

First half 2012 Japanese bicycle production, export and import

First half 2012 Japanese bicycle production was 570 thousands units, down 0.2% comparing to the same period of 2011, units import was 4.79 million, also down 10%. As a result, the domestic units (production + import) was down 9.1% comparing to first half 2011. In 2011, domestic units increased to 10.55 million followed by the two years of decrease. In 2012 however, it seems to end up around 9.5 million units if this pace continues through the rest of the year. As to export, almost all of the Japanese bicycle export is used bicycles, and it showed 19.7% increase in units comparing to first half of 2011 to 1.47 million.

Bicycling is popular as a leisure activity because it is good to health and environment. At the same time, due to the great east Japan earthquake, it is reevaluated as transportation. But unit sales decreased as a reaction of the last year's earthquake special demand. According to the result of the Domestic Bicycle Sales Trend Survey done monthly by Japan Bicycle Promotion Institute, March and April sales in 2011 increased comparing to the previous year; however, all the months of first half 2012 unit sales decreased, including 23.6% March decrease, which is just a year after the earthquake, comparing to 2011. The retailers joined this survey have made comments as "Sales decreased dramatically", "This year's spring sales was slow comparing to the last year's when there was a special demand by the earthquake".

1. Domestic production

First half 2012 Japanese bicycle units production was 570 thousands, slightly decreased by 0.2%(1,043 units) comparing to the same period in a year before; however, in value basis, it increased 3.7%(JPY800 million) to JPY23.4 billion comparing to first half 2011.

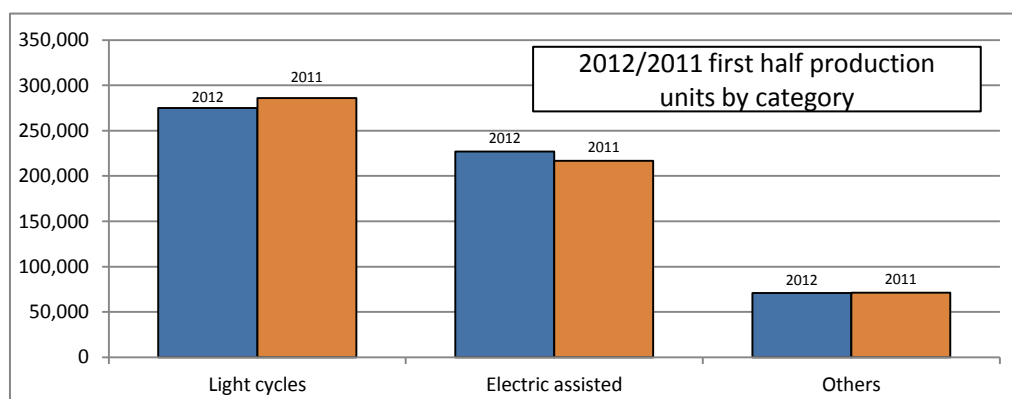
By product category, Electric assisted bicycles increased 4.8%(10,470 units) in units comparing to 2011, Light cycles decreased slightly by 3.8% (10,984units) and Others also decreased slightly by 0.7%(529units). In value basis, Light cycles increased by 2.1%(JPY100 million), Electric assisted bicycles increased 4.5%(JPY700 million), and Others increased 0.7%(JPY19 million). The average unit value of Light cycles was JPY18,403 (JPY475 up from the same period of 2011), and Others JPY24,303(JPY2,317 up), on the other hand, the average unit value of Electric assisted bicycles was JPY71,490(JPY212 down), slightly down comparing to first half 2011.

