benchmark for improving corporate value. ROE for fiscal year 2011 was 11.2%. The Shimano Group will strive to increase ROE through improvement of profitability and efficient management of shareholders' equity.

#### (3) Medium-term Management Strategies

The Shimano Group has set three strategies to achieve customer satisfaction, improve profitability and enhance corporate value from a medium-term perspective.

Strengthening of core competence

We are convinced that reviewing and enhancing our strengths will lead to the creation of "Captivating products." We will work to construct the optimal systems for planning, development, manufacturing, responding to the changing marketplace and bearing in mind the importance of enhancing capabilities throughout the organization.

Creation of bicycling and fishing culture and strengthening of the brand

We will work hard to improve and raise the social recognition and position of cycling and fishing so that consumers can recognize and acknowledge the status of cycling and fishing as aspects of culture offering physical and spiritual value, while also striving to enhance the value of the Shimano brand.

Enhancement of corporate value

We intend to enhance financial performance by offering products and services that deliver outstanding customer satisfaction, while striving to secure the sustainability of our business by emphasizing compliance and transparent management. We believe that continuing such activities will enhance our corporate value to the benefit of our shareholders, users, customers, employees and other stakeholders.

#### (4) Challenges Facing the Group

It is necessary to respond swiftly to the changing structure of global demand in view of the shift in the center of gravity of the world economy from the advanced nations of the West to China, India and other emerging economies.

Moreover, the need to enhance cost competitiveness is becoming increasingly urgent because of the persisting strength of the yen.

In these circumstances, the Shimano Group, while closely monitoring economic trends in Japan and overseas, is endeavoring to create a stream of captivating products complemented by agile and efficient production and logistics systems deployed to deliver those products worldwide.

Through these initiatives, we will take the lead in the creation of new cycling culture and sport fishing culture.

**4. Consolidated Financial Statements****(1) Consolidated Balance Sheets**

	(Millions of yen)	
	FY2010	FY2011
	As of Dec. 31, 2010	As of Dec. 31, 2011
Assets		
Current assets		
Cash and time deposits	72,881	82,252
Notes and accounts receivable-trade	*2 26,012	*2 25,189
Merchandise and finished goods	18,434	19,269
Work in process	14,103	14,971
Raw materials and supplies	4,211	4,419
Deferred income taxes	2,234	1,878
Others	2,515	3,168
Allowance for doubtful accounts	(245)	(306)
Total current assets	140,148	150,842
Fixed assets		
Property, plant and equipment		
Buildings and structures	39,449	39,974
Accumulated depreciation	(22,895)	(22,773)
Accumulated impairment loss	(155)	(154)
Buildings and structures (net)	16,398	17,046
Machinery and vehicles	45,567	44,943
Accumulated depreciation	(35,150)	(33,720)
Accumulated impairment loss	(223)	(191)
Machinery and vehicles (net)	10,193	11,031
Land	11,244	11,152
Leased assets	141	107
Accumulated depreciation	(72)	(59)
Leased assets (net)	68	47
Construction in progress	2,009	3,733
Others	38,874	36,712
Accumulated depreciation	(34,958)	(32,905)
Accumulated impairment loss	(34)	(22)
Others (net)	3,881	3,784
Total property, plant and equipment	43,797	46,797
Intangible assets		
Goodwill	3,574	3,737
Software	2,632	1,610
Others	2,979	2,758
Total intangible assets	9,186	8,106
Investments and other assets		
Investment securities	*1 8,338	*1 6,714
Deferred income taxes	1,926	1,472
Others	2,550	2,554
Allowance for doubtful accounts	(698)	(488)
Total investments and other assets	12,117	10,253
Total fixed assets	65,100	65,157
Total assets	205,248	216,000

	(Millions of yen)	
	FY2010	FY2011
	As of Dec. 31, 2010	As of Dec. 31, 2011
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	8,679	7,750
Short-term loans payable	752	4,136
Income taxes payable	6,344	3,608
Deferred income taxes	317	298
Accrued employee bonuses	1,213	1,217
Accrued officer bonuses	161	161
Others	9,259	9,631
Total current liabilities	26,729	26,803
Long-term liabilities		
Long-term loans payable	633	2,928
Deferred income taxes	852	784
Employee retirement benefits	2,270	2,425
Officer retirement benefits	1,000	1,130
Others	162	152
Total long-term liabilities	4,918	7,422
Total liabilities	31,647	34,225
<b>Net assets</b>		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,822	5,822
Retained earnings	145,661	159,597
Treasury stock	(121)	(124)
Total shareholders' equity	186,974	200,908
Other accumulated comprehensive income		
Unrealized gain (loss) on other securities	(122)	47
Foreign currency translation adjustments	(13,867)	(19,767)
Total other accumulated comprehensive income	(13,990)	(19,719)
Minority interests	615	584
Total net assets	173,600	181,774
Total liabilities and net assets	205,248	216,000

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

	(Millions of yen)	
	FY2010	FY2011
	Jan. 1, 2010 to Dec. 31, 2010	Jan. 1, 2011 to Dec. 31, 2011
Net sales	213,596	221,770
Cost of sales	*2 136,142	*2 144,884
Gross profit	77,453	76,885
Selling, general and administrative expenses	*1, *2 44,681	*1, *2 45,143
Operating income	32,772	31,742
Non-operating income		
Interest income	504	690
Dividend income	141	512
Others	848	423
Total non-operating income	1,494	1,626
Non-operating expenses		
Interest expenses	332	292
Loss on disposal of fixed assets	217	157
Foreign exchange losses	5,271	296
Others	682	920
Total non-operating expenses	6,503	1,666
Ordinary income	27,763	31,701
Extraordinary losses		
Loss on revaluation of investment securities	-	1,430
Loss on factory reconstruction	-	715
Total extraordinary losses	-	2,145
Income before income taxes and minority interests	27,763	29,555
Income taxes-current	10,089	9,005
Income taxes-deferred	(1,538)	606
Total income taxes	8,550	9,612
Income before minority interests	-	19,943
Minority interests in net income	91	81
Net income	19,121	19,862

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY2010	FY2011
	Jan. 1, 2010 to Dec. 31, 2010	Jan. 1, 2011 to Dec. 31, 2011
Income before minority interests	-	19,943
Other comprehensive income		
Unrealized gain (loss) on other securities	-	169
Foreign currency translation adjustments	-	(5,943)
Total other comprehensive income	-	*2 (5,773)
Comprehensive income	-	*1 14,170
(Breakdown)		
Comprehensive income attributable to owners of the parent	-	14,133
Comprehensive income attributable to minority interests	-	37

