

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

## Summary of Consolidated Financial Results for FY2013

(January 1, 2013 - December 31, 2013)

February 5, 2014

Company Name: Shimano Inc. Stock Exchange: Tokyo, First Section  
 Code Number: 7309 URL: <http://www.shimano.com>  
 President: Yoizo Shimano  
 Vice President, Accounting: Nobuhiro Inoue Telephone: +81-72-223-3254  
 Date of Shareholders' Meeting: March 27, 2014 Scheduled payment date for dividends: March 28, 2014  
 Date of filing of annual report to Ministry of Finance: March 28, 2014  
 Supplemental information: Yes  
 Financial results briefing: Yes

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

### 1. Consolidated financial results for FY2013 (January 1, 2013 - December 31, 2013)

(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	%
FY2013	271,037	10.2	41,775	2.0	47,549	20.3	35,088	27.7
FY2012	245,843	10.9	40,961	29.0	39,539	24.7	27,487	38.4

(Note) Comprehensive income: FY2013: 62,073 million yen (38.6%) FY2012: 44,792 million yen (216.1%)

	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	%	%	%
FY2013	378.50	-	14.5	16.5	15.4
FY2012	296.50	-	13.9	16.7	16.7

(Reference) Equity in earnings: FY2013: - million yen FY2012: - million yen

### (2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2013	319,223	270,914	84.6	2,912.40
FY2012	257,707	216,364	83.7	2,326.13

(Reference) Shareholders' equity FY2013: 269,995 million yen FY2012: 215,648 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
FY2013	49,021	(27,205)	(7,194)	125,867
FY2012	38,187	(18,928)	(11,083)	94,809

### 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	%	%
FY2012	-	37.50	-	37.50	75.00	6,953	25.3	3.5
FY2013	-	43.50	-	43.50	87.00	8,065	23.0	3.3
FY2014(Forecast)	-	43.50	-	43.50	87.00		25.6	

(Note) The year-end cash dividend for FY2013 included a special dividend of 37.25 yen.

### 3. Forecasted consolidated business performance for FY2014 (January 1, 2014 - December 31, 2014)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2014	138,200	3.8	22,100	4.1	22,100	(10.5)	15,400	(13.4)	166.12
FY2014	280,000	3.3	45,000	7.7	45,000	(5.4)	31,500	(10.2)	339.79

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

\*Notes

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

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatement:

Changes in accounting policies in accordance with revision of accounting standards:	Yes
Changes in accounting policies other than above:	None
Changes in accounting estimates:	Yes
Retrospective restatement:	None

(3) Number of shares of common stock issued

Number of shares of common stock issued at year-end (including treasury stock):	FY2013 : 92,720,000	FY2012 : 92,720,000
Number of shares of treasury stock at year-end:	FY2013 : 14,538	FY2012 : 13,134
Average number of shares during the year:	FY2013 : 92,706,039	FY2012 : 92,707,257

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.

## Table of contents of the attached document

1. Business Results .....	2
(1) Analysis of Consolidated Business Results .....	2
(2) Analysis of Consolidated Financial Position .....	3
(3) Dividend Policy and Cash Dividends for FY2013 and FY2014 .....	4
2. Outline of the Group .....	5
3. Business Policy .....	6
4. Consolidated Financial Statements .....	7
(1) Consolidated Balance Sheets .....	7
(2) Consolidated Statements of Income and Comprehensive Income .....	9
(3) Consolidated Statements of Shareholder's Equity .....	11
(4) Consolidated Statements of Cash Flows .....	13
(5) Notes relating to Consolidated Financial Statements .....	15
(Note concerning Assumption of Going Concern) .....	15
(Presentation of the Consolidated Financial Statements - Significant Matters) .....	15
(Changes in the "Preparation of the Consolidated Financial Statements - Significant Matters") .....	15
(Notes relating to Consolidated Balance Sheets) .....	16
(Notes relating to Consolidated Statements of Income) .....	16
(Notes relating to Consolidated Statements of Shareholders' Equity) .....	16
(Notes relating to Consolidated Statements of Cash Flows) .....	18
(Notes relating to Securities) .....	18
(Notes relating to Deferred Tax Accounting) .....	19
(Segment Information) .....	20
(Per Share Data) .....	22
(Significant Subsequent Events) .....	22
5. Non-consolidated Financial Statements .....	23
(1) Non-consolidated Balance Sheets .....	23
(2) Non-Consolidated Statements of Income .....	25
(3) Non-consolidated Statements of Shareholders' Equity .....	26
(4) Notes relating to Non-consolidated Financial Statements .....	28
(Note concerning Assumption of Going Concern) .....	28
(Changes in the Accounting Policies) .....	28
(Notes relating to Non-consolidated Balance Sheets) .....	28
(Notes relating to Non-consolidated Statements of Income) .....	28
(Notes relating to Deferred Tax Accounting) .....	29
6. Change in members of the board .....	30

## 1. Business Results

### (1) Analysis of Consolidated Business Results

#### Review of Operations

During fiscal year 2013, while Southern European countries saw great reductions in their current account deficits, the economic downturn in the Eurozone finally halted against a backdrop of stabilizing financial markets. In the U.S., uncertainty about political issues and financial policies receded substantially mainly due to the U.S. Federal Reserve's decision to scale back asset purchases in the third round of quantitative easing (QE3) in view of improved economic sentiment.

As Abenomics steadily took effect, Japan's real GDP growth rate remained positive for the fourth consecutive quarter. In particular, public investment and personal consumption led expansion of the Japanese economy.

In these circumstances, inspired by its mission—"To create new value and promote health and happiness through the enjoyment of nature and the world around us"—Shimano Group concentrated on creating a stream of captivating products to enrich the experience of cyclists and anglers around the world.

As a result, net sales increased 10.2% from the previous year to 271,037 million yen. Operating income increased 2.0% to 41,775 million yen, ordinary income increased 20.3% to increased 47,549 million yen, and net income increased 27.7% to 35,088 million yen.

#### Reportable Segment Overview

##### Bicycle Components

In Europe, a major market for Shimano products, retail sales were hampered by unsettled weather in the first half and could not fully recover from the weak performance even though the weather was good in July and August. In North America too, many regions experienced poor weather at the beginning of 2013. Although the North American market shifted to a recovery track from May onward, the recovery lacked vigor. In Japan, retail sales were affected by the harsh winter weather and remained lackluster. Meanwhile, in emerging markets with growth potential, sales of sports bicycles continued to grow strongly, particularly in China.

