



## Summary of Consolidated Financial Results for the First Half of FY2007

(January 1, 2007 - June 30, 2007)

August 21, 2007

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Code Number: 7309  
(URL: <http://www.shimano.com>)

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Effective date for cash dividends: 04-Sep-07

### 1. Financial Results for the First Half of FY2007 (January 1, 2007 - June 30, 2007)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of FY2007	99,785	24.0	14,320	47.0	14,436	58.8	10,112	57.2
First half of FY2006	80,489	(5.3)	9,741	(27.5)	9,093	(34.4)	6,434	(31.2)
FY2006	170,303		20,907		20,963		13,773	

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
First half of FY2007	104.30	-
First half of FY2006	63.20	-
FY2006	137.39	-

#### (2) Consolidated balance sheet summary

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half of FY2007	197,903	170,766	85.8	1,753.40
First half of FY2006	182,558	157,172	85.8	1,565.87
FY2006	180,273	156,972	86.6	1,610.51

(Reference) Shareholders' Equity First half of FY2007: 169,870 million yen First half of FY2006: 156,607 million yen FY2006: 156,203 million yen

#### (3) Consolidated cash flow statement summary

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
First half of FY2007	14,505	(5,004)	(1,578)	46,013
First half of FY2006	10,935	(4,720)	(11,229)	43,355
FY2006	15,513	(6,105)	(23,862)	36,057

### 2. Dividend Summary

	Dividend per Share		
	Interim	Year-end	Total
	Yen	Yen	Yen
FY2006	17.50	17.50	35.00
FY2007	20.50		41.00
FY2007 (forecast)		20.50	

### 3. Forecast of Financial Performance for FY2007 (January 1, 2007 - December 31, 2007)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2007	195,000	14.5	28,000	33.9	28,000	33.6	19,500	41.6	201.28

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

#### 4. Others

##### (1) Change in the scope of consolidation: None

No company was newly included. No company was excluded.

##### (2) Changes in accounting policies, method of presentation: None

Changes in accordance with accounting standards revision : Yes

Changes other than the above: Yes

Note) Please see page 13 for detail of "Basis of presenting consolidated financial statements" and "Change of basis of presenting consolidated financial statements".

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

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

First half of FY2007: 97,603,207      First half of FY2006: 100,103,207      FY2006: 97,603,207

The number of treasury stock issued and outstanding at the end of each period

First half of FY2007: 722,679      First half of FY2006: 90,535      FY2006: 613,043

#### (Reference) Non-Consolidated Financial Result

##### 1. Financial Results for the First Half of FY2007 (January 1, 2007 - June 30, 2007)

###### (1) Income statement summary

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of FY2007	77,262	22.9	6,175	106.5	12,844	277.8	10,586	294.4
First half of FY2006	62,891	(9.6)	2,990	(61.8)	3,400	(70.7)	2,684	(68.8)
FY2006	136,744		9,381		11,493		7,862	

	Net income per share
	Yen
First half of FY2007	109.19
First half of FY2006	26.36
FY2006	78.44

###### (2) Balance sheet summary

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half of FY2007	102,790	74,134	72.1	765.22
First half of FY2006	101,668	73,888	72.7	738.79
FY2006	103,673	66,453	64.1	685.15

(Reference) Shareholders' equity First half of FY2007: 74,134 million yen      First half of FY2006: 73,888 million yen      FY2006: 66,453 million yen

##### 2. Forecast of Financial Performance for FY2007 (January 1, 2007 - December 31, 2007)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2007	154,000	12.6	12,800	36.4	19,500	69.7	14,500	84.4	149.67

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

2 These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those anticipated in these statements. These factors include changes in economic conditions, trends in major markets, or currency exchange rates. Shimano Inc. accepts no liability whatsoever for any direct or consequential loss arising from any use of this report. Regarding the prerequisite conditions of this forecast and other related issues, please see page 4. Please note the revised forecast of financial performance announced on May 8, 2007.

# 1 Results of Operations and Financial Position

## (1) Results of Operations

### Overview of the first half of fiscal 2007

During the first half of fiscal 2007, the Japanese economy remained on a moderate growth track supported by the solid performance of export-oriented firms and a continuing increase in capital investment reflecting favorable corporate earnings, despite the halting of the rise in consumer spending.

Overseas, although the US economy slowed somewhat due to weakening of the housing market, the European economies performed relatively well, while the BRICs and other emerging economies maintained high economic growth. In these circumstances, Shimano Group concentrated on offering customers "dream products" attuned to their aspirations and responding to their trust in Shimano. As a result, consolidated net sales increased 24.0 % from the same period of the previous year to 99,785 million yen. Consolidated ordinary income increased 58.8% from the same period of the previous year to 14,436 million yen and net income increased 57.2% to 10,112 million yen.