## (3) Consolidated Statements of Shareholders' Equity

	(Millions of yen)	
	FY2010	FY2011
	Jan. 1, 2010 to Dec. 31, 2010	Jan. 1, 2011 to Dec. 31, 2011
Shareholders' equity		
Common stock		
Balance at beginning of year	35,613	35,613
Balance at end of year	35,613	35,613
Capital surplus		
Balance at beginning of year	5,822	5,822
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
Balance at end of year	5,822	5,822
Retained earnings		
Balance at beginning of year	136,742	145,661
Changes of items during the year		
Cash dividends paid	(5,768)	(5,719)
Net income	19,121	19,862
Retirement of treasury stock	(4,448)	-
Change of scope of consolidation	14	(206)
Total changes of items during the year	8,918	13,936
Balance at end of year	145,661	159,597
Treasury stock		
Balance at beginning of year	(18)	(121)
Changes of items during the year		
Acquisition of treasury stock	(4,551)	(2)
Sales of treasury stock	0	0
Retirement of treasury stock	4,448	-
Total changes of items during the year	(103)	(2)
Balance at end of year	(121)	(124)
Total shareholders' equity		
Balance at beginning of year	178,159	186,974
Changes of items during the year		
Cash dividends paid	(5,768)	(5,719)
Net income	19,121	19,862
Acquisition of treasury stock	(4,551)	(2)
Sales of treasury stock	0	0
Change of scope of consolidation	14	(206)
Total changes of items during the year	8,815	13,933
Balance at end of year	186,974	200,908

	(Millions of yen)	
	FY2010	FY2011
	Jan. 1, 2010 to Dec. 31, 2010	Jan. 1, 2011 to Dec. 31, 2011
<b>Other comprehensive income</b>		
Unrealized gain (loss) on other securities		
Balance at beginning of year	497	(122)
Changes of items during the year		
Net changes of items other than shareholders' equity	(619)	169
Total changes of items during the year	(619)	169
Balance at beginning of year	(122)	47
Foreign currency translation adjustments		
Balance at beginning of year	(12,673)	(13,867)
Changes of items during the year		
Net changes of items other than shareholders' equity	(1,194)	(5,899)
Total changes of items during the year	(1,194)	(5,899)
Balance at end of year	(13,867)	(19,767)
Total other comprehensive income		
Balance at beginning of year	(12,176)	(13,990)
Changes of items during the year		
Net changes of items other than shareholders' equity	(1,813)	(5,729)
Total changes of items during the year	(1,813)	(5,729)
Balance at end of year	(13,990)	(19,719)
Minority interests		
Balance at beginning of year	564	615
Changes of items during the year		
Net changes of items other than shareholders' equity	51	(31)
Total changes of items during the year	51	(31)
Balance at end of year	615	584
Total net assets		
Balance at beginning of year	166,548	173,600
Changes of items during the year		
Cash dividends paid	(5,768)	(5,719)
Net income	19,121	19,862
Acquisition of treasury stock	(4,551)	(2)
Sales of treasury stock	0	0
Change of scope of consolidation	14	(206)
Net changes of items other than shareholders' equity	(1,762)	(5,760)
Total changes of items during the year	7,052	8,173
Balance at end of year	173,600	181,774

## (4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2010	FY2011
	Jan. 1, 2010 to Dec. 31, 2010	Jan. 1, 2011 to Dec. 31, 2011
Cash flows from operating activities:		
Income before income taxes and minority interests	27,763	29,555
Depreciation and amortization	9,764	9,925
Allowance for doubtful accounts	(149)	(121)
Interest and dividend income	(645)	(1,202)
Interest expenses	332	292
Notes and accounts receivable	(2,833)	(11)
Inventories	(3,296)	(3,390)
Notes and accounts payable	1,452	(554)
Officer retirement benefits	(226)	130
Employee retirement benefits	1,000	165
Loss on sales/revaluation of investment securities	84	1,344
Gain on sales/disposal of fixed assets	184	294
Others, net	2,851	(274)
Subtotal	36,282	36,153
Interest and dividend income received	627	1,181
Interest expenses paid	(332)	(292)
Income taxes paid	(5,459)	(11,558)
Net cash provided by operating activities	31,118	25,484
Cash flows from investing activities:		
Purchases of time deposits	(10,680)	(6,736)
Proceeds from maturities of time deposits	9,962	10,185
Acquisition of property, plant and equipment	(9,007)	(12,383)
Proceeds from sales of fixed assets	899	231
Acquisition of intangible assets	(684)	(668)
Proceeds from sales of investment securities	127	72
Acquisition of investment securities	(1,041)	(0)
Increase in short-term loans receivable	4	42
Payments for acquisition of newly consolidated subsidiaries	-	(394)
Payments for sales of consolidated subsidiaries	-	(258)
Others, net	(171)	388
Net cash used in investing activities	(10,590)	(9,521)

	(Millions of yen)	
	FY2010	FY2011
	Jan. 1, 2010 to Dec. 31, 2010	Jan. 1, 2011 to Dec. 31, 2011
Cash flows from financing activities:		
Increase in short-term loans payable	(3)	1,714
Proceeds from long-term loans payable	441	3,996
Repayment of long-term loans payable	(694)	(34)
Repayments of finance lease obligations	(35)	(18)
Acquisition of treasury stock	(4,551)	(2)
Gain on sales of treasury stock	0	0
Cash dividends to shareholders	(5,766)	(5,594)
Cash dividends to minority shareholders	(7)	(43)
Net cash provided by (used in) financing activities	(10,617)	17
Effect of exchange rate changes on cash and cash equivalents	1,113	(2,539)
Net increase (decrease) in cash and cash equivalents	11,023	13,441
Cash and cash equivalents at beginning of year	54,058	65,107
Increase in cash and cash equivalents from newly consolidated subsidiary	25	-
Cash and cash equivalents at end of year	* 65,107	* 78,549

(5) Note concerning Assumption of Going Concern  
Not applicable.