Distributor inventories of finished bicycles in Europe and North America were somewhat high but remained in an appropriate range. On the other hand, demand for repair parts grew strongly in virtually every market, including the regions that experienced poor weather, reflecting enthusiasm for cycling worldwide.

In these market conditions, shipments from Shimano proceeded virtually as scheduled. Sales of new products, including DEORE and ALTUS mountain bike components and ULTEGRA and CLARIS road bike components, were buoyant. In addition, owing to the high popularity of Shimano products in Europe and North America and depreciation of the yen, segment sales fulfilled the forecast.

As a result, sales from this segment increased 9.6% from the previous year to 217,263 million yen, and operating income increased 1.3% to 39,505 million yen.

##### Fishing Tackle

The Japanese market was affected by bad weather starting with cold spells and snowfall at the beginning of the year, and Northern Japan experienced lengthy periods of wet weather from the summer to the autumn. However, signs of recovery became visible from late autumn when the market as a whole, centering on general consumers such as households with young children, gained momentum. In such market conditions, Shimano received many orders for NEW STELLA SW reels and other spinning reels for saltwater fishing and electric reels, and enjoyed brisk sales of lure fishing-related products throughout the year.

Overseas, despite the adverse impact of unsettled weather in both Europe and North America, Shimano recorded sales higher than the previous year because new products were highly regarded in the market. In Asia, while the slowing Chinese economy was a concern, sales to retailers in East Asian and Southeast Asian markets were buoyant. In Oceania, brisk sales to retailers continued despite concern about the impact of unsettled weather.

As a result, sales from this segment increased 13.1% from the previous year to 53,398 million yen, and operating income increased 5.7% to 2,404 million yen.

##### Others

Sales from other segments decreased 10.3% from the previous year to 376 million yen and an operating loss of 135 million yen was recorded, following an operating loss of 326 million yen the previous year.

## Forecast for Fiscal Year 2014

Although the European economies are becoming more stable, weak domestic demand and fiscal sustainability remain issues. In the U.S., while robust expansion of personal consumption is in prospect against the backdrop of a recovery of the labor market, there is a possibility that interest rate increases in line with the tapering of quantitative easing may put a brake on the economy. Growth in China and other emerging economies is tending to slow, and likely to remain relatively sluggish.

In Japan, despite concern that the consumption tax increase in April 2014 will have an immediate adverse impact on consumption, the recovery of corporate earnings and the impact of pay rises, which are becoming evident in certain sectors, may maintain the momentum of the economy assisted by an expansion of exports due to depreciation of the yen.

In these circumstances, the Shimano Group, while closely monitoring economic trends in Japan and overseas, is endeavoring to further enhance management efficiency. We will take the lead in the creation of new cycling culture and new sport fishing culture.

In view of the outlook described above, for the fiscal year ending December 2014, the Shimano Group forecasts net sales of 280,000 million yen, an increase of 3.3%, operating income of 45,000 million yen, an increase of 7.7%, ordinary income of 45,000 million yen, a decrease of 5.4%, and net income of 31,500 million yen, a decrease of 10.2%.

Sales forecasts by segment are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle components	Japan	3,700	2.7	4,000	2.8	7,700	2.7
	Overseas	106,300	76.9	110,600	78.0	216,900	77.5
	Sub-total	110,000	79.6	114,600	80.8	224,600	80.2
Fishing tackle		28,000	20.3	27,000	19.1	55,000	19.7
Others		200	0.1	200	0.1	400	0.1
Total		138,200	100.0	141,800	100.0	280,000	100.0

## (2) Analysis of Consolidated Financial Position

## Assets, Liabilities and Net Assets

## (Total assets)

Total assets as of the end of fiscal year 2013 amounted to 319,223 million yen (an increase of 61,516 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 33,845 million yen in cash and time deposits, an increase of 5,488 million yen in buildings and structures, an increase of 5,482 million yen in construction in progress, and an increase of 3,791 million yen in investment securities.

## (Total Liabilities)

Total liabilities as of the end of fiscal year 2013 amounted to 48,308 million yen (an increase of 6,966 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 2,089 million yen in long-term loans payable, an increase of 1,774 million yen in accounts payable-trade, and an increase of 2,967 million yen in others.

## (Net assets)

Net assets as of the end of fiscal year 2013 amounted to 270,914 million yen (an increase of 54,550 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 27,579 million yen in retained earnings and an increase of 24,611 million yen in foreign currency translation adjustments.

### Cash Flows

Net cash provided by operating activities amount to 49,021 million yen compared with 38,187 million yen for the previous year. The main items were income before income taxes and minority interests of 45,222 million yen, depreciation and amortization amounting to 12,203 million yen, and income taxes paid amounting to 13,210 million yen.

Net cash used in investing activities amounted to 27,205 million yen compared with 18,928 million yen for the previous year. The main items included acquisition of property, plant and equipment amounting to 21,490 million yen.

Net cash used in financing activities amounted to 7,194 million yen compared with 11,083 million yen for the previous year. The main items were cash dividends to shareholders amounting to 7,511 million yen.

As a result, cash and cash equivalents at the end of the year were 125,867 million yen.

Cash flow indicators are shown in the following table.

	FY2009	FY2010	FY2011	FY2012	FY2013
Equity ratio (%)	87.0	84.3	83.9	83.7	84.6
Market value equity ratio (%)	185.0	188.7	162.4	198.6	262.2
Interest-bearing debt to cash flow ratio (%)	0.06	0.06	0.30	0.20	0.21
Interest coverage ratio (times)	81.9	93.6	87.1	115.4	150.8

(Notes)

1. 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

2. 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.

3. Interest-bearing debt covers all debt in the consolidated balance sheet 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 flow and interest paid.

### (3) Dividend Policy and Cash Dividends for FY 2013 and FY 2014

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.