### Segment Overview

#### *Bicycle Components*

Shimano Group sales in the European markets were buoyant owing to the high popularity of mid-range and high-end series of mountain bike components centering on disc brakes and front chain wheel, as well as good weather. Sales in the US market were also brisk as components for cross-bikes and mid-range mountain bikes gained a favorable reputation. Sales in Asian and Oceanian markets increased in line with the steady growth of the market for high-end road racing bicycles. Expansion of the market for road racing bicycles was also notable in Japan. Sales in Japan increased greatly thanks to over-the-counter parts for road racing bicycles.

As a result, sales increased 27.5% from the same period of the previous year to 72,100 million yen and operating income increased 45.4% to 12,363 million yen.

#### *Fishing Tackle*

In the first half of fiscal 2007, Shimano Group sales in Japan increased steadily centering on products such as the "STELLA" series of high-end reels remodeled for the first time in three years, electronically controlled reels attuned to customer aspirations, and top model rods for sweetfish and crucian carp matched to characteristic fishing methods. The "MASUNOSUKE" rod for king salmon catering to the aspirations of skilled anglers also gained popularity. In overseas markets, as a result of vigorous expansion of sales channels and introduction of new products in accordance with our regional strategy, overseas sales steadily grew, centering on Europe and Asia.

As a result, sales increased 16.3% from the same period of the previous year, to 25,970 million yen, and operating income increased 63.1% to 1,948 million yen.

#### *Others*

Sales of the cold-forged product business continued to increase thanks to brisk order-taking from customers in the automotive industry. As a result, sales for this segment increased 4.9% from the same period of the previous year, to 1,714 million yen. Operating income of 9 million yen was recorded, compared with an operating income of 43 million yen for the same period of the previous year.

Forecasts for the fiscal year ending December 2007

The Japanese economy is expected to remain on a modest recovery track due to robust exports centering on emerging economies, an upturn in consumer spending supported by an improvement in the employment situation, and continued strength of capital investment, despite concerns regarding the possibility of a further sharp increase in the prices of crude oil and other resources and rises in interest rates.

In view of the outlook described above, for the fiscal year ending December 2007, Shimano Group forecasts consolidated net sales of 195,000 million yen, an increase of 14.5% from fiscal 2006, ordinary income of 28,000 million yen, an increase of 33.6%, and net income of 19,500 million yen, an increase of 41.6%.

Forecasts of consolidated net sales by segment for the fiscal year ending December 2007 are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle Components	Japan	2,868	2.9	2,432	2.6	5,300	2.7
	Overseas	69,232	69.4	68,468	71.9	137,700	70.6
	Subtotal	72,100	72.3	70,900	74.5	143,000	73.3
Fishing Tackle		25,970	26.0	22,529	23.7	48,500	24.9
Others		1,714	1.7	1,785	1.8	3,500	1.8
Total		99,785	100.0	95,214	100.0	195,000	100.0

(2) Financial Position

Consolidated Statement of Cash Flows

Net cash provided by operating activities for this semiannual period amounted to 14,505 million yen ( net cash provided by operating activities for the same prior year period was 10,935 million yen).

This was mainly attributable to income before income taxes amounting to 14,809 million yen and depreciation and amortization amounting to 4,002 million yen.

Net cash used in investing activities was 5,004 million yen ( net cash used in investing activities for the same prior year period was 4,720 million yen). Cash was mainly used for acquisition of tangible and intangible assets amounting to 4,747 million yen.

Net cash used in financing activities amounted to 1,578 million yen ( net cash used in financing activities for the same prior year period was 11,229 million yen). Cash was mainly used for acquisition of treasury stock of 440 million yen and dividend payments to shareholders of 1,692 million yen.

As a result, cash and cash equivalents at the end of the period were 46,013 million yen.

Cash flow indicators are shown in the following table.

	2006-1H	2007-1H	FY2006
Equity ratio (%)	85.8	85.8	86.6
Equity ratio (market value) (%)	191.7	207.1	185.6
Debt repayment (year)	0.11	0.08	0.11
Interest coverage ratio	63.6	49.7	71.8

Notes) 1. Each indicator is calculated using the consolidated results, based on the formulas indicated below:

Equity ratio: Shareholders' equity / Total assets

Equity ratio (market value): Aggregate market value of listed stock / Total assets

Debt repayment: Interest-bearing debt / Operating cash flows

Debt repayment(semiannual): Interest-bearing debt / Operating cash flow x 2

Interest coverage ratio: Operating cash flows / Interest paid

2. Aggregate market value of listed stock is calculated by:

Closing stock price on the last day of the period x The number of shares of common stock issued and outstanding at the end of the period, less treasury stock.