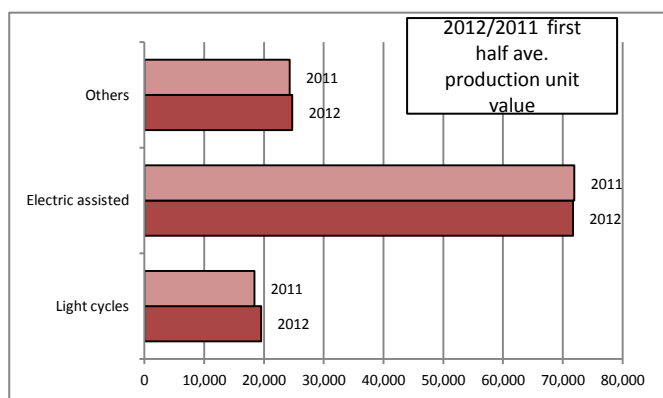
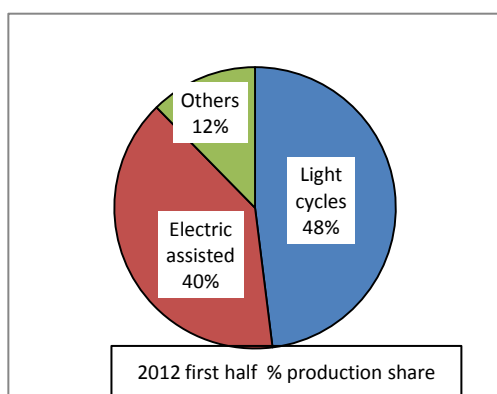
Production unit share by category is shown on the pie chart on the next page, Light cycles captured 48%, and Electric assisted cycles captured 39.6%.

[Value=JPY1,000 Ave. unit price=JPY]

Product category	First half 2012			Variance		First half 2011		
	units	value	ave.unit value	units	value	units	value	ave. unit value
Light cycles	275,060	5,372,000	19,530	96.2%	102.1%	286,044	5,264,000	18,403
Electric assisted	227,108	16,290,000	71,728	104.8%	104.5%	216,638	15,585,000	71,940
Others	70,698	1,750,000	24,753	99.3%	101.1%	71,227	1,731,000	24,303
Total	572,866	23,412,000	40,868	99.8%	103.7%	573,909	22,580,000	39,344

Production statistics(METI Machinery statistics) until 2010 consist of 6 types which were "Light cycles, Electric assisted, Infants & children, Mini cycles, MTB and Specials", however from 2011, it has changed to 3 types categories which are "light cycles, Electric assisted and Others".