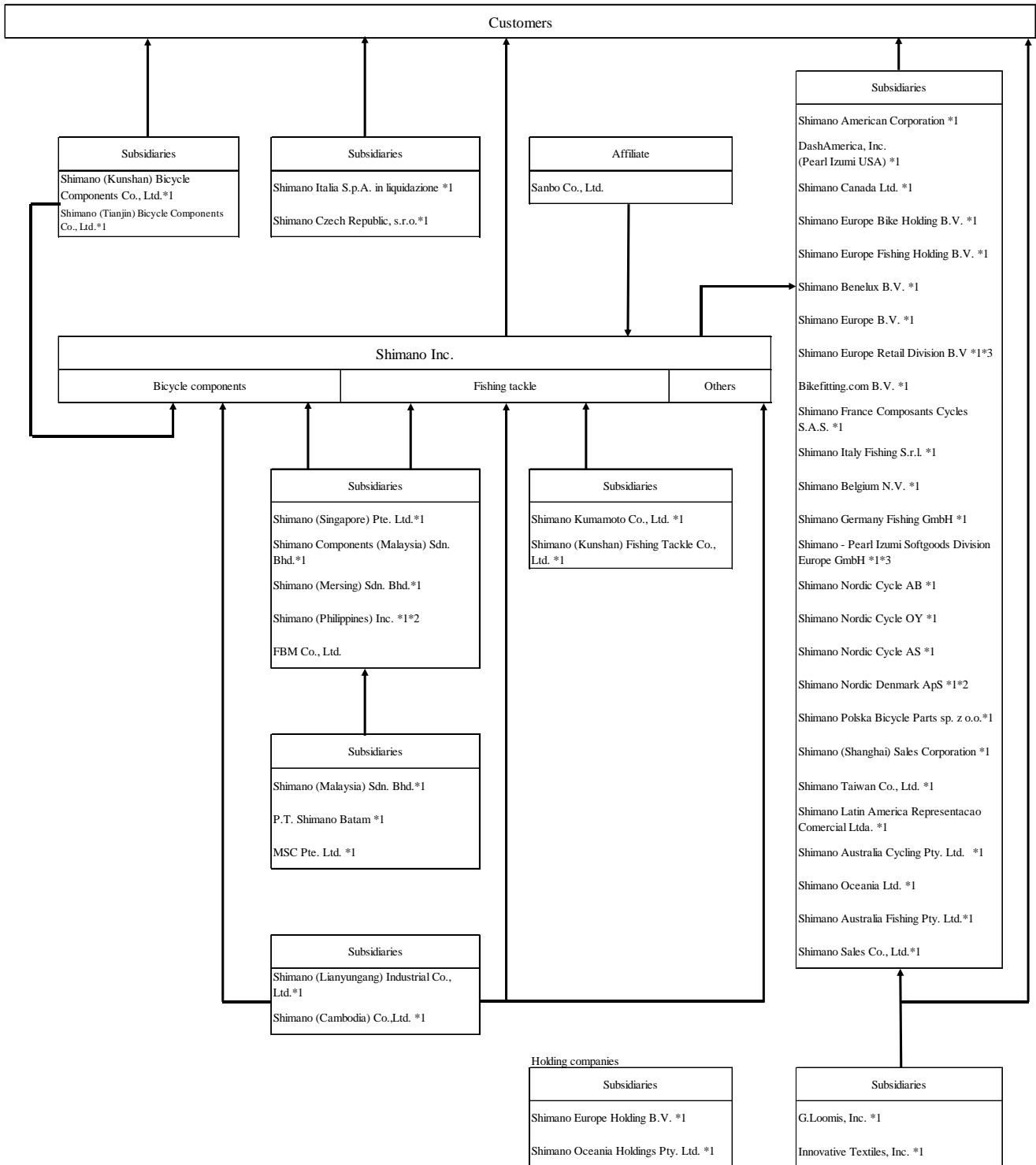
In accordance with the above policy, The Company intends to pay out year-end cash dividends of 43.50 yen per share, which include a special dividend of 37.25 yen, an increase of 6 yen from the amount paid for the previous year. As a result, cash dividends for the full year of fiscal year 2013 will amount to 87 yen per share, an increase of 12 yen from the amount paid for the previous year.

The Company intends to pay out cash dividends of 87 yen per share for fiscal year 2014 (43.50 yen for both interim and year-end cash dividends).

## 2. Outline of the Group

The Shimano Group consists of Shimano Inc. and 45 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 in fiscal year 2013. (Refer to Page 15.)

\*3: The company name was changed in fiscal year 2013. (Refer to Page 15.)

### 3. Business Policy

Since no significant changes have been made to the information for management policies in the Summary of Consolidated Financial Results for FY2011 disclosed on February 8, 2012, disclosure of the management policies has been omitted.

The Summary of Consolidated Financial Results for FY2011 is available at the following URL.

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



#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2012 As of Dec. 31, 2012	FY2013 As of Dec. 31, 2013
<b>Assets</b>		
Current assets		
Cash and time deposits	94,950	128,796
Notes and accounts receivable-trade	*2 27,845	*2 30,899
Merchandise and finished goods	25,613	28,293
Work in process	17,209	17,145
Raw materials and supplies	5,091	4,718
Deferred income taxes	2,232	2,718
Others	3,090	3,464
Allowance for doubtful accounts	(236)	(296)
Total current assets	175,798	215,740
Fixed assets		
Property, plant and equipment		
Buildings and structures	48,757	56,985
Accumulated depreciation	(24,102)	(26,828)
Accumulated impairment loss	(155)	(168)
Buildings and structures (net)	24,499	29,988
Machinery and vehicles	52,061	60,006
Accumulated depreciation	(37,394)	(43,000)
Accumulated impairment loss	(173)	(161)
Machinery and vehicles (net)	14,493	16,844
Land	11,256	11,814
Leased assets	489	85
Accumulated depreciation	(57)	(55)
Leased assets (net)	431	30
Construction in progress	5,800	11,283
Others	40,226	43,948
Accumulated depreciation	(35,612)	(39,095)
Accumulated impairment loss	(19)	(16)
Others (net)	4,594	4,836
Total property, plant and equipment	61,076	74,798
Intangible assets		
Goodwill	3,727	3,997
Software	1,916	2,834
Others	3,446	5,604
Total intangible assets	9,090	12,437
Investments and other assets		
Investment securities	*1 8,569	*1 12,361
Deferred income taxes	1,058	1,280
Others	2,602	3,071
Allowance for doubtful accounts	(488)	(465)
Total investments and other assets	11,742	16,247
Total fixed assets	81,908	103,482
Total assets	257,707	319,223

(Millions of yen)