3. Debt repayment covers all debts in the consolidated balance sheets for which interest is paid.

4. Cash flows from operating activities and the amount of interest payments stated in the consolidated statements of cash flows are used as operating cash flows and interest paid.

(3) Dividend Policy

The Company considers the return of earnings to shareholders to be one of the most important issues for management. The Company's basic policy is to increase the internal reserve, taking into account strengthening of business fundamentals and future business development, to secure returns to shareholders, and to maintain stable dividends. In accordance with the above policy, the Company intends to pay out an interim dividend of 20.50 yen per share, including a special dividend of 14.25 yen, an increase of 3 yen per share compared with the previous interim dividend. In accordance with the approval of the General Meeting of Shareholders held on March 29, 2007, we are proceeding with the acquisition of treasury stock. Internal fund reserves will be used for strengthening the financial position, rationalization of capital structure and future business development.

## 2 Corporate Group

We have omitted this information since there has been no significant change since the most recent Annual Security Report, 1. Corporate overall condition, 3. Business outline, 4. Subsidiaries outline (submitted on March 30, 2007 to the Ministry of Finance).

## 3 Business Policy

We have omitted this information since there has been no significant change since the FY2006 KESSAN TANSHIN (announced as of February 13, 2007).

The KESSAN TANSHIN can be referred to at the below URL.

\* Corporate Website <http://www.shimano.com>

**Consolidated Balance Sheets**

(Millions of yen)

Accounts	Periods	First half of FY2006		First half of FY2007		FY2006	
		As of Jun. 30, 2006		As of Jun. 30, 2007		As of Dec. 31, 2006	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
(Assets )			%		%		%
Current assets							
1 Cash and time deposits		¥49,741		¥49,654		¥38,834	
2 Notes and accounts receivable-trade		23,504		28,262		26,433	
3 Inventories		32,115		40,358		36,788	
4 Deferred income taxes		1,633		2,392		2,010	
5 Others		2,780		2,841		2,423	
6 Allowance for doubtful receivables		(333)		(422)		(331)	
Total current assets		109,442	59.9	122,997	62.1	106,158	58.9
Fixed assets							
1 Property, plant and equipment							
1) Buildings and structures		17,848		19,035		18,209	
2) Machinery and vehicles		9,542		11,116		10,279	
3) Land		11,598		11,694		11,596	
4) Construction in progress		1,329		1,222		1,607	
5) Others		3,417		3,574		3,294	
Total property, plant and equipment		43,737	24.0	46,643	23.6	44,986	25.0
2 Intangible assets							
1) Software		2,383		5,911		4,352	
2) Construction in progress		2,867		1,022		2,094	
3) Others		908		797		811	
Total intangible assets		6,159	3.4	7,731	3.9	7,257	4.0
3 Investments and other assets							
1) Investment securities		21,445		18,514		19,957	
2) Long-term loans receivable		4		52		3	
3) Deferred income taxes		106		93		88	
4) Others		2,129		2,569		2,307	
5) Allowance for doubtful receivables		(467)		(699)		(486)	
Total investments and other assets		23,218	12.7	20,531	10.4	21,870	12.1
Total fixed assets		73,115	40.1	74,906	37.9	74,115	41.1
Total assets		¥182,558	100.0	¥197,903	100.0	¥180,273	100.0

(Millions of yen)

Accounts \ Periods	First half of FY2006		First half of FY2007		FY2006	
	As of Jun. 30, 2006		As of Jun. 30, 2007		As of Dec. 31, 2006	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Liabilities )		%		%		%
Current liabilities						
1 Notes and accounts payable-trade	¥6,953		¥6,654		¥7,434	
2 Short-term loans payable	1,750		1,592		952	
3 Income taxes payable	2,596		4,284		2,056	
4 Deferred income taxes	571		739		725	
5 Accrued bonuses to employees	708		734		841	
6 Accrued bonuses to officers	53		54		107	
7 Others	8,913		10,497		8,171	
Total current liabilities	21,547	11.8	24,557	12.4	20,290	11.2
Long-term liabilities						
1 Deferred income taxes	1,323		39		761	
2 Employees' retirement benefits	1,620		1,517		1,265	
3 Officers' retirement benefits	894		1,022		983	
Total long-term liabilities	3,838	2.1	2,580	1.3	3,010	1.7
Total liabilities	25,385	13.9	27,137	13.7	23,300	12.9
(Net assets )						
Shareholders' equity						
1 Common stock	¥35,613	19.5	¥35,613	18.0	¥35,613	19.8
2 Capital surplus	5,822	3.2	5,822	2.9	5,822	3.2
3 Retained earnings	108,893	59.6	114,878	58.1	106,463	59.1
4 Treasury stock	(308)	(0.1)	(2,565)	(1.3)	(2,125)	(1.2)
Total shareholders' equity	150,020	82.2	153,748	77.7	145,773	80.9
Valuation and translation adjustments						
1 Unrealized gain (loss) on other securities	6,092	3.3	4,456	2.2	5,224	2.9
2 Foreign currency translation adjustments	494	0.3	11,665	5.9	5,205	2.9
Total valuation and translation adjustments	6,587	3.6	16,121	8.1	10,429	5.8
Minority interest	565	0.3	895	0.5	769	0.4
Total net assets	157,172	86.1	170,766	86.3	156,972	87.1
Total liabilities and net assets	¥182,558	100.0	¥197,903	100.0	¥180,273	100.0