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

	FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
1. Consolidation	<p>(1) The consolidated financial statements include the accounts of the Company and the 41 subsidiaries whose names are stated in "2. Outline of the Group" on Page 6 of the Attachment.</p> <p>Shimano Latin America Representacao Comercial Ltda. was included in the scope of consolidation during fiscal year 2010, due to increased materiality.</p>	<p>(1) The consolidated financial statements include the accounts of the Company and the 41 subsidiaries whose names are stated in "2. Outline of the Group" on Page 5 of the Attachment.</p> <p>Shimano (Cambodia) Co., Ltd. was included in the scope of consolidation during fiscal year 2011, due to acquisitions of shares.</p> <p>Shimano U.K. Ltd. was excluded from the scope of consolidation during fiscal year 2011, due to sales of shares.</p> <p>The company name of Shimano (Shanghai) Bicycle Components Co., Ltd. was changed to Shimano (Shanghai) Sales Corporation during fiscal year 2011.</p>
3. Fiscal year of the consolidated subsidiaries	<p>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 Europe B.V. Shimano France Composants Cycles S.A.S. Shimano U.K. Ltd. Shimano Italia S.p.A. in liquidazione Shimano Italy Fishing S.r.l. Shimano Belgium N.V. Shimano Nordic Cycle AB Shimano Nordic Cycle OY Shimano Nordic Cycle AS Shimano Polska Bicycle Parts Sp. z o. o. Shimano Czech Republic s.r.o. Dunphy Holdings Pty. Ltd. Dunphy Sports/Fishing Imports Pty. Ltd. Shimano (Singapore) Pte. Ltd. Shimano Components (Malaysia) Sdn. Bhd. Shimano (Mersing) Sdn. Bhd. P.T.Shimano Batam Shimano (Malaysia) Sdn. Bhd. MSC Pte. 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.</p> <p>Any material effects occurring during the period from December 1 to December 31 are adjusted in the consolidated financial statements.</p> <p>Shimano Taiwan Co., Ltd. has changed its fiscal year end from November 30 to December 31 during fiscal year 2010. Its financial statement used for preparation of the consolidated financial statements for fiscal year 2010 is for a 13-month period. The impact of this change is immaterial.</p>	<p>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 Europe B.V. Shimano France Composants Cycles S.A.S. Shimano Italia S.p.A. in liquidazione Shimano Italy Fishing S.r.l. Shimano Belgium N.V. 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. Shimano (Singapore) Pte. Ltd. Shimano Components (Malaysia) Sdn. Bhd. Shimano (Mersing) Sdn. Bhd. P.T.Shimano Batam Shimano (Malaysia) Sdn. Bhd. MSC Pte. 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.</p> <p>Any material effects occurring during the period from December 1 to December 31 are adjusted in the consolidated financial statements.</p> <p>Shimano Czech Republic s.r.o. has changed its fiscal year end from November 30 to December 31 during fiscal year 2011. Its financial statement used for preparation of the consolidated financial statements for fiscal year 2011 is for a 13-month period. The impact of this change is immaterial.</p>

Since no significant changes have been made to the information in the recent securities report (submitted on March 31, 2011) for items other than the above 1 and 3, disclosure of other items has been omitted.

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

FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
<p>(Adoption of the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)") Effective from fiscal year 2010, the Company has adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008). The difference in projected benefit obligation arising from the adoption of this standard charged to income in the first year of adoption amounted to 866 million yen, and as a result, operating income, ordinary income, and income before income taxes and minority interests decreased 866 million yen, respectively. The impact on segment information is stated in the relevant section.</p> <p>(Accounting policy for provision for sales returns) Effective from fiscal year 2010, the Company has adopted a new accounting method to provide for sales returns. An estimated amount computed based on historical results is recorded in order to prepare for losses on sales returns. Previously, losses on sales returns were deducted from net sales in the period in which sales returns occurred. However, the Company changed the accounting method to achieve more appropriate periodic profit and loss accounting. Effective from fiscal year 2010, the estimated amount of future losses on sales returns based on the historical sales return rate is recorded as provision for sales returns. Due to this change, gross profit, operating income, ordinary income and income before income taxes and minority interests decreased by 73 million yen, respectively.</p>	<p>(Adoption of the "Accounting Standards for Asset Retirement Obligations") Effective from fiscal year 2011, the Company has adopted the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008). The impact of this change on the consolidated financial statements is immaterial.</p> <p>(Adoption of the "Accounting Standards for Business Combinations" and related matters) Effective from fiscal year 2011, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).</p>

## Changes in presentation

FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
	<p>(Consolidated Statements of Income)</p> <p>In accordance with the application of the "Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5, March 24, 2009) based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Income before minority interests" was presented for fiscal year 2011.</p>

## Additional information

FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
	<p>(Application of the "Accounting Standard for Presentation of Comprehensive Income")</p> <p>Effective from fiscal year 2011, the Company has adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). The amounts of "Other accumulated comprehensive income" and "Total other accumulated comprehensive income" stated for fiscal year 2010 are the amounts of "Valuation and translation adjustments" and "Total valuation and translation adjustments."</p>

## (8) Notes relating to Consolidated Financial Statements

## (Notes relating to Consolidated Balance Sheets)

FY2010 (As of Dec. 31, 2010)	FY2011 (As of Dec. 31, 2011)
<p>*1 The following pertains to non-consolidated subsidiaries and affiliates. Investment securities 1,896 million yen (Shares of non-consolidated subsidiaries and affiliates)</p>	<p>*1 The following pertains to non-consolidated subsidiaries and affiliates. Investment securities 1,434 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 receivable with maturity dates on the fiscal year-end date were cashed on a subsequent settlement date. 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. Notes receivable 60 million yen</p>	<p>*2 As the fiscal year-end fell on a holiday for financial institutions, notes receivable with maturity dates on the fiscal year-end date were cashed on a subsequent settlement date. 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. Notes receivable 48 million yen</p>

## (Notes relating to Consolidated Statements of Income)

FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
<p>*1 Main components of selling, general and administrative expenses for fiscal year 2010: 1 Salaries and wages 10,171 million yen 2 Advertising and sales promotion expenses 6,306 million yen</p>	<p>*1 Main components of selling, general and administrative expenses for fiscal year 2011: 1 Salaries and wages 10,693 million yen 2 Advertising and sales promotion expenses 6,408 million yen</p>
<p>*2 R&amp;D expenses included in selling, general and administrative expenses and manufacturing expenses for fiscal year 2010: 10,126 million yen</p>	<p>*2 R&amp;D expenses included in selling, general and administrative expenses and manufacturing expenses for fiscal year 2011: 10,021 million yen</p>