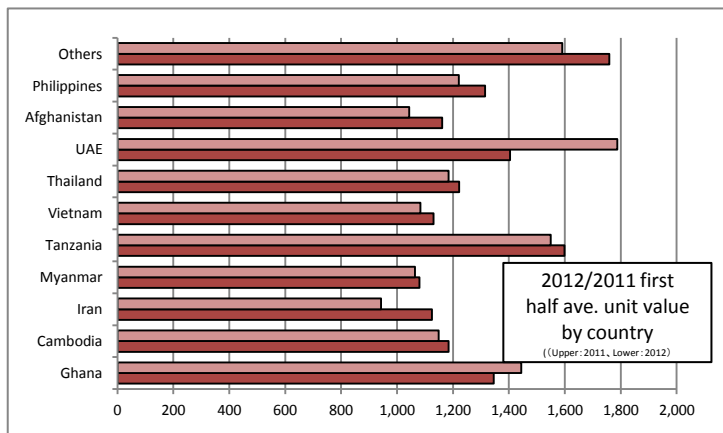
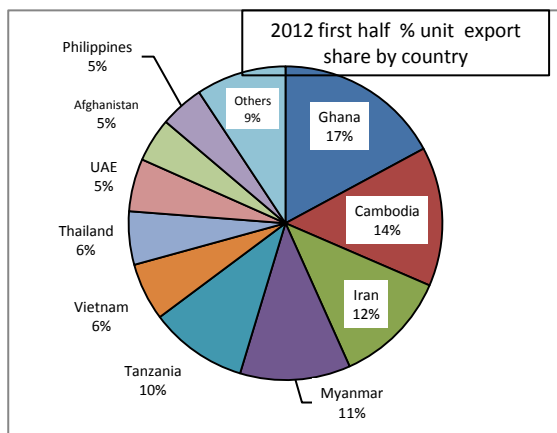
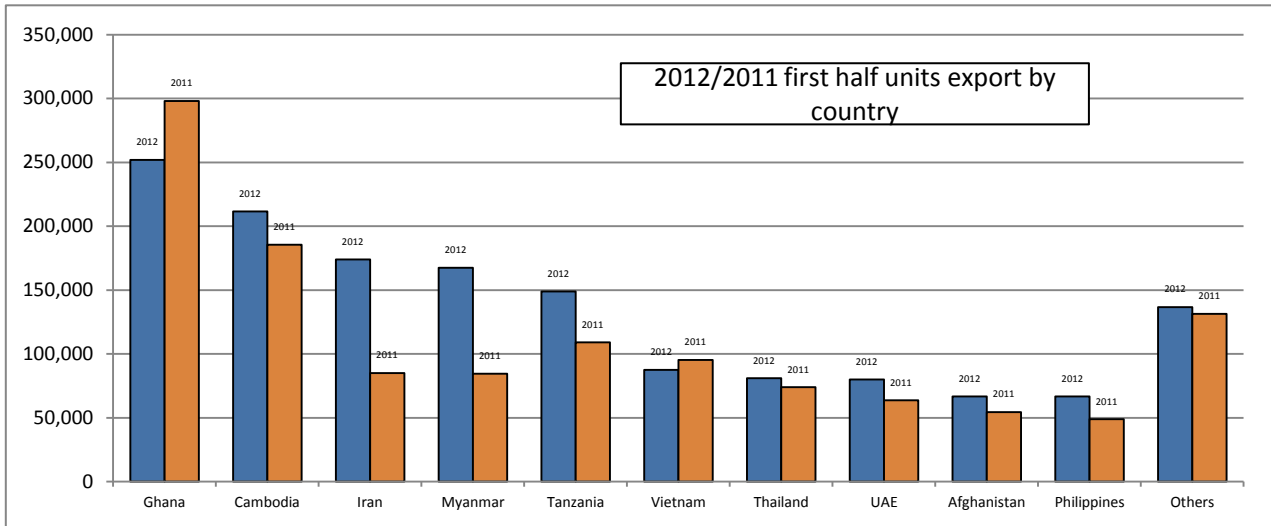
2. Export

First half 2012 bicycle units export was 1.47million, increased by 19.7%(0.24million). In value basis, it was JPY1.9 billion, increased 19.1%(JPY307.25million). Destination countries indicate that almost all of the Japanese bicycle export is second hand bicycles used in Japan.

By destination country, Ghana(0.25million units), Cambodia(0.21million units), Iran(0.17million units), and Myanmar(0.16million units) capture the top share. Comparing to 2011, Iran, Myanmar and Tanzania showed increase, on the other hand, Ghana and Vietnam decreased. Asia(1.05million units) including Cambodia, Iran and Myanmar held 71.4% share, and Africa(0.41million units) including Ghana and Tanzania held 28.2% share, and these two areas capture 99.6% share of the total export units.

[Value=JPY1,000 Ave. unit value=JPY]

Country name	2012 first half			Variance		2011 first half		
	units	value	ave. unit value	unit	value	unit	value	ave. unit value
Ghana	251,993	339,192	1,346	84.6%	78.8%	297,999	430,462	1,445
Cambodia	211,511	250,606	1,185	114.0%	117.6%	185,553	213,167	1,149
Iran	173,887	195,534	1,124	204.5%	243.9%	85,021	80,158	943
Myanmar	167,449	180,818	1,080	198.4%	201.3%	84,392	89,807	1,064
Tanzania	148,896	238,052	1,599	136.7%	141.0%	108,935	168,824	1,550
Vietnam	87,386	98,812	1,131	91.6%	95.6%	95,381	103,388	1,084
Thailand	80,868	98,856	1,222	109.5%	113.1%	73,842	87,414	1,184
UAE	80,034	112,409	1,405	125.5%	98.7%	63,747	113,925	1,787
Afghanistan	66,669	77,464	1,162	122.5%	136.4%	54,431	56,791	1,043
Philippines	66,597	87,579	1,315	136.5%	147.0%	48,791	59,579	1,221
Others	136,711	240,562	1,760	104.0%	115.0%	131,442	209,115	1,591
Total	1,472,001	1,919,884	1,304	119.7%	119.1%	1,229,534	1,612,630	1,312