**Consolidated Statements of Income**

(Millions of yen)

Accounts	Periods	First half of FY2006		First half of FY2007		FY2006	
		Jan. 1, 2006 to Jun. 30, 2006		Jan. 1, 2007 to Jun. 30, 2007		Jan. 1, 2006 to Dec. 31, 2006	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
			%		%		%
Net sales		¥80,489	100.0	¥99,785	100.0	¥170,303	100.0
Cost of sales		52,155	64.8	65,021	65.2	111,666	65.6
Gross profit		28,334	35.2	34,764	34.8	58,636	34.4
Selling, general and administrative expenses		18,592	23.1	20,443	20.5	37,728	22.1
Operating income		9,741	12.1	14,320	14.3	20,907	12.3
Non-operating income							
1 Interest and dividend income		892		1,041		1,719	
2 Others		228		420		572	
Total non-operating income		1,121	1.4	1,462	1.5	2,292	1.3
Non-operating expenses							
1 Interest expense		167		288		214	
2 Others		1,601		1,057		2,021	
Total non-operating expenses		1,769	2.2	1,346	1.3	2,235	1.3
Ordinary income		9,093	11.3	14,436	14.5	20,963	12.3
Extraordinary gains							
1 Gain on sales of investment securities		226		373		226	
Total extraordinary gains		226	0.3	373	0.3	226	0.1
Extraordinary losses							
1 Devaluation loss on inventories		-		-		1,057	
2 Loss on impairment		94		-		385	
Total extraordinary losses		94	0.1	-	-	1,443	0.8
Net income before income taxes and minority interest		9,226	11.5	14,809	14.8	19,746	11.6
Income tax-current		2,789	3.5	5,155	5.2	6,099	3.6
Income tax-deferred		(52)	(0.1)	(556)	(0.6)	(267)	(0.2)
Minority interest in net income		54	0.1	98	0.1	141	0.1
Net income		¥6,434	8.0	¥10,112	10.1	¥13,773	8.1

## Consolidated Statements of Shareholders' Equity

January 1, 2007 to June 30, 2007

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2006	¥35,613	¥5,822	¥106,463	(¥2,125)	¥145,773
Changes of items during the period					
Distribution of surplus			(1,697)		(1,697)
Net income			10,112		10,112
Acquisition of treasury stock				(440)	(440)
Retirement of treasury stock		0		0	0
Total changes of items during the period	-	0	8,415	(440)	7,975
Balance as of June 30, 2007	¥35,613	¥5,822	¥114,878	(¥2,565)	¥153,748

	Valuation and translation adjustments			Minority interest	Total Net assets
	Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2006	¥5,224	¥5,205	¥10,429	¥769	¥156,972
Changes of items during the period					
Distribution of surplus			-		(1,697)
Net income			-		10,112
Acquisition of treasury stock			-		(440)
Retirement of treasury stock			-		0
Net changes of items other than shareholders' equity	(768)	6,460	5,692	126	5,818
Total changes of items during the period	(768)	6,460	5,692	126	13,793
Balance as of June 30, 2007	¥4,456	¥11,665	¥16,121	¥895	¥170,766

**Consolidated Statements of Cash Flows**

(Millions of yen)