## (Notes relating to Consolidated Statements of Comprehensive Income)

## FY2011 (Jan. 1, 2011 to Dec. 31, 2011)

*1 Comprehensive income for the previous fiscal year	
Comprehensive income attributable to owners of the parent	17,307 million yen
<u>Comprehensive income attributable to minority interests</u>	<u>54 million yen</u>
Total	17,361 million yen
*2 Other comprehensive income for the previous fiscal year	
Unrealized gain (loss) on other securities	(619) million yen
<u>Foreign currency translation adjustments</u>	<u>(1,230) million yen</u>
Total	(1,850) million yen

## (Notes relating to Consolidated Statements of Shareholders' Equity)

FY2010 (From January 1, 2010 to December 31, 2010)

## 1. Total number of issued shares (Thousand shares)

Class of shares	Balance as of December 31, 2009	Increase	Decrease	Balance as of December 31, 2010
Common stock	94,910		1,110	93,800

(Details of the change)

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

Retirement of treasury stock 1,110 thousand shares

## 2. Treasury stock (Thousand shares)

Class of shares	Balance as of December 31, 2009	Increase	Decrease	Balance as of December 31, 2010
Common stock	5	1,135	1,110	31

(Details of the change)

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

Acquisition in accordance with the resolution at the meeting of the Board of Directors 1,134 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 1,110 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 25, 2010	Common stock	2,894	30.50	Dec. 31, 2009	Mar. 26, 2010
Meeting of the Board of Directors held on July 27, 2010	Common stock	2,874	30.50	Jun. 30, 2010	Sep. 3, 2010

## (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 30, 2011	Common stock	Retained earnings	2,859	30.50	Dec. 31, 2010	Mar. 31, 2011

FY2011 (From January 1, 2011 to December 31, 2011)

## 1. Total number of issued shares (Thousand shares)

Class of shares	Balance as of December 31, 2010	Increase	Decrease	Balance as of December 31, 2011
Common stock	93,800	—	—	93,800

## 2. Treasury stock (Thousand shares)

Class of shares	Balance as of December 31, 2010	Increase	Decrease	Balance as of December 31, 2011
Common stock	31	0	0	32

(Details of the change)

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

Acquisition of fractional shares 0 thousand shares

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

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 30, 2011	Common stock	2,859	30.50	Dec. 31, 2010	Mar. 31, 2011
Meeting of the Board of Directors held on July 27, 2011	Common stock	2,859	30.50	Jun. 30, 2011	Sep. 2, 2011

## (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 29, 2012	Common stock	Retained earnings	2,859	30.50	Dec. 31, 2011	Mar. 30, 2012

(Notes relating to Consolidated Statements of Cash Flows)

FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
* Reconciliation between cash and cash equivalents at the end of the year and the accounts in the consolidated balance sheets (as of December 31, 2010)  (millions of yen)	* Reconciliation between cash and cash equivalents at the end of the year and the accounts in the consolidated balance sheets (as of December 31, 2011)  (millions of yen)
Cash and time deposits 72,881	Cash and time deposits 82,252
Time deposits with maturities exceeding three months (7,773)	Time deposits with maturities exceeding three months (3,703)
Cash and cash equivalents <u>65,107</u>	Cash and cash equivalents <u>78,549</u>

(Notes relating to Securities)

FY2010 (As of Dec. 31, 2010)

Other securities				(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	2,406	1,352
	Subtotal	1,054	2,406	1,352
Securities for which the amount recorded on the consolidated balance sheet does not exceed acquisition cost	(1) Stock	5,475	3,794	(1,681)
	Subtotal	5,475	3,794	(1,681)
Total		6,529	6,201	(328)

FY2011 (As of Dec. 31, 2011)

Other securities				(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	502	1,540	1,038
	Subtotal	502	1,540	1,038
Securities for which the amount recorded on the consolidated balance sheet does not exceed acquisition cost	(1) Stock	4,597	3,518	(1,078)
	Subtotal	4,597	3,518	(1,078)
Total		5,099	5,059	(40)

## (Notes relating to Deferred Tax Accounting)

FY2010 (As of Dec. 31, 2010)	FY2011 (As of Dec. 31, 2011)
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	Excess of limit of accrued employee bonuses
157	178
Enterprise tax payable	Enterprise tax payable
442	166
Officer retirement benefits	Officer retirement benefits
438	431
Excess of limit of employee retirement benefits	Excess of limit of employee retirement benefits
895	835
Unrealized loss on other securities	Unrealized loss on other securities
626	295
Book in excess of tax depreciation	Book in excess of tax depreciation
335	65
Unrealized gain on inventories	Unrealized gain on inventories
667	687
Loss on revaluation of other securities	Loss on revaluation of other securities
159	675
Loss on revaluation of golf memberships	Loss on revaluation of golf memberships
149	135
Excess of limit of allowance for doubtful accounts	Excess of limit of allowance for doubtful accounts
590	385
Loss on impairment	Loss on impairment
308	264
Book in excess of tax depreciation for small sum assets	Book in excess of tax depreciation for small sum assets
146	197
Devaluation loss on inventories	Devaluation loss on inventories
397	434
Others	Others
547	763
Sub-total deferred tax assets	Sub-total deferred tax assets
5,862	5,519
Valuation allowance	Valuation allowance
(1,089)	(1,665)
Total deferred tax assets	Total deferred tax assets
4,773	3,853
(Deferred tax liabilities)	(Deferred tax liabilities)
Undistributed earnings of consolidated subsidiaries	Undistributed earnings of consolidated subsidiaries
(55)	(26)
Reserve for special depreciation	Reserve for special depreciation
(1,122)	(1,112)
Unrealized gain on other securities	Unrealized gain on other securities
(551)	(373)
Others	Others
(51)	(72)
Total deferred tax liabilities	Total deferred tax liabilities
(1,781)	(1,585)
Net deferred tax assets	Net deferred tax assets
2,991	2,267
2. Reconciliation between the effective statutory tax rate and the actual effective tax rate	2. Reconciliation between the effective statutory tax rate and the actual effective tax rate
(%)	(%)
Effective statutory tax rate	Effective statutory tax rate
41.0	41.0
(Reconciliation)	(Reconciliation)
Permanent difference-expenses	Permanent difference-expenses
3.3	3.4
Permanent difference-income	Permanent difference-income
(0.7)	(1.7)
Tax credit	Tax credit
(3.7)	(2.6)
Differences in tax rates for foreign subsidiaries	Differences in tax rates for foreign subsidiaries
(8.8)	(11.6)
Valuation allowance	Valuation allowance
(0.4)	2.0
Other	Dividend income from consolidated subsidiaries
0.1	0.6
Actual effective tax rate	Adjustment of deferred tax assets due to change in effective statutory tax rates
30.8	1.3
	Other
	0.1
	Actual effective tax rate
	32.5