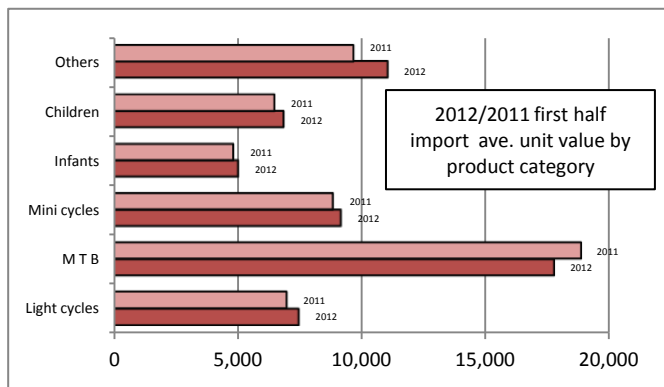
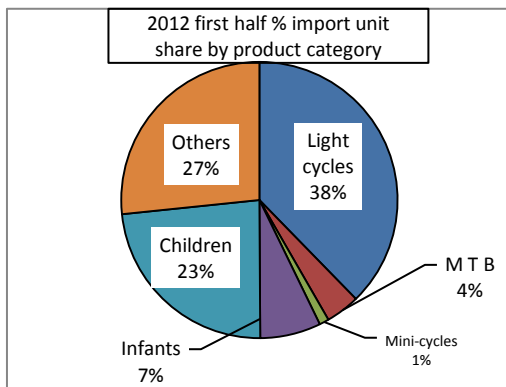
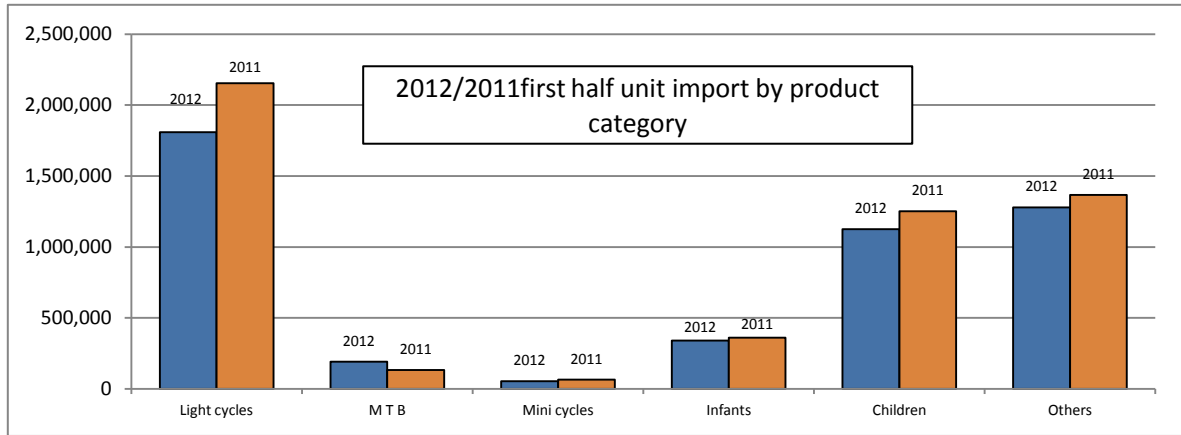
3. Import

First half 2012 Japanese bicycle units import was 4.79million, down 10.0%(0.53million), however in value basis, it slightly increased 0.6%(JPY250million) to JPY41 billion.