Accounts \ Periods	First half of FY2006	First half of FY2007	FY2006
	Jan. 1, 2006 to Jun. 30, 2006	Jan. 1, 2007 to Jun. 30, 2007	Jan. 1, 2006 to Dec. 31, 2006
	Amount	Amount	Amount
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interest	¥9,226	¥14,809	¥19,746
Depreciation and amortization	3,876	4,002	7,650
Loss on impairment	94	37	385
Allowance for doubtful receivables	9	282	9
Employees' retirement benefits	(302)	250	(665)
Officers' retirement benefits	22	39	112
Loss (gain) on sales/revaluation of investment securities	(224)	(385)	(219)
Loss on revaluation of golf membership	-	-	0
Interest and dividend income	(892)	(1,041)	(1,719)
Interest expense	167	288	214
Gain on sale/disposal of fixed assets	13	45	54
Notes and accounts receivable	3,251	(1,146)	884
Inventories	(372)	(2,243)	(3,712)
Notes and accounts payable	56	(1,089)	288
Accrued sales rebates	(192)	(171)	(87)
Accrued bonuses to employees	1,120	1,171	-
Accrued bonuses to officers	(107)	-	(107)
Others, net	(2,617)	2,449	(1,864)
Subtotal	13,128	17,300	20,970
Interest and dividend income received	831	868	1,643
Interest expense paid	(172)	(291)	(215)
Income taxes paid	(2,852)	(3,371)	(6,884)
Net cash provided by operating activities	<b>10,935</b>	<b>14,505</b>	<b>15,513</b>
<b>Cash flows from investing activities:</b>			
Purchase of time deposits	(6,385)	(3,551)	(2,777)
Proceeds from maturities of time deposits	6,576	2,943	6,825
Acquisition of property, plant and equipment	(3,503)	(3,564)	(6,631)
Acquisition of intangible assets	(1,969)	(1,182)	(3,736)
Acquisition of investment securities	(9)	(16)	(10)
Proceeds from sales of investment securities	376	558	407
Proceeds from collections of loans	20	7	43
Others, net	174	(198)	(226)
Net cash provided by (used in) investing activities	<b>(4,720)</b>	<b>(5,004)</b>	<b>(6,105)</b>
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term bank loans	1,065	590	221
Decrease in long term debt	(698)	(14)	(704)
Acquisition of treasury stock	(10,007)	(440)	(20,003)
Gain on retirement of treasury stock	0	0	0
Cash dividends to shareholders	(1,588)	(1,692)	(3,376)
Cash dividends to minority shareholders	-	(22)	-
Net cash used in financing activities	<b>(11,229)</b>	<b>(1,578)</b>	<b>(23,862)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	355	2,032	2,424
<b>Net increase (decrease) in cash and cash equivalents</b>	(4,659)	9,955	(12,029)
<b>Cash and cash equivalents at beginning of the period/year</b>	<b>48,015</b>	<b>36,057</b>	<b>48,015</b>
<b>Effect from initial inclusion (exclusion) of subsidiaries in (from) consolidation</b>	-	-	72
<b>Cash and cash equivalents at end of the period/year</b>	<b>¥43,355</b>	<b>¥46,013</b>	<b>¥36,057</b>

## **Basis of Presenting Consolidated Financial Statements**

### **4 Depreciation and amortization of principal fixed assets**

#### **Property, plant and equipment**

Property, plant and equipment acquired on or before March 31, 2007

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. Depreciation of property, plant and equipment of consolidated foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the respective assets. Molds for die casting and mechanical pressing are depreciated by the straight-line method based on the estimated useful lives of the assets. The straight-line method is applied to buildings acquired on or after April 1, 1998, at rates based on the estimated useful lives of the respective assets.

Property, plant and equipment acquired on or after April 1, 2007

Property, plant and equipment of the Company and its consolidated domestic subsidiaries are depreciated principally by the declining-balance method based on the estimated useful lives of the respective assets. Depreciation of property, plant and equipment of consolidated foreign subsidiaries is principally computed by the straight-line method based on the estimated useful lives of the respective assets.

#### **Change in Accounting Policy**

Property, plant and equipment acquired on or after April 1, 2007, are now depreciated using a new method in accordance with amendments to the corporate tax laws in 2007 ((Partial Amendment of the Income Tax Law, etc. (March 30, 2007, Law No.6) and Cabinet Order for Partial Amendment of the Cabinet Order Implementing the Corporation Tax Law (March, 30, 2007, Cabinet Order No.83)).

The profit and loss impact of these changes was immaterial.

## **Change in Basis of Presenting Consolidated Financial Statements**

The Company previously presented loss on impairment as an extraordinary loss, however, from this first half of FY2007, presented this account as non-operating expenses due to immateriality. As a result, ordinary income for this period declined 37 million yen, compared to what it would have been using the former method.

We have omitted information other than the above since there has been no significant change since the semi-annual security report (submitted on March 30, 2007 to the Ministry of Finance).

## Notes

### Notes relating to the Consolidated Balance Sheets

Accumulated depreciation of property, plant and equipment  
89,759 million yen

### Notes relating to the Consolidated Statements of Income

Main components of selling, general and administrative expenses for the fiscal year ended June 30, 2007.