	FY2012 As of Dec. 31, 2012	FY2013 As of Dec. 31, 2013
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	10,161	11,935
Short-term loans payable	5,915	6,130
Income taxes payable	6,582	5,593
Deferred income taxes	222	315
Accrued employee bonuses	1,268	1,524
Accrued officer bonuses	193	184
Provision for loss on factory reconstruction	-	596
Others	11,321	14,278
<b>Total current liabilities</b>	<b>35,665</b>	<b>40,559</b>
<b>Long-term liabilities</b>		
Long-term loans payable	1,070	3,159
Deferred income taxes	742	1,051
Employee retirement benefits	2,681	2,710
Others	1,182	827
<b>Total long-term liabilities</b>	<b>5,677</b>	<b>7,749</b>
<b>Total liabilities</b>	<b>41,342</b>	<b>48,308</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	35,613	35,613
Capital surplus	5,822	5,822
Retained earnings	176,808	204,388
Treasury stock	(47)	(58)
<b>Total shareholders' equity</b>	<b>218,197</b>	<b>245,765</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on other securities	913	3,080
Foreign currency translation adjustments	(3,462)	21,149
<b>Total accumulated other comprehensive income</b>	<b>(2,548)</b>	<b>24,229</b>
Minority interests	716	919
<b>Total net assets</b>	<b>216,364</b>	<b>270,914</b>
<b>Total liabilities and net assets</b>	<b>257,707</b>	<b>319,223</b>

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

(Millions of yen)

	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
Net sales	245,843	271,037
Cost of sales	*2 156,711	*2 174,613
Gross profit	89,132	96,423
Selling, general and administrative expenses	*1,*2 48,171	*1,*2 54,648
Operating income	40,961	41,775
Non-operating income		
Interest income	743	873
Dividend income	318	205
Foreign exchange gains	-	5,004
Others	583	637
Total non-operating income	1,645	6,721
Non-operating expenses		
Interest expenses	334	333
Loss on disposal of fixed assets	135	152
Foreign exchange losses	2,291	-
Others	306	461
Total non-operating expenses	3,066	947
Ordinary income	39,539	47,549
Extraordinary losses		
Provision for loss on factory reconstruction	-	596
Loss on factory reconstruction	1,061	1,730
Total extraordinary losses	1,061	2,326
Income before income taxes and minority interests	38,477	45,222
Income taxes-current	11,471	11,722
Income taxes-deferred	(542)	(1,626)
Total income taxes	10,929	10,095
Income before minority interests	27,548	35,126
Minority interests in net income	60	38
Net income	27,487	35,088

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY2012	FY2013
	Jan. 1, 2012 to Dec. 31, 2012	Jan. 1, 2013 to Dec. 31, 2013
Income before minority interests	27,548	35,126
Other comprehensive income		
Unrealized gain (loss) on other securities	865	2,167
Foreign currency translation adjustments	16,377	24,778
Total other comprehensive income	17,243	26,946
Comprehensive income	44,792	62,073
(Breakdown)		
Comprehensive income attributable to owners of the parent	44,658	61,866
Comprehensive income attributable to minority interests	133	206

## (3) Consolidated Statements of Shareholders' Equity

FY2012 (From January 1, 2012 to December 31, 2012)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	35,613	5,822	159,597	(124)	200,908
Changes of items during the year					
Cash dividends paid			(6,336)		(6,336)
Net income			27,487		27,487
Acquisition of treasury stock				(3,863)	(3,863)
Sales of treasury stock		0		0	0
Retirement of treasury stock		(0)	(3,939)	3,939	-
Net changes of items other than shareholders' equity					
Total changes of items during the year		(0)	17,211	76	17,288
Balance at end of year	35,613	5,822	176,808	(47)	218,197

(Millions of yen)

	Accumulated other comprehensive income			Minority interests	Total net assets
	Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at beginning of year	47	(19,767)	(19,719)	584	181,774
Changes of items during the year					
Cash dividends paid					(6,336)
Net income					27,487
Acquisition of treasury stock					(3,863)
Sales of treasury stock					0
Retirement of treasury stock					-
Net changes of items other than shareholders' equity	865	16,305	17,170	131	17,301
Total changes of items during the year	865	16,305	17,170	131	34,590
Balance at end of year	913	(3,462)	(2,548)	716	216,364

FY2013 (From January 1, 2013 to December 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	35,613	5,822	176,808	(47)	218,197
Changes of items during the year					
Cash dividends paid			(7,509)		(7,509)
Net income			35,088		35,088
Acquisition of treasury stock				(11)	(11)
Net changes of items other than shareholders' equity					
Total changes of items during the year			27,579	(11)	27,568
Balance at end of year	35,613	5,822	204,388	(58)	245,765

(Millions of yen)

	Accumulated other comprehensive income			Minority interests	Total net assets
	Unrealized gain (loss) on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at beginning of year	913	(3,462)	(2,548)	716	216,364
Changes of items during the year					
Cash dividends paid					(7,509)
Net income					35,088
Acquisition of treasury stock					(11)
Net changes of items other than shareholders' equity	2,167	24,611	26,778	203	26,981
Total changes of items during the year	2,167	24,611	26,778	203	54,550
Balance at end of year	3,080	21,149	24,229	919	270,914

## (4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
Cash flows from operating activities:		
Income before income taxes and minority interests	38,477	45,222
Depreciation and amortization	10,222	12,203
Allowance for doubtful accounts	(86)	5
Interest and dividend income	(1,062)	(1,078)
Interest expenses	334	333
Foreign exchange gains/losses	2,006	(3,182)
Notes and accounts receivable	(1,271)	(861)
Inventories	(5,360)	4,155
Accounts payable	1,520	420
Officer retirement benefits	(1,130)	-
Employee retirement benefits	223	(25)
Provision for loss on factory reconstruction	-	596
Loss on factory reconstruction	1,061	1,730
Gain on sales/disposal of fixed assets	46	123
Others, net	1,314	1,814
Subtotal	46,295	61,457
Interest and dividend income received	1,114	1,088
Interest expenses paid	(330)	(314)
Income taxes paid	(8,892)	(13,210)
Net cash provided by operating activities	38,187	49,021
Cash flows from investing activities:		
Purchases of time deposits	(1,060)	(2,516)
Proceeds from maturities of time deposits	4,522	-
Acquisition of property, plant and equipment	(21,306)	(21,490)
Proceeds from sales of fixed assets	198	330
Acquisition of intangible assets	(1,523)	(2,920)
Payments for loss on factory reconstruction	(563)	(1,589)
Proceeds from sales of investment securities	4	27
Acquisition of investment securities	(300)	(33)
Increase in short-term loans receivable	15	(13)
Payments for acquisition of newly consolidated subsidiaries	(130)	-
Others, net	1,215	997
Net cash used in investing activities	(18,928)	(27,205)