By product category, MTB dramatically increased(43.4% unit basis increase); however, Light cycles(16.0% unit basis decrease), Mini cycles(17.8% unit decrease), Infants(5.6% unit decrease), Children(10.1% unit decrease), and Others which includes Sports type bicycles(6.5% unit decrease) decreased in unit import volume. The average unit value of Light cycles was JPY7,486(JPY486 up from the year before), Mini cycles JPY9,191(up JPY321), Infants JPY5,044(up JPY197), Children JPY6,885(up JPY381), and Others JPY11,074(up JPY1,377). Only down category was MTB which was JPY17,793(down JPY1,069).

[Value=JPY1,000 Ave. unit value=JPY]

Product category	2012 first half			Variance		2011 first half		
	unit	value	ave. unit value	unit	value	unit	value	ave. unit value
Light cycles	1,808,960	13,541,922	7,486	84.0%	89.9%	2,153,138	15,071,406	7,000
M T B	190,955	3,397,701	17,793	143.4%	135.2%	133,186	2,512,210	18,862
Mini cycles	53,801	494,475	9,191	82.2%	85.2%	65,450	580,510	8,870
Infants	340,845	1,719,386	5,044	94.4%	98.2%	361,109	1,750,395	4,847
Children	1,125,604	7,749,680	6,885	89.9%	95.1%	1,252,489	8,145,983	6,504
Others	1,278,115	14,154,303	11,074	93.5%	106.8%	1,366,576	13,251,811	9,697
Total	4,798,280	41,057,467	8,557	90.0%	99.4%	5,331,948	41,312,315	7,748

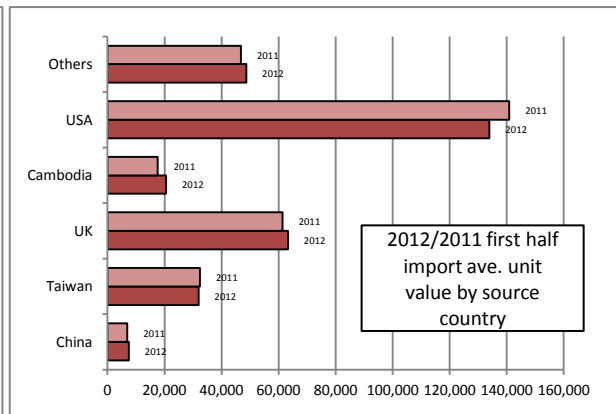
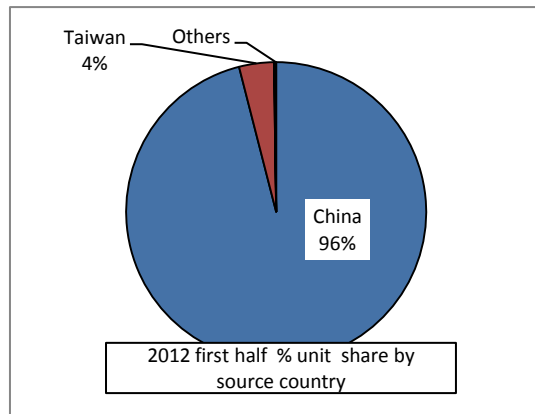
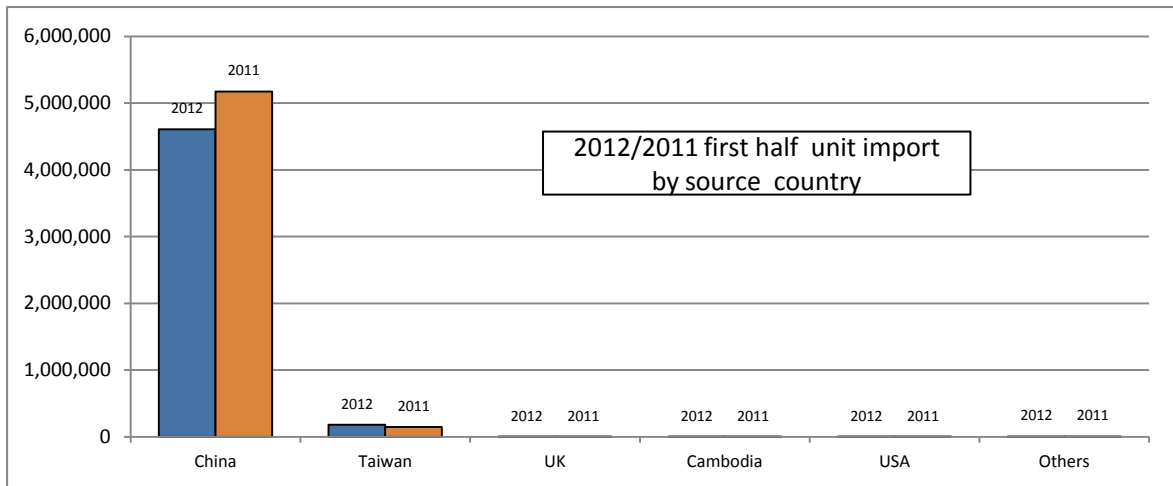