- \* Salaries and wages  
4,303 million yen
- \* Advertisement and sales promotional expenses  
3,233 million yen

## Securities

First half of FY2006

1 Other securities with market prices (As of June 30, 2006)

(Other securities with book value exceeding acquisition cost)

(Millions of yen)

Item	Acquisition cost	Book value	Difference
Stocks	10,243	20,546	10,302
Total	10,243	20,546	10,302

2 Other securities with no market prices and their book value (As of June 30, 2006)

(Millions of yen)

Other securities	
Unlisted stock	368
Investment in investment limited partnerships	93

First half of FY2007

1 Other securities with market prices (As of June 30, 2007)

(Other securities with book value exceeding acquisition cost)

(Millions of yen)

Item	Acquisition Cost	Book value	Difference
Stocks	10,079	17,612	7,533
Total	10,079	17,612	7,533

2 Other securities with no market prices and their book value (As of June 30, 2007)

(Millions of yen)

Other securities	
Unlisted stock	389
Investment in investment limited partnerships	81

FY2006

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

(Other securities with book value exceeding acquisition cost)

(Millions of yen)

Item	Acquisition Cost	Book value	Difference
Stocks	10,243	19,062	8,818
Total	10,243	19,062	8,818

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

(Millions of yen)

Other securities	
Unlisted stock	375
Investment in investment limited partnerships	96

(Omission of disclosures)

Disclosures for lease transactions, derivative transactions, stock options, etc. have been omitted from this semi-annual KESSAN TANSIN as their necessity was not considered significant.

## Segment Information

### (1) Segment by Industry

First half of FY2006 (Jan. 1, 2006 - Jun. 30, 2006)

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
Net sales						
1) third parties	56,527	22,328	1,633	80,489	-	80,489
2) inter-segment	-	-	-	-	( - )	-
Total	56,527	22,328	1,633	80,489	( - )	80,489
Operating expenses	48,024	21,133	1,590	70,748	( - )	70,748
Operating income	8,503	1,194	43	9,741	( - )	9,741

First half of FY2007 (Jan. 1, 2007 - Jun. 30, 2007)

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
Net sales						
1) third parties	72,100	25,970	1,714	99,785	-	99,785
2) inter-segment	-	-	-	-	( - )	-
Total	72,100	25,970	1,714	99,785	( - )	99,785
Operating expenses	59,737	24,022	1,705	85,465	( - )	85,465
Operating income	12,363	1,948	9	14,320	( - )	14,320

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

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
Net sales						
1) third parties	122,793	44,167	3,342	170,303	-	170,303
2) inter-segment	-	-	-	-	( - )	-
Total	122,793	44,167	3,342	170,303	( - )	170,303
Operating expenses	103,859	42,204	3,332	149,395	( - )	149,395
Operating income	18,934	1,963	9	20,907	( - )	20,907

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

2. Representative products of each industrial segment:

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

Fishing tackle - Reels and rods, etc.

Others - Cold forged products and snowboard equipment, etc.

## (2) Segment by Geography

First half of FY2006 (Jan. 1, 2006 - Jun. 30, 2006)

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Corporate/ Elimination	Consolidated
Net sales							
1) third parties	51,702	10,549	11,394	6,844	80,489	-	80,489
2) inter-segment	12,243	123	1,141	23,253	36,761	(36,761)	-
Total	63,945	10,672	12,535	30,097	117,251	(36,761)	80,489
Operating expenses	60,179	10,069	11,693	25,568	107,509	(36,761)	70,748
Operating income	3,766	603	842	4,529	9,741	-	9,741

First half of FY2007 (Jan. 1, 2007 - Jun. 30, 2007)

(Millions of yen)

	Japan	North America	Europe	Asia	Others	Total	Corporate/ Elimination	Consolidated
Net sales								
1) third parties	64,817	11,384	14,230	8,673	679	99,785	-	99,785
2) inter-segment	13,663	115	1,365	28,859	1	44,004	(44,004)	-
Total	78,481	11,500	15,596	37,532	680	143,790	(44,004)	99,785
Operating expenses	71,871	10,657	14,087	32,279	572	129,469	(44,004)	85,465
Operating income	6,609	842	1,508	5,252	107	14,320	-	14,320

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

(Millions of yen)

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

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, Belgium, France, Czech Republic, Sweden, Norway, Finland, and Russia

Asia - Singapore, Malaysia, China, Taiwan and Indonesia

Others - Australia

(3) Overseas Sales

First half of FY2006 (Jan. 1, 2006 - Jun. 30, 2006)

(Millions of yen)

	America	Europe	Asia	Others	Total
. Overseas sales	14,051	32,383	19,943	916	67,295
. Consolidated net sales					80,489
. Overseas sales ratio [ / ]	17.5%	40.2%	24.8%	1.1%	83.6%

First half of FY2007 (Jan. 1, 2007 - Jun. 30, 2007)

(Millions of yen)