(Millions of yen)

	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
Cash flows from financing activities:		
Increase in short-term loans payable	769	280
Proceeds from long-term loans payable	-	3,225
Repayment of long-term loans payable	(1,595)	(2,764)
Repayments of finance lease obligations	(54)	(410)
Acquisition of treasury stock	(3,863)	(11)
Gain on sales of treasury stock	0	-
Cash dividends to shareholders	(6,336)	(7,511)
Cash dividends to minority shareholders	(3)	(3)
Net cash used in financing activities	(11,083)	(7,194)
Effect of exchange rate changes on cash and cash equivalents	8,084	16,437
Net increase (decrease) in cash and cash equivalents	16,259	31,058
Cash and cash equivalents at beginning of year	78,549	94,809
Cash and cash equivalents at end of year	* 94,809	* 125,867



## (5) Notes relating to Consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

(Preparation of the Consolidated Financial Statements - Significant Matters)

### 1. Consolidation

The consolidated financial statements include the accounts of the Company and the 45 subsidiaries whose names are stated in "2. Outline of the Group" on Page 5 of the Attachment.

Shimano Nordic Denmark ApS and Shimano (Philippines) Inc. were included in the scope of consolidation during fiscal year 2013 due to establishment.

The company name of Bikefitting.com Holding B.V. was changed to Shimano Europe Retail Division B.V., Pearl Izumi GmbH was changed to Shimano - Pearl Izumi Softgoods Division Europe GmbH during fiscal year 2013.

### 3. Fiscal year of the consolidated subsidiaries

The fiscal year of Shimano Italia S.p.A. in liquidazione ends on November 30 and its financial statements at November 30 are used for preparation of the consolidated financial statements. Any material effects occurring during the period from December 1 to December 31 are adjusted in the consolidated financial statements.

### 4. Summary of significant accounting policies

#### (1) Valuation basis and method for principal assets

##### Securities

Other securities (syn. Available-for-sale securities)

Other securities with no market prices

Other securities with no market prices are stated at moving average cost.

#### (3) Provision for principal allowances and reserves

Provision for loss on factory reconstruction

Provision is made based on the estimated amount of future expenses anticipated for the reconstruction of Sakai factory.

Since no significant changes have been made to the information in the recent securities report (submitted on March 29, 2013) for items other than the above 1, 3 and 4, disclosure of other items has been omitted.

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

(Change in accounting policy for situation when a change in accounting estimate is difficult to distinguish)

Effective from the first quarter of FY2013, the Company and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after January 1, 2013, in accordance with the revision of the Corporation Tax Act. The impact of this change is immaterial.

(Changes in presentation)

(Consolidated Statements of Cash Flows)

"Loss on factory construction", which was included in "Gain on sales/disposal of fixed assets" and "Others" under "Cash flow from operating activities", was separately presented for fiscal year 2013 due to increased materiality. The Consolidated Statements of Cash Flows for the previous fiscal year was reclassified due to change in presentation.

As a result, 447million yen included in "Gain on sales/disposal of fixed assets" and 613 million yen included in "Others" under "Cash flow from operating activities" were reclassified into "Loss on factory reconstruction" of 1,061 million yen.

"Payments for loss on factory construction", which was included in "Others" under "Cash flow from operating activities", was separately presented for fiscal year 2013 due to increased materiality. The Consolidated Statements of Cash Flows for the previous fiscal year was reclassified due to change in presentation.

As a result, (563) million yen included in "Others" under "Cash flow from operating activities" was reclassified into "Payments for loss on factory reconstruction" of (563) million yen.

(Notes relating to consolidated balance sheets)

\*1 The following pertains to non-consolidated subsidiaries and affiliates.

	FY2012 (As of Dec. 31, 2012)	FY2013 (As of Dec. 31, 2013)
Investment securities	1,519 million yen	1,739 million yen

\*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.

	FY2012 (As of Dec. 31, 2012)	FY2013 (As of Dec. 31, 2013)
Notes receivable	22 million yen	18 million yen

(Notes relating to consolidated statements of income)

\*1 Main components of selling, general and administrative expenses.

	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
Salaries and wages	11,532 million yen	13,231 million yen
Advertising and sales promotion expenses	6,996 million yen	8,063 million yen

\*2 R&amp;D expenses included in selling, general and administrative expenses and manufacturing expenses

	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
	10,245 million yen	11,073 million yen

(Notes relating to Consolidated Statement of Shareholders' Equity)

FY2012 (From January 1, 2012 to December 31, 2012)

1. Total number of issued shares (Thousand shares)

Class of shares	Balance of December 31, 2011	Increase	Decrease	Balance as of December 31, 2012
Common stock	93,800	-	1,080	92,720

(Details of change)

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

Retirement of treasury stock 1,080 thousand shares

2. Treasury stock (Thousand shares)

Class of shares	Balance of December 31, 2011	Increase	Decrease	Balance as of December 31, 2012
Common stock	32	1,060	1,080	13

(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 1,060 thousand shares

Acquisition of fractional shares 0 thousand shares

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

Retirement of treasury stock 1,080 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 29, 2012	Common stock	2,859	30.50	Dec. 31, 2011	Mar. 30, 2012
Meeting of the Board of Directors held on July 31, 2012	Common stock	3,476	37.50	Jun. 30, 2012	Sep. 4, 2012

## (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 28, 2013	Common stock	Retained earnings	3,476	37.50	Dec. 31, 2012	Mar. 29, 2013

## FY2013 (From January 1, 2013 to December 31, 2013)

## 1. Total number of issued shares

(Thousand shares)

Class of shares	Balance as of December 31, 2012	Increase	Decrease	Balance as of December 31, 2013
Common stock	92,720	-	-	92,720

## 2. Treasury stock

(Thousand shares)

Class of shares	Balance as of December 31, 2012	Increase	Decrease	Balance as of December 31, 2013
Common stock	13	1	-	14

## (Details of the change)

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

Acquisition of fractional shares

1 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 28, 2013	Common stock	3,476	37.50	Dec.31, 2012	Mar. 29, 2013
Meeting of the Board of Directors held on July 30, 2013	Common stock	4,032	43.50	Jun. 30, 2013	Sep. 4, 2013

## (2) Dividends with record date within the current fiscal year and effective in the 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 27, 2014	Common stock	Retained earning	4,032	43.50	Dec. 31, 2013	Mar. 28, 2014

(Notes relating to Consolidated Statements of Cash Flows)

\* Reconciliation between cash and cash equivalents at the end of the year and the accounts in the consolidated balance sheets

	FY2012	FY2013
	Jan. 1, 2012 to Dec. 31, 2012	Jan. 1, 2013 to Dec. 31, 2013
Cash and time deposits	94,950 million yen	128,796 million yen
Time deposits with maturities exceeding three months	(141) million yen	(2,928) million yen
Cash and cash equivalents	94,809 million yen	125,867 million yen

(Notes relating to Securities)

FY2012 (As of Dec.31, 2012)

Other securities

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

Item	Book value (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
(1) Stock	5,627	3,689	1,938
Subtotal	5,627	3,689	1,938

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

Item	Book value (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
(1) Stock	1,173	1,710	(537)
Subtotal	1,173	1,710	(537)

The book value of securities whose market value declines to 50% or less of the acquisition cost during the fiscal year are written down.

FY2013 (As of Dec. 31, 2013)

Other securities

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

Item	Book value (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
(1) Stock	9,205	4,013	5,191
Subtotal	9,205	4,013	5,191

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

Item	Book value (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
(1) Stock	1,130	1,385	(255)
Subtotal	1,130	1,385	(255)

The book value of securities whose market value declines to 50% or less of the acquisition cost during the fiscal year are written down.

## (Notes relating to Deferred Tax Accounting)

## 1. Significant components of deferred tax assets and liabilities

	FY2012 (As of Dec. 31, 2012)	FY2013 (As of Dec. 31, 2013)
(Deferred tax assets)		
Excess of limit of accrued employee bonuses	204 millions of yen	241 millions of yen
Enterprise tax payable	281 millions of yen	191 millions of yen
Officer retirement benefits	270 millions of yen	272 millions of yen
Excess of limit of employee retirement benefits	913 millions of yen	897 millions of yen
Unrealized loss on other securities	95 millions of yen	60 millions of yen
Book in excess of tax depreciation	59 millions of yen	197 millions of yen
Unrealized gain of inventories	883 millions of yen	817 millions of yen
Loss on revaluation of other securities	663 millions of yen	848 millions of yen
Loss on revaluation of golf memberships	150 millions of yen	150 millions of yen
Excess of limit of allowance for doubtful accounts	381 millions of yen	396 millions of yen
Provision for loss on factory reconstruction	- millions of yen	226 millions of yen
Loss on impairment	252 millions of yen	246 millions of yen
Book in excess of tax depreciation for small sum assets	204 millions of yen	196 millions of yen
Devaluation loss on inventories	423 millions of yen	494 millions of yen
Others	733 millions of yen	751 millions of yen
Sub-total deferred tax assets	5,518 millions of yen	5,989 millions of yen
Valuation allowance	(1,531) millions of yen	(44) millions of yen
Total deferred tax assets	3,987 millions of yen	5,945 millions of yen
(Deferred tax liabilities)		
Undistributed earnings of consolidated subsidiaries	(35) millions of yen	(105) millions of yen
Reserve for special depreciation	(942) millions of yen	(1,325) millions of yen
Unrealized gain on other securities	(651) millions of yen	(1,869) millions of yen
Others	(32) millions of yen	(14) millions of yen
Total deferred tax liabilities	(1,661) millions of yen	(3,313) millions of yen
Net deferred tax assets	2,326 millions of yen	2,631 millions of yen

## 2. Reconciliation between the effective statutory tax rate and the actual effective tax rate.

	FY2012 (As of Dec. 31, 2012)	FY2013 (As of Dec. 31, 2013)
Effective statutory tax rate	41.0 %	38.0 %
(Reconciliation)		
Permanent difference-expenses	2.0 %	0.7 %
Permanent difference-income	(1.4) %	(1.2) %
Tax credit	(2.0) %	(1.9) %
Differences in tax rates for foreign subsidiaries	(11.7) %	(11.3) %
Valuation allowance	(0.5) %	(3.1) %
Adjustment of deferred tax assets due to change in effective statutory tax rates	0.1 %	0.0 %
Other	0.9 %	1.1 %
Actual effective tax rate	28.4 %	22.3 %

## (Segment Information)

## 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.

Principle 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

FY2012 (Jan.1 , 2012 - Dec. 31, 2012)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1)Third parties	198,190	47,234	419	245,843	-	245,843
2)Inter-segment	-	-	-	-	-	-
Total	198,190	47,234	419	245,843	-	245,843
Segment income (loss)	39,012	2,274	(326)	40,961	-	40,961
Segment assets	99,367	25,867	769	126,003	131,703	257,707
Other items						
Depreciation and amortization	8,449	1,484	43	9,977	-	9,977
Amortization of goodwill	182	62	-	245	-	245
Increase in property, plant and equipment and intangible assets	13,359	1,550	6	14,916	7,913	22,829

Note: 1. Segment assets adjustment was 131,703 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.

FY2013 ( Jan.1, 2013 - Dec. 31, 2013)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1)Third parties	217,263	53,398	376	271,037	-	271,037
2)Inter-segment	-	-	-	-	-	-
Total	217,263	53,398	376	271,037	-	271,037
Segment income (loss)	39,505	2,404	(135)	41,775	-	41,775
Segment assets	111,275	29,402	707	141,384	177,838	319,223
Other items						
Depreciation and amortization	10,177	1,701	45	11,923	-	11,923
Amortization of goodwill	211	69	-	280	-	280
Increase in property, plant and equipment and intangible assets	15,628	1,413	10	17,051	7,358	24,410

Note: 1. Segment assets adjustment was 177,838 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.

## Related information

### Information by geographical area

#### Net Sales

FY2012 (Jan. 1, 2012 - Dec. 31, 2012)

(Millions of yen)

Japan	North America	Europe	Asia	Other	Total
29,569	29,454	84,643	88,991	13,184	245,843

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

FY2013 (Jan. 1, 2013 - Dec. 31, 2013)

(Millions of yen)

Japan	North America	Europe	Asia	Other	Total
31,545	33,223	93,357	99,246	13,664	271,037

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

## (Per Share Data)

	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
Net assets per share	2,326.13 yen	2,912.40 yen
Net income per share	296.50 yen	378.50 yen

Notes: Diluted net income per share is not presented because there were no securities with dilutive effect.

## Basis for calculation of net income per share

	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
Net income	27,487	35,088
Net income attributable to common stock	27,487	35,088
Amount not attributable to common shareholders	-	-
Average number of shares of common stock outstanding (thousand shares)	92,707	92,706

Disclosure of notes relating to derivative transactions, lease transactions, financial instruments, employee retirement benefits, business combinations, asset retirement obligations and immovable property 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)

Not applicable.



**5. Non-consolidated Financial Statements****(1) Non-consolidated Balance Sheets**

	(Millions of yen)	
	FY2012 As of Dec. 31, 2012	FY2013 As of Dec. 31, 2013
Assets		
Current assets		
Cash and time deposits	16,508	16,860
Notes receivable	* 1,191	* 1,173
Accounts receivable-trade	19,443	22,629
Finished goods	4,865	4,849
Work in process	8,235	8,176
Raw materials and supplies	1,387	1,252
Accounts receivable-other	3,783	2,061
Deferred income taxes	748	1,173
Others	1,155	1,585
Allowance for doubtful accounts	(124)	(178)
Total current assets	57,196	59,583
Fixed assets		
Property, plant and equipment		
Buildings	26,079	27,529
Accumulated depreciation	(12,518)	(12,895)
Accumulated impairment loss	(140)	(151)
Buildings (net)	13,420	14,482
Structures	2,614	2,581
Accumulated depreciation	(2,076)	(2,127)
Accumulated impairment loss	(1)	(1)
Structures (net)	536	452
Plant and machinery	20,375	20,148
Accumulated depreciation	(15,338)	(15,396)
Accumulated impairment loss	(173)	(160)
Plant and machinery (net)	4,862	4,591
Vehicles	173	179
Accumulated depreciation	(111)	(103)
Accumulated impairment loss	-	(0)
Vehicles (net)	62	75
Tool, equipment and furniture	25,738	25,912
Accumulated depreciation	(23,280)	(23,754)
Accumulated impairment loss	(17)	(14)
Tools, equipment and furniture (net)	2,439	2,143
Land	9,804	9,838
Leased assets	43	50
Accumulated depreciation	(30)	(35)
Leased assets (net)	13	15
Construction in progress	1,806	4,182
Total property, plant and equipment	32,946	35,782
Intangible assets		
Software	1,364	1,659
Others	278	441
Total intangible assets	1,642	2,101

	(Millions of yen)	
	FY2012 As of Dec. 31, 2012	FY2013 As of Dec. 31, 2013
Investments and other assets		
Investment securities	6,348	9,705
Subsidiaries' and affiliates' stock	12,117	11,952
Long-term loans to subsidiaries and affiliates	4,025	3,846
Deferred income taxes	860	1,084
Others	2,076	2,223
Allowance for doubtful accounts	(1,071)	(1,027)
Total investments and other assets	24,357	27,785
Total fixed assets	58,946	65,669
Total assets	116,142	125,252
Liabilities		
Current liabilities		
Accounts payable-trade	10,491	12,884
Accounts payable-other	4,353	4,251
Income taxes payable	3,146	1,473
Deposit payable	5,039	5,909
Accrued employee bonuses	232	230
Accrued officer bonuses	164	163
Provision for loss on factory reconstruction	-	596
Others	541	1,197
Total current liabilities	23,969	26,705
Long-term liabilities		
Employee retirement benefits	2,169	2,065
Others	757	749
Total long-term liabilities	2,927	2,814
Total liabilities	26,896	29,520
(Net assets)		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus		
Capital reserve	5,822	5,822
Total capital surplus	5,822	5,822
Retained earnings		
Legal reserve	3,194	3,194
Other retained earnings		
Unappropriated retained earnings	43,557	47,945
Total retained earnings	46,751	51,139
Treasury stock	(47)	(58)
Total shareholders' equity	88,139	92,516
Valuation and transaction adjustments		
Unrealized gain (loss) on other securities	1,106	3,214
Total valuation and transaction adjustments	1,106	3,214
Total net assets	89,246	95,731
Total liabilities and net assets	116,142	125,252

## (2) Non-consolidated Statement of Income

	(Millions of yen)	
	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
Net sales	191,551	205,214
Cost of sales		
Beginning balance of finished goods	4,969	4,865
Purchases of finished goods	85,503	99,815
Cost of products manufactured	*2 64,604	*2 64,709
Total	155,076	169,390
Transfer to other accounts	765	716
Ending balance of finished goods	4,865	4,849
Total cost of sales	149,446	163,824
Gross profit	42,105	41,389
Selling, general and administrative expenses	*2 29,004	*2 30,601
Operating income	13,101	10,788
Non-operating income		
Interest income	336	337
Dividend income	*1 1,689	*1 2,978
Foreign exchange gains	1,418	2,643
Others	460	263
Total non-operating income	3,904	6,223
Non-operating expenses		
Interest expenses	97	79
Payment discounts	170	171
Donations	143	156
Others	180	261
Total non-operating expenses	591	669
Ordinary income	16,414	16,342
Extraordinary losses		
Provision for loss on factory reconstruction	-	596
Loss on factory reconstruction	1,076	1,752
Total extraordinary losses	1,076	2,348
Income before income taxes	15,338	13,993
Income tax-current	5,159	3,996
Income tax-deferred	(95)	(1,901)
Total income taxes	5,063	2,095
Net income	10,274	11,897

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

FY2012 (Jan. 1, 2012 to Dec. 31, 2012)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus			Legal reserve	Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earning Unappropriated retained earning	Total retained earnings
Balance at beginning of year	35,613	5,822	0	5,822	3,194	43,559	46,753
Changes of items during the year							
Cash dividends paid						(6,336)	(6,336)
Net income						10,274	10,274
Acquisition of treasury stock							
Sales of treasury stock			0	0			
Retirement of treasury stock			(0)	(0)		(3,939)	(3,939)
Net changes of item other than shareholder's equity							
Total changes of items during the year			(0)	(0)		(2)	(2)
Balance at end of year	35,613	5,822	-	5,822	3,194	43,557	46,751

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain (loss) on other securities	Total valuation and translation adjustments	
Balance at beginning of year	(124)	88,065	139	139	88,204
Changes of items during the year					
Cash dividends paid		(6,336)			(6,336)
Net income		10,274			10,274
Acquisition of treasury stock	(3,863)	(3,863)			(3,863)
Sales of treasury stock	0	0			0
Retirement of treasury stock	3,939	-			-
Net changes of item other than shareholder's equity			967	967	967
Total changes of items during the year	76	74	967	967	1,041
Balance at end of year	(47)	88,139	1,106	1,106	89,246

FY2013 ( Jan. 1, 2013 - Dec. 31, 2013)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus	Capital reserve	Other capital surplus Unappropriated retained earning	Total retained earnings
Balance at beginning of year	35,613	5,822	-	5,822	3,194	43,557	46,751
Changes of items during the year							
Cash dividends paid						(7,509)	(7,509)
Net income						11,897	11,897
Acquisition of treasury stock							
Net changes of item other than shareholder's equity							
Total changes of items during the year						4,388	4,388
Balance at end of year	35,613	5,822	-	5,822	3,194	47,945	51,139

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain (loss) on other securities	Total valuation and translation adjustments	
Balance at beginning of year	(47)	88,139	1,106	1,106	89,246
Changes of items during the year					
Cash dividends paid		(7,509)			(7,509)
Net income		11,897			11,897
Acquisition of treasury stock	(11)	(11)			(11)
Net changes of item other than shareholder's equity			2,108	2,108	2,108
Total changes of items during the year	(11)	4,376	2,108	2,108	6,485
Balance at end of year	(58)	92,516	3,214	3,214	95,731

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

(Note concerning Assumption of Going Concern)  
Not applicable.

(Changes in the Accounting Policies)

(Changes of depreciation method)

Effective from the first quarter of FY2013, the Company has changed the depreciation method for property, plant and equipment acquired on or after January 1, 2013, in accordance with the revision of the Corporation Tax Act. The impact of this change is immaterial.

(Notes relating to Non-consolidated Balance Sheets)

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.

	FY2012 (As of Dec. 31, 2012)	FY2013 (As of Dec. 31, 2013)
Notes receivable	22 million yen	18 million yen

(Notes relating to Non-consolidated Statements of Income)

\*1 Dividend income from affiliated companies.

	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
	1,548 million yen	2,812 million yen

\*2 R&D expenses included in selling, general and administrative expenses and manufacturing expenses

	FY2012 Jan. 1, 2012 to Dec. 31, 2012	FY2013 Jan. 1, 2013 to Dec. 31, 2013
	9,288 million yen	9,771 million yen

## (Notes relating to Deferred Tax Accounting)

## 1. Significant components of deferred tax assets and liabilities

	FY2012 (As of Dec. 31, 2012)	FY2013 (As of Dec. 31, 2013)
(Deferred tax assets)		
Excess of limit of accrued employee bonuses	88 millions of yen	87 millions of yen
Enterprise tax payable	247 millions of yen	157 millions of yen
Officer retirement benefits	233 millions of yen	233 millions of yen
Excess of limit of employee retirement benefits	780 millions of yen	743 millions of yen
Unrealized gain on other securities	95 millions of yen	60 millions of yen
Loss on revaluation of other securities	663 millions of yen	663 millions of yen
Book in excess of tax depreciation	14 millions of yen	0 millions of yen
Loss on revaluation of golf memberships	150 millions of yen	150 millions of yen
Excess of limit of allowance for doubtful accounts	381 millions of yen	400 millions of yen
Provision for loss on factory reconstruction	- millions of yen	226 millions of yen
Loss on impairment	252 millions of yen	246 millions of yen
Book in excess of tax depreciation	206 millions of yen	198 millions of yen
Devaluation loss on inventories	337 millions of yen	383 millions of yen
Others	303 millions of yen	573 millions of yen
Sub-total deferred tax assets	3,757 millions of yen	4,126 millions of yen
Valuation allowance	(1,496) millions of yen	- millions of yen
Total deferred tax assets	2,260 millions of yen	4,126 millions of yen
(Deferred tax liabilities)		
Unrealized gain on other securities	(651) millions of yen	(1,869) millions of yen
Total deferred tax liabilities	(651) millions of yen	(1,869) millions of yen
Net deferred tax assets	1,609 millions of yen	2,257 millions of yen

## 2. Reconciliation between the effective statutory tax rate and the actual effective tax rate

	FY2012 (As of Dec. 31, 2012)	FY2013 (As of Dec. 31, 2013)
Effective statutory tax rate	41.0 %	38.0 %
(Reconciliation)		
Permanent difference-expenses	1.1 %	1.1 %
Permanent difference-income	(4.2) %	(7.5) %
Tax credit	(4.8) %	(5.9) %
Adjustments of previous year	1.0 %	(0.0) %
Valuation allowance	(1.1) %	(10.7) %
Others	(0.0) %	0.0 %
Actual effective tax rate	33.0 %	15.0 %

## 6. Change in members of the board

These changes in members of the Board shall be effective on March 27, 2014

### (1) Change in Representatives

Representative Director scheduled to retire

Senior Executive Vice President

Takeshi Oi

(Scheduled to be appointed as Senior Adviser)

### (2) Changes in other members of the Board

#### 1. Changes to Corporative Executive Officers

Senior Executive Vice President, (Chief Technology Officer)

Etsuyoshi Watarai

(Currently Executive Vice President, Engineering, Bicycle Components Div. and Engineering, Fishing Operations Div.)

#### 2. Changes to Corporative Executive Officers

Senior Executive Vice President, (Chief Manufacturing Officer)

Shinji Wada

(Currently Executive Vice President, Production, Bicycle Components Div. and Production Engineering, and Global Procurement Div.)

#### 3. Changes to Corporative Executive Officers

Executive Vice President, (Head of Lifestyle Gear Div.)

Yoshihiro Hirata

(Currently Senior Vice President, Head of Lifestyle Gear Div.)

#### 4. Director scheduled to retire

Senior Vice President, (Vice President of Shimonoseki Factory, Production Dept., Bicycle Components Div.)

Hideo Katsuoka

(Scheduled to be appointed as Audit & Supervisory Board Member)

#### 5. New candidate for Corporate Auditor

Audit & Supervisory Board Member

Hideo Katsuoka

(Currently Senior Vice President, Vice President of Shimonoseki Factory, Production Dept., Bicycle Components Div.)



6. New candidate for Corporate Auditor

Outside Audit & Supervisory Board Member

Kanako Nozue

(Currently Attorney in Tsujinaka Law Firm)

7. Corporate Auditor scheduled to retire

Audit & Supervisory Board Member

Toshinori Tanino

8. Corporate Auditor scheduled to retire

Outside Audit & Supervisory Board Member

Takayo Tsujinaka