Import unit share by category is shown in the pie chart above. Light cycles captured 37.7% of total, Children 23.5%, and Others 26.6% as well.

By source country, import from China decreased (11.0% unit share decrease comparing to the previous year); however, all others including import from Taiwan (20.8% increase) increased, as shown in the table below. China dominated 96.0% unit share of the all Japanese import, and when China and Taiwan combined, these two dramatically dominated 99.7% unit share of the all Japanese bicycle import.

[Value=JPY1,000 Ave. unit value=JPY]

Country name	2012 first half			Variance		2011 first half		
	unit	value	ave. unit value	unit	value	unit	value	ave. unit value
China	4,606,814	34,616,303	7,514	89.0%	96.0%	5,175,475	36,047,789	6,965
Taiwan	180,104	5,750,311	31,928	120.8%	118.9%	149,034	4,834,564	32,439
UK	2,592	163,981	63,264	124.2%	128.0%	2,087	128,131	61,395
Cambodia	1,908	39,221	20,556	181.0%	212.0%	1,054	18,501	17,553
USA	1,804	241,632	133,942	206.9%	196.7%	872	122,871	140,907
Others	5,058	246,019	48,640	147.6%	153.3%	3,426	160,459	46,836
Total	4,798,280	41,057,467	8,557	90.0%	99.4%	5,331,948	41,312,315	7,748



4. Domestic volume

Domestic bicycle unit volume first half 2012 was 5.37million, 9.1%(0.53million unit) decrease from the same period of 2011. In value basis, it was JPY64.4billion, slightly as 0.9% up (JPY577million) from 2011 first half.

By product category, Electric assisted increased 4.8%(10,470 units) and MTB dramatically increased 43.4%(57,769 units). On the other hand, Light cycles decreased 14.6%(355,162 units), Mini cycles decreased 17.8%(11,649 units), Infants decreased 5.6%(20,264 units), Children decreased 4.9%(126,885 units), and Others including sports type bicycles decreased 6.2%(88,990 units).

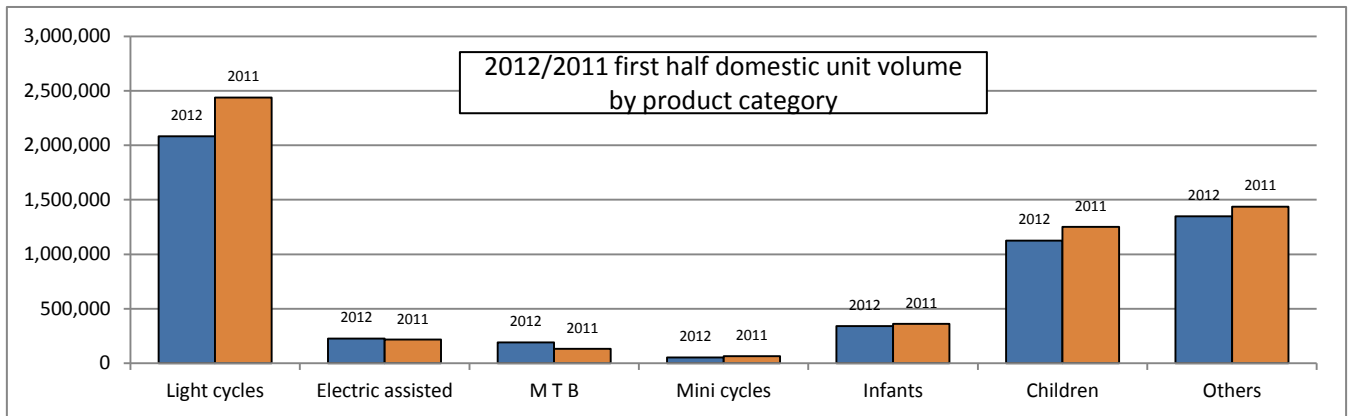
The average unit value of Light cycles was JPY9,076(up JPY739 comparing to first half 2011), Mini cycles JPY9,191(up JPY321), Infants JPY5,044(up JPY197), Children JPY6,885(up JPY381), Others JPY11,791(up JPY1,371). On the other hand, Electric assisted was JPY71,728(down JPY212 comparing to first half 2011) and MTB JPY17,793(down JPY1,069).

Note: As we do not have shipping statistics, the total of the production plus import is defined as "domestic volume". In general, production includes export; however, as mentioned "2 Export.", almost all of the exported bicycles are used bicycles. Therefore, export is eliminated when calculating domestic volume.

[Value=JPY1,000 Ave. unit value=JPY]

Product category	2012 first half			Variance		2011 first half		
	unit	value	ave. unit value	unit	value	unit	value	ave. unit value
Light cycles	2,084,020	18,913,922	9,076	85.4%	93.0%	2,439,182	20,335,406	8,337
Electric assisted	227,108	16,290,000	71,728	104.8%	104.5%	216,638	15,585,000	71,940
MTB	190,955	3,397,701	17,793	143.4%	135.2%	133,186	2,512,210	18,862
Mini cycles	53,801	494,475	9,191	82.2%	85.2%	65,450	580,510	8,870
Infants	340,845	1,719,386	5,044	94.4%	98.2%	361,109	1,750,395	4,847
Children	1,125,604	7,749,680	6,885	89.9%	95.1%	1,252,489	8,145,983	6,504
Others	1,348,813	15,904,303	11,791	93.8%	106.2%	1,437,803	14,982,811	10,421
Total	5,371,146	64,469,467	12,003	90.9%	100.9%	5,905,857	63,892,315	10,818

Production plus import is defined as domestic volume. However, between Production statistics(METI Machinery statistics) and Import statistics(MOF Trade statistics), product classification is different. Therefore, for easy understandings in this table, Light cycles uses production plus import statistics, Electric assisted uses production statistics, MTB, Mini cycles, Infants and Children use import statistics, and Others uses production plus import statistics.

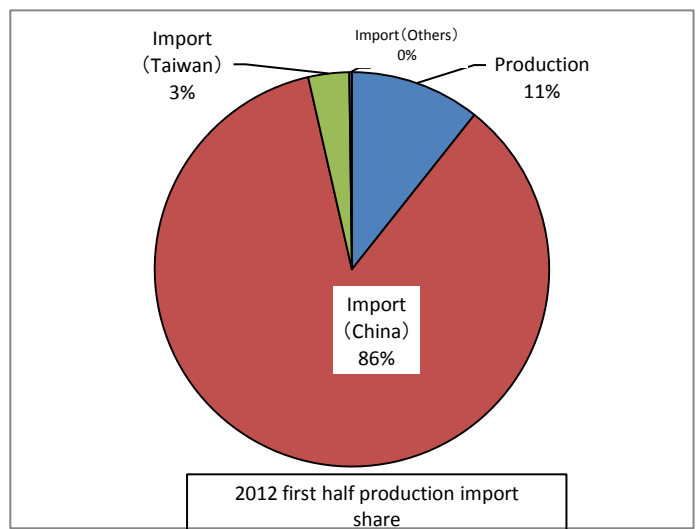