	America	Europe	Asia	Others	Total
. Overseas sales	14,834	40,907	27,978	1,671	85,391
. Consolidated net sales					99,785
. Overseas sales ratio [ / ]	14.9%	41.0%	28.0%	1.7%	85.6%

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

(Millions of yen)

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

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, Latin and South America

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

Asia - China, Taiwan

Others - Australia

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

## Status of Production, Orders Received and Sales

### 1. Production

(Millions of yen)

Segment by Industry	First half of FY2006	First half of FY2007	FY2006
Bicycle components	58,208	71,871	123,845
Fishing tackle	21,808	24,361	42,742
Others	1,551	1,656	3,169
Total	81,569	97,889	169,757

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

2. The above amounts do not include consumption tax.

### 2. Orders Received

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

### 3. Sales

(Millions of yen)

Segment by Industry	First half of FY2006	First half of FY2007	FY2006
Bicycle components	56,527	72,100	122,793
Fishing tackle	22,328	25,970	44,167
Others	1,633	1,714	3,342
Total	80,489	99,785	170,303

Note: The above amounts do not include consumption tax.

## Per Share Data

First half of FY2007 (Jan. 1, 2007 - Jun. 30, 2007)

Net assets per share	1,753.40 yen
Net income per share	104.30 yen
Net income per share (diluted)	None

**Non-consolidated Balance Sheets**

(Millions of yen)

Accounts	Periods	First half of FY2006		First half of FY2007		FY2006	
		As of Jun. 30, 2006		As of Jun. 30, 2007		As of Dec. 31, 2006	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
(Assets)			%		%		%
Current assets							
1 Cash and time deposits		6,020		3,429		¥4,481	
2 Notes receivable		1,157		1,561		1,963	
3 Accounts receivable-trade		15,647		17,346		18,929	
4 Finished goods and merchandise		7,861		7,146		7,455	
5 Raw materials and supplies		995		1,339		1,181	
6 Work in process		5,746		7,377		6,125	
7 Accounts receivable-other		3,758		4,308		3,619	
8 Deferred income taxes		416		1,062		809	
9 Others		448		1,376		332	
10 Allowance for doubtful receivables		(24)		(34)		(25)	
Total current assets		42,028	41.3	44,913	43.7	44,872	43.3
Fixed assets							
1 Property, plant and equipment							
1) Buildings		7,984		7,524		7,718	
2) Structures		525		470		500	
3) Plant and machinery		3,379		3,489		3,352	
4) Vehicles		77		70		64	
5) Tools, equipment and furniture		2,330		2,139		2,017	
6) Land		9,532		9,421		9,421	
7) Construction in progress		244		286		353	
Total property, plant and equipment		24,073	23.8	23,403	22.8	23,428	22.6
2 Intangible assets							
1) Industrial property rights		29		29		31	
2) Software		2,080		5,553		3,999	
3) Software development in progress		2,867		1,022		2,094	
4) Others		39		33		36	
Total intangible assets		5,017	4.9	6,638	6.4	6,161	5.9
3 Investments and other assets							
1) Investment securities		20,778		17,834		19,296	
2) Subsidiaries' and affiliates' stocks		7,533		7,533		7,533	
3) Investments		25		25		25	
4) Investments in subsidiaries and affiliates		1,336		1,336		1,336	
5) Long-term loans receivable		-		50		-	
6) Long-term prepaid expenses		68		57		62	
7) Others		2,130		2,510		2,255	
8) Allowance for doubtful receivables		(1,323)		(1,512)		(1,299)	
Total investments and other assets		30,548	30.0	27,835	27.1	29,210	28.2
Total fixed assets		59,640	58.7	57,877	56.3	58,800	56.7
Total assets		101,668	100.0	102,790	100.0	¥103,673	100.0

(Millions of yen)