FY2010 (As of Dec. 31, 2010)	FY2011 (As of Dec. 31, 2011)
	<p>3. Adjustment of deferred tax assets and liabilities due to change in effective statutory tax rates</p> <p>The “Act for Partial Amendment of the Income Tax Act etc., for the Purpose of Creating a Taxation System responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake” (Act No. 117 of 2011) were promulgated on December 2, 2011 and corporation tax rates will be changed for the fiscal years beginning on or after April 1, 2012.</p> <p>The Company and its domestic subsidiaries changed the effective statutory tax rate used to measure deferred tax assets and liabilities from 41% to 38% for temporary differences expected to be eliminated in the fiscal years beginning on or after January 1, 2013, and from 41% to 36% for temporary differences expected to be eliminated in the fiscal years beginning on or after January 1, 2016.</p> <p>As a result of this change, the net amount of deferred tax assets (net of deferred tax liabilities) as of December 31, 2011 decreased 375 million yen, and deferred income taxes and unrealized gain (loss) on other securities recognized for fiscal year 2011 increased 386 million yen and 10 million yen, respectively.</p>

## (Segment Information)

## (1) Business segment information

FY2010 (Jan. 1, 2010 - Dec. 31, 2010)

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
Net sales & operating income (loss)						
Net sales						
1) Third parties	169,409	43,288	898	213,596	-	213,596
2) Inter-segment	-	-	-	-	-	-
Total	169,409	43,288	898	213,596	-	213,596
Operating expenses	138,376	41,319	1,127	180,823	-	180,823
Operating income (loss)	31,032	1,968	(228)	32,772	-	32,772
Total assets, depreciation & investments						
Total assets	88,804	27,768	1,314	117,887	87,361	205,248
Depreciation	8,127	1,508	127	9,764	-	9,764
Investments	8,254	1,404	32	9,691	-	9,691

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

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.

3. The amount of common assets belonging to Corporate/Elimination was 87,361 million yen as of December 31, 2010.

Surplus assets (cash and time deposits) and investments in fixed assets (investment securities) were the main components.

4. As described in Changes in the "Preparation of the Consolidated Financial Statements - Significant Matters," the Company has adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008), effective from fiscal year 2010.

As a result, compared with before adoption, operating expenses for fiscal year 2010 increased 601 million yen in the Bicycle Components segment, 250 million yen in the Fishing Tackle segment and 13 million yen in the Others segment. Accordingly, operating income for the Bicycle Components segment and the Fishing Tackle segment decreased, and the operating loss for the Others segment increased by the same amount.

5. As described in Changes in the "Preparation of the Consolidated Financial Statements - Significant Matters", the Company has adopted a new accounting method to provide for sales returns, effective from fiscal year 2010. As a result, sales and operating income for the Bicycle Components segment and the Fishing Tackle segment decreased 10 million yen and 63 million yen, respectively.

## (2) Geographical segment information

FY2010 (Jan. 1, 2010 - Dec. 31, 2010)

(Millions of yen)

	Japan	North America	Europe	Asia	Others	Total	Corporate/ Elimination	Consolidated
Net sales & operating income (loss)								
Net sales								
1) Third parties	143,884	23,102	23,396	19,126	4,087	213,596	-	213,596
2) Inter-segment	27,375	1,330	2,860	61,956	6	93,530	(93,530)	-
Total	171,260	24,432	26,256	81,082	4,093	307,126	(93,530)	213,596
Operating expenses	155,969	22,816	23,918	67,999	3,650	274,353	(93,530)	180,823
Operating income	15,290	1,616	2,338	13,083	443	32,772	-	32,772
Total assets	66,057	16,144	10,986	35,360	1,821	130,369	74,879	205,248

Notes: 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, Belgium, France, Czech Republic, Sweden, Norway, Finland, and Poland

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

Others - Australia and Brazil

3. The amount of common assets belonging to Corporate/Elimination was 87,361 million yen as of December 31, 2010.

Surplus assets (cash and time deposits) and investments in fixed assets (investment securities) were the main components.

4. As described in Changes in the "Preparation of the Consolidated Financial Statements - Significant Matters," the Company has adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008), effective from fiscal year 2010. As a result, compared with before adoption, operating expenses for the fiscal year 2010 increased 866 million yen for the Japan segment. Accordingly, operating income for the Japan segment decreased by the same amount. Accordingly, operating income for the Japan segment decreased by the same amount.

5. As described in Changes in the "Preparation of the Consolidated Financial Statements - Significant Matters", the Company has adopted a new accounting method to provide for sales returns, effective from fiscal year 2010. As a result, sales and operating income for the Japan segment, the North America segment, and the Other segment decreased 51 million yen, 17 million yen, and 4 million yen, respectively.

## (3) Overseas sales

FY2010 (Jan. 1, 2010 - Dec. 31, 2010)

(Millions of yen)

	North America	Europe	Asia	Others	Total
Overseas sales	26,534	81,855	69,475	7,895	185,761
Consolidated net sales					213,596
Overseas sales ratio [ / ]	12.4%	38.3%	32.5%	3.7%	87.0%

Notes: 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, and Poland

Asia - China and Taiwan

Others - Australia and Central and South America

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

## (4) Segment information

FY2011 (Jan. 1, 2011 - Dec. 31, 2011)

## 1. Overview of reportable segments

The reportable segments of the Company are those units for which separate financial information is available, and which are regularly examined by the Board of Directors concerning decisions on the allocation of management resources and for assessing business performance.

The Company operates through the three divisions of Bicycle Components, Fishing Tackle and Others.

Principal products of each reportable segment are listed below.

Reportable segment	Principal products
Bicycle Components	Freewheels, front gears, derailleurs, brakes, etc.
Fishing Tackle	Reels, rods, etc.
Others	Cold forged products, etc.

## 2. Basis for calculating sales, income (loss), assets, liabilities and other items by reportable segment

Accounting methods applied for calculation of sales, income (loss), assets, liabilities, and other items by reportable segment correspond to information presented under “(6) Preparation of the Consolidated Financial Statements - Significant Matters.” Segment income is based on operating income.

## 3. Information on sales, income (loss), assets, liabilities and other items by reportable segment

FY2010 (Jan. 1, 2010 - Dec. 31, 2010)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statement
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1) Third parties	169,409	43,288	898	213,596	-	213,596
2) Inter-segment	-	-	-	-	-	-
Total	169,409	43,288	898	213,596	-	213,596
Segment income (loss)	31,032	1,968	(228)	32,772	-	32,772
Segment assets	73,463	24,959	1,230	99,653	105,595	205,248
Other items						
Depreciation and amortization	7,916	1,488	127	9,532	-	9,532
Amortization of goodwill	166	65	-	232	-	232
Increase in property, plant and equipment and intangible assets	7,356	1,174	27	8,558	1,132	9,691

- Notes:
1. Segment assets adjustment was 105,595 million yen, the main items of which were surplus funds (cash and deposits) and corporate assets. The expenses such as depreciation and amortization related to property, plant and equipment and intangible assets classified in Adjustment, have been allocated to each reportable segment.
  2. There is no difference between total segment income and operating income in the consolidated statements of income.

FY2011 (Jan. 1, 2011 - Dec. 31, 2011)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statement
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1) Third parties	177,307	43,884	578	221,770	-	221,770
2) Inter-segment	-	-	-	-	-	-
Total	177,307	43,884	578	221,770	-	221,770
Segment income (loss)	29,966	2,139	(363)	31,742	-	31,742
Segment assets	76,015	24,165	1,052	101,233	114,766	216,000
Other items						
Depreciation and amortization	8,226	1,362	73	9,662	-	9,662
Amortization of goodwill	200	62	-	263	-	263
Increase in property, plant and equipment and intangible assets	8,466	1,086	20	9,573	3,479	13,052

- Notes:
1. Segment assets adjustment was 114,766 million yen, the main items of which were surplus funds (cash and deposits) and corporate assets. The expenses such as depreciation and amortization related to property, plant and equipment and intangible assets classified in Adjustment, have been allocated to each reportable segment.
  2. There is no difference between total segment income and operating income in the consolidated statements of income.

## (Additional information)

Effective from fiscal year 2011, the Company has adopted the “Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

## (5) Related information

FY2011 (Jan. 1, 2011 - Dec. 31, 2011)

Information by geographical area

Net Sales					(Millions of yen)
Japan	North America	Europe	Asia	Other	Total
27,782	26,093	80,513	78,081	9,299	221,770

Note: Net sales are classified by countries and regions according to customer location.

## (Per Share Data)

FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
Net assets per share: 1,844.81 yen Net income per share: 202.78 yen	Net assets per share: 1,932.32 yen Net income per share: 211.83 yen
Diluted net income per share is not presented because there were no securities with dilutive effect.	The same as at left

## Basis for calculation of net income per share

	FY2010 〔 Jan. 1, 2010 to Dec. 31, 2010 〕	FY2011 〔 Jan. 1, 2011 to Dec. 31, 2011 〕
Net income	19,121	19,862
Net income attributable to common stock	19,121	19,862
Amount not attributable to common shareholders	-	-
Average number of shares of common stock outstanding (thousand shares)	94,294	93,768

Disclosure of notes relating to derivative transactions, lease transactions, employee retirement benefits, financial instruments, immovable property and business combinations has been omitted because such disclosure in the Summary of Financial Results is considered to be unnecessary.

Stock options or related party transactions are not applicable

## (Significant Subsequent Events)

FY2010 (Jan. 1, 2010 - Dec. 31, 2010)

Not applicable.

FY2011 (Jan. 1, 2011 - Dec. 31, 2011)

Acquisition of treasury stock

## (1) Resolution and its purpose

The Company has resolved at the Board of Directors' Meeting held on Jan. 17, 2012 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 value of shares to be acquired

Number of shares to be acquired: Not exceeding 1,100,000 shares

Value of shares to be acquired: Not exceeding 4,200 million yen

## (3) Period

During one year from Jan. 18, 2012 to Jan. 24, 2012

## (4) As a result of ongoing acquisition of treasury stock based on the resolution of the Board of Directors' meeting held on January 17, 2012, the Company acquired its own shares in the market on January 18, 2012. The total number of shares acquired was 1,060,000 and the acquisition cost was 3,858,400 thousand yen.

**5. Non-consolidated Financial Statements**

## (1) Non-consolidated Balance Sheets

	(Millions of yen)	
	FY2010	FY2011
	As of Dec. 31, 2010	As of Dec. 31, 2011
<b>Assets</b>		
Current assets		
Cash and time deposits	14,003	21,728
Notes receivable	* 1,087	* 1,054
Accounts receivable-trade	19,053	18,081
Finished goods	4,462	4,969
Work in process	7,504	8,219
Raw materials and supplies	1,548	1,637
Accounts receivable-other	1,645	2,195
Deferred income taxes	962	639
Others	935	1,035
Allowance for doubtful accounts	(17)	(112)
Total current assets	51,184	59,449
Fixed assets		
Property, plant and equipment		
Buildings	20,016	20,280
Accumulated depreciation	(13,043)	(12,792)
Accumulated impairment loss	(140)	(140)
Buildings (net)	6,832	7,347
Structures	2,455	2,498
Accumulated depreciation	(2,080)	(2,104)
Accumulated impairment loss	(1)	(1)
Structures (net)	372	392
Plant and machinery	19,624	18,576
Accumulated depreciation	(15,977)	(15,004)
Accumulated impairment loss	(223)	(191)
Plant and machinery (net)	3,423	3,380
Vehicles	169	172
Accumulated depreciation	(132)	(125)
Vehicles (net)	36	47
Tools, equipment and furniture	27,513	25,071
Accumulated depreciation	(25,308)	(23,101)
Accumulated impairment loss	(32)	(21)
Tools, equipment and furniture (net)	2,172	1,949
Land	9,816	9,816
Leased assets	36	40
Accumulated depreciation	(22)	(26)
Leased assets (net)	14	14
Construction in progress	1,106	3,056
Total property, plant and equipment	23,776	26,005
Intangible assets		
Software	2,408	1,315
Others	146	244
Total intangible assets	2,555	1,559

(Millions of yen)

	FY2010 As of Dec. 31, 2010	FY2011 As of Dec. 31, 2011
<b>Investments and other assets</b>		
Investment securities	5,654	4,608
Subsidiaries' and affiliates' stock	11,129	12,117
Investments in subsidiaries and affiliates	1,336	-
Long-term loans to subsidiaries and affiliates	5,419	4,392
Deferred income taxes	1,733	1,352
Others	2,467	1,978
Allowance for doubtful accounts	(1,515)	(1,075)
Total investments and other assets	26,225	23,373
Total fixed assets	52,557	50,938
Total assets	103,742	110,387
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	8,576	8,519
Accounts payable-other	3,484	3,959
Income taxes payable	4,511	1,152
Deposit payable	3,021	4,278
Accrued employee bonuses	221	230
Accrued officer bonuses	140	140
Others	436	482
Total current liabilities	20,390	18,763
<b>Long-term liabilities</b>		
Employee retirement benefits	2,069	2,186
Officer retirement benefits	995	1,120
Others	111	113
Total long-term liabilities	3,175	3,419
Total liabilities	23,566	22,182
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Common stock	35,613	35,613
<b>Capital surplus</b>		
Capital reserve	5,822	5,822
Other capital surplus	-	0
Total capital surplus	5,822	5,822
<b>Retained earnings</b>		
Legal reserve	3,194	3,194
Other retained earnings		
Unappropriated retained earnings	35,768	43,559
Total retained earnings	38,962	46,753
Treasury stock	(121)	(124)
Total shareholders' equity	80,276	88,065
<b>Valuation and transaction adjustments</b>		
Unrealized gain (loss) on other securities	(100)	139
Total valuation and transaction adjustments	(100)	139
Total net assets	80,175	88,204
Total liabilities and net assets	103,742	110,387

## (2) Non-consolidated Statements of Income

	(Millions of yen)	
	FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
Net sales	167,489	172,453
Cost of sales		
Beginning balance of finished goods	5,019	4,462
Purchases of finished goods	62,296	66,059
Cost of products manufactured	*2 63,992	*2 66,556
Total	131,308	137,078
Transfer to other accounts	537	726
Ending balance of finished goods	4,462	4,969
Total cost of sales	126,308	131,381
Gross profit	41,180	41,071
Selling, general and administrative expenses	*2 27,432	*2 28,355
Operating income	13,747	12,715
Non-operating income		
Interest income	396	369
Dividend income	*1 365	*1 9,024
Others	397	220
Total non-operating income	1,159	9,614
Non-operating expenses		
Interest expenses	48	55
Payment discounts	251	167
Donations	118	271
Foreign exchange losses	1,111	1,093
Others	578	241
Total non-operating expenses	2,108	1,830
Ordinary income	12,798	20,500
Extraordinary losses		
Loss on revaluation of investment securities	-	1,430
Loss on factory reconstruction	-	715
Total extraordinary losses	-	2,145
Income before income taxes	12,798	18,354
Income tax-current	5,337	4,291
Income tax-deferred	(882)	551
Total income taxes	4,455	4,843
Net income	8,342	13,511

## (3) Non-consolidated Statements of Shareholders' Equity

	(Millions of yen)	
	FY2010	FY2011
	Jan. 1, 2010 to Dec. 31, 2010	Jan. 1, 2011 to Dec. 31, 2011
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	-	-
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
Balance at end of year	-	0
Total capital surplus		
Balance at beginning of year	5,822	5,822
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
Balance at end of year	5,822	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	37,642	35,768
Changes of items during the year		
Cash dividends paid	(5,768)	(5,719)
Net income	8,342	13,511
Retirement of treasury stock	(4,448)	-
Total changes of items during the year	(1,873)	7,791
Balance at end of year	35,768	43,559
Total retained earnings		
Balance at beginning of year	40,836	38,962
Changes of items during the year		
Cash dividends paid	(5,768)	(5,719)
Net income	8,342	13,511
Retirement of treasury stock	(4,448)	-
Total changes of items during the year	(1,873)	7,791
Balance at end of year	38,962	46,753

	(Millions of yen)	
	FY2010	FY2011
	Jan. 1, 2010 to Dec. 31, 2010	Jan. 1, 2011 to Dec. 31, 2011
Treasury stock		
Balance at beginning of year	(18)	(121)
Changes of items during the year		
Acquisition of treasury stock	(4,551)	(2)
Sales of treasury stock	0	0
Retirement of treasury stock	4,448	-
Total changes of items during the year	<u>(103)</u>	<u>(2)</u>
Balance at end of year	<u>(121)</u>	<u>(124)</u>
Total shareholders' equity		
Balance at beginning of year	82,253	80,276
Changes of items during the year		
Cash dividends paid	(5,768)	(5,719)
Net income	8,342	13,511
Acquisition of treasury stock	(4,551)	(2)
Sales of treasury stock	0	0
Total changes of items during the year	<u>(1,977)</u>	<u>7,789</u>
Balance at end of year	<u>80,276</u>	<u>88,065</u>
Valuation and translation adjustments		
Unrealized gain on other securities		
Balance at beginning of year	557	(100)
Changes of items during the year		
Net changes of items other than shareholders' equity	(657)	239
Total changes of items during the year	<u>(657)</u>	<u>239</u>
Balance at end of year	<u>(100)</u>	<u>139</u>
Total valuation and translation adjustments		
Balance at beginning of year	557	(100)
Changes of items during the year		
Net changes of items other than shareholders' equity	(657)	239
Total changes of items during the year	<u>(657)</u>	<u>239</u>
Balance at end of year	<u>(100)</u>	<u>139</u>
Total net assets		
Balance at beginning of year	82,810	80,175
Changes of items during the year		
Cash dividends paid	(5,768)	(5,719)
Net income	8,342	13,511
Acquisition of treasury stock	(4,551)	(2)
Sales of treasury stock	0	0
Net changes of items other than shareholders' equity	(657)	239
Total changes of items during the year	<u>(2,634)</u>	<u>8,028</u>
Balance at end of year	<u>80,175</u>	<u>88,204</u>

(4) Note concerning Assumption of Going Concern  
Not applicable.

(5) Changes in the Significant Accounting Policies

FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
<p>(Adoption of the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)") Effective from fiscal year 2010, the Company has adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008). The difference in projected benefit obligation arising from the adoption of this standard charged to income in the first year of adoption amounted to 866 million yen, and as a result, operating income, ordinary income, and income before income taxes decreased 866 million yen, respectively. The impact on segment information is stated in the relevant section.</p> <p>(Accounting policy for provision for sales returns) Effective from fiscal year 2010, the Company has adopted a new accounting method to provide for sales returns. An estimated amount computed based on historical results is recorded in order to prepare for losses on sales returns. Previously, losses on sales returns were deducted from net sales in the period in which sales returns occurred. However, the Company changed the accounting method to achieve more appropriate periodic profit and loss accounting. Effective from fiscal year 2010, the estimated amount of future losses on sales returns based on the historical sales return rate is recorded as provision for sales returns. Due to this change, gross profit, operating income, ordinary income and income before income taxes decreased by 51 million yen, respectively.</p>	<p>(Adoption of the "Accounting Standards for Asset Retirement Obligations") Effective from fiscal year 2011, the Company has adopted the "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008). The impact of this change on the non-consolidated financial statements is immaterial.</p> <p>(Adoption of the "Accounting Standards for Business Combinations" and related matters) Effective from fiscal year 2011, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).</p>

## (6) Notes relating to Non-consolidated Financial Statements

## (Notes relating to Non-consolidated Balance Sheets)

FY2010 (As of Dec. 31, 2010)	FY2011 (As of Dec. 31, 2011)
<p>As the fiscal year-end fell on a holiday for financial institutions, notes receivable 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                      60 million yen</p>	<p>As the fiscal year-end fell on a holiday for financial institutions, notes receivable 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                      48 million yen</p>

## (Notes relating to Non-consolidated Statements of Income)

FY2010 Jan. 1, 2010 to Dec. 31, 2010	FY2011 Jan. 1, 2011 to Dec. 31, 2011
<p>*1 Dividend income from affiliated companies amounted to 233 million yen.</p> <p>*2 R&amp;D expenses included in selling, general and administrative expenses and manufacturing expenses amounted to 9,423 million yen.</p>	<p>*1 Dividend income from affiliated companies amounted to 8,882 million yen.</p> <p>*2 R&amp;D expenses included in selling, general and administrative expenses and manufacturing expenses amounted to 9,192 million yen.</p>

## (Notes relating to Deferred Tax Accounting)

FY2010 (As of Dec. 31, 2010)	FY2011 (As of Dec. 31, 2011)
<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 employee bonuses 90</p> <p>Enterprise tax payable 413</p> <p>Officer retirement benefits 408</p> <p>Excess of limit of employee retirement benefits 848</p> <p>Unrealized gain on other securities 626</p> <p>Book in excess of tax depreciation 142</p> <p>Loss on revaluation of golf memberships 149</p> <p>Excess of limit of allowance for doubtful accounts 566</p> <p>Loss on impairment 308</p> <p>Book in excess of tax depreciation 145</p> <p>Devaluation loss on inventories 231</p> <p>Others 405</p> <p>Sub-total deferred tax assets 4,336</p> <p>Valuation allowance (1,089)</p> <p>Total deferred tax assets 3,247</p> <p>(Deferred tax liabilities)</p> <p>Unrealized gain on other securities (551)</p> <p>Total deferred tax liabilities (551)</p> <p>Net deferred tax assets 2,696</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 employee bonuses 94</p> <p>Enterprise tax payable 131</p> <p>Officer retirement benefits 403</p> <p>Excess of limit of employee retirement benefits 787</p> <p>Unrealized gain on other securities 295</p> <p>Loss on revaluation of other securities 675</p> <p>Book in excess of tax depreciation 60</p> <p>Loss on revaluation of golf memberships 135</p> <p>Excess of limit of allowance for doubtful accounts 383</p> <p>Loss on impairment 264</p> <p>Book in excess of tax depreciation 196</p> <p>Devaluation loss on inventories 278</p> <p>Others 322</p> <p>Sub-total deferred tax assets 4,030</p> <p>Valuation allowance (1,665)</p> <p>Total deferred tax assets 2,364</p> <p>(Deferred tax liabilities)</p> <p>Unrealized gain on other securities (373)</p> <p>Total deferred tax liabilities (373)</p> <p>Net deferred tax assets 1,991</p>
<p>2. Reconciliation between the effective statutory tax rate and the actual effective tax rate (%)</p> <p>Effective statutory tax rate 41.0</p> <p>(Reconciliation)</p> <p>Permanent difference-expenses 1.0</p> <p>Permanent difference-income (0.9)</p> <p>Tax credit (8.0)</p> <p>Valuation allowance (0.9)</p> <p>Adjustments of previous year 3.0</p> <p>Others (0.4)</p> <p>Actual effective tax rate 34.8</p>	<p>2. Reconciliation between the effective statutory tax rate and the actual effective tax rate (%)</p> <p>Effective statutory tax rate 41.0</p> <p>(Reconciliation)</p> <p>Permanent difference-expenses 3.6</p> <p>Permanent difference-income (19.0)</p> <p>Tax credit (4.1)</p> <p>Valuation allowance 3.1</p> <p>Adjustments of previous year 0.1</p> <p>Adjustment of deferred tax assets due to change in effective statutory tax rates 2.1</p> <p>Others (0.4)</p> <p>Actual effective tax rate 26.4</p>
	<p>3. Adjustment of deferred tax assets and liabilities due to change in effective statutory tax rates</p> <p>The “Act for Partial Amendment of the Income Tax Act etc., for the Purpose of Creating a Taxation System responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake” (Act No. 117 of 2011) were promulgated on December 2, 2011 and corporation tax rates will be changed for the fiscal years beginning on or after April 1, 2012.</p> <p>The Company and its domestic subsidiaries changed the effective statutory tax rate used to measure deferred tax assets and liabilities from 41% to 38% for temporary differences expected to be eliminated in the fiscal years beginning on or after January 1, 2013, and from 41% to 36% for temporary differences expected to be eliminated in the fiscal years beginning on or after January 1, 2016.</p> <p>As a result of this change, the net amount of deferred tax assets (net of deferred tax liabilities) as of December 31, 2011 decreased 370 million yen, and deferred income taxes and unrealized gain (loss) on other securities recognized for fiscal year 2011 increased 381 million yen and 10 million yen, respectively.</p>

6. Changes in members of the Board

These changes in members of the Board shall be effective on March 29, 2012.

(1) Change in Representatives

Representative Director scheduled to retire

Chairman

Yoshizo Shimano

(Scheduled to be appointed as Chief Corporate Advisor)

(2) Changes in other members of the Board

1. New candidate for Director

Director and Senior Vice President of General Affairs Department and Corporate Planning Department

Hiroshi Matsui

(Currently Vice President of Corporate Administration Department and General Affairs Department)

2. Director scheduled to retire

Director

Koichi Shimazu

(Scheduled to be appointed as Full-time Corporate Auditor)

3. New candidate for Corporate Auditor

Full-time Corporate Auditor

Koichi Shimazu

(Currently Director and Senior Vice President of Corporate Planning Department)

4. Corporate Auditor scheduled to retire

Full-time Corporate Auditor

Yoshinori Kajiyama