Accounts	First half of FY2006		First half of FY2007		FY2006	
	As of Jun. 30, 2006		As of Jun. 30, 2007		As of Dec. 31, 2006	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Liabilities )		%		%		%
Current liabilities						
1 Accounts payable-trade	3,866		9,600		¥9,979	
2 Short-term loans payable	10,249		8,635		15,118	
3 Accounts payable-other	2,922		2,718		2,951	
4 Income taxes payable	989		2,052		544	
5 Accrued expenses	1,269		1,384		181	
6 Deposits payable	4,368		1,193		4,801	
7 Accrued bonuses to employees	196		205		195	
8 Accrued bonuses to officers	50		50		100	
9 Others	133		334		435	
Total current liabilities	24,045	23.6	26,174	25.5	34,307	33.1
Long-term liabilities						
1 Employees' retirement benefits	1,527		1,419		1,169	
2 Officers' retirement benefits	894		1,022		983	
3 Deferred income taxes	1,314		38		760	
Total long-term liabilities	3,735	3.7	2,481	2.4	2,912	2.8
Total liabilities	27,780	27.3	28,655	27.9	37,219	35.9
(Net assets )						%
Shareholders' equity						
1 Common stock	¥35,613	35.0	¥35,613	34.6	¥35,613	34.4
2 Capital surplus						
Capital reserve	5,822		5,822		5,822	
Other capital surplus	-		0		0	
Capital surplus total	5,822	5.8	5,822	5.7	5,822	5.6
3 Retained earnings						
Legal reserve	3,194		3,194		3,194	
Other retained earnings						
Unappropriated retained earnings	23,476		27,616		18,727	
Retained earnings total	26,670	26.2	30,810	30.0	21,921	21.1
4 Treasury stock	(308)	(0.3)	(2,565)	(2.5)	(2,125)	(2.0)
Total shareholders' equity	67,797	66.7	69,680	67.8	61,231	59.1
Valuation and translation adjustments						
1 Unrealized gain (loss) on other securities	6,090		4,454		5,221	
Total valuation and translation adjustments	6,090	6.0	4,454	4.3	5,221	5.0
Total net assets	73,888	72.7	74,134	72.1	66,453	64.1
Total liabilities and net assets	¥101,668	100.0	¥102,790	100.0	¥103,673	100.0

**Non-consolidated Statements of Income**

(Millions of yen)

Accounts	Periods	First half of FY2006		First half of FY2007		FY2006	
		Jan. 1, 2006 to Jun. 30, 2006		Jan. 1, 2007 to Jun. 30, 2007		Jan. 1, 2006 to Dec. 31, 2006	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
			%		%		%
Net sales		62,891	100.0	77,262	100.0	¥136,744	100.0
Cost of sales		48,076	76.4	58,271	75.4	103,424	75.6
Gross profit		14,815	23.6	18,991	24.6	33,319	24.4
Selling, general and administrative expenses		11,825	18.8	12,815	16.6	23,938	17.5
Operating income		2,990	4.8	6,175	8.0	9,381	6.9
Non-operating income							
1 Interest and dividend income		1,097		7,404		2,863	
2 Others		92		303		411	
Total non-operating income		1,190	1.8	7,708	9.9	3,275	2.4
Non-operating expenses							
1 Interest expense		44		74		125	
2 Others		735		965		1,037	
Total non-operating expenses		780	1.2	1,039	1.3	1,162	0.9
Ordinary income		3,400	5.4	12,844	16.6	11,493	8.4
Extraordinary gains							
1 Gain on sales of investment securities		226		373		226	
2 Bad debt recovered		0		0		44	
Total extraordinary gains		226	0.3	373	0.5	270	0.2
Extraordinary losses							
1 Loss on impairment		94		0		385	
2 Bad debt expense		0		0			
3 Devaluation loss on inventories		0		0		947	
Total extraordinary losses		94	0.1	0	0.0	1,333	1.0
Income before income taxes		3,532	5.6	13,218	17.1	10,430	7.6
Income tax-current		946		3,073		3,012	
Income tax deferred		(97)		(441)		(444)	
Net income		848	1.3	2,631	3.4	2,567	1.8
		2,684	4.3	10,586	13.7	¥7,862	5.8

## Non-consolidated Statements of Shareholders' Equity

January 1, 2007 to June 30, 2007

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance as of December 31, 2006	35,613	5,822	0	5,822
Changes of items during the year				
Retirement of treasury stock			0	0
Total changes of items during the year	-	-	0	0
Balance as of June 30, 2007	35,613	5,822	0	5,822

	Shareholders' equity				
	Retained earnings			Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings	Total retained earnings		
		Unappropriated retained earnings			
Balance as of December 31, 2006	3,194	18,727	21,921	(2,125)	61,231
Changes of items during the year					
Distribution of surplus (Note 1)		(1,697)	(1,697)		(1,697)
Net income		10,586	10,586		10,586
Bonuses to officers (Note 2)					
Acquisition of treasury stock				(440)	(440)
Retirement of treasury stock				0	0
Total changes of items during the year	-	8,889	8,889	(440)	8,448
Balance as of June 30, 2007	3,194	27,616	30,810	(2,565)	69,680

	Valuation and translation adjustments		Total net assets
	Unrealized gain (loss) on other securities	Total valuation and translation adjustments	
Balance as of December 31, 2006	5,221	5,221	66,453
Changes of items during the year			
Distribution of surplus (Note 1)			(1,697)
Net income			10,586
Bonuses to officers (Note 2)			
Acquisition of treasury stock			(440)
Retirement of treasury stock			0
Net changes of items other than shareholders' equity	(767)	(767)	(767)
Total changes of items during the year	(767)	(767)	7,681
Balance as of June 30, 2007	4,454	4,454	74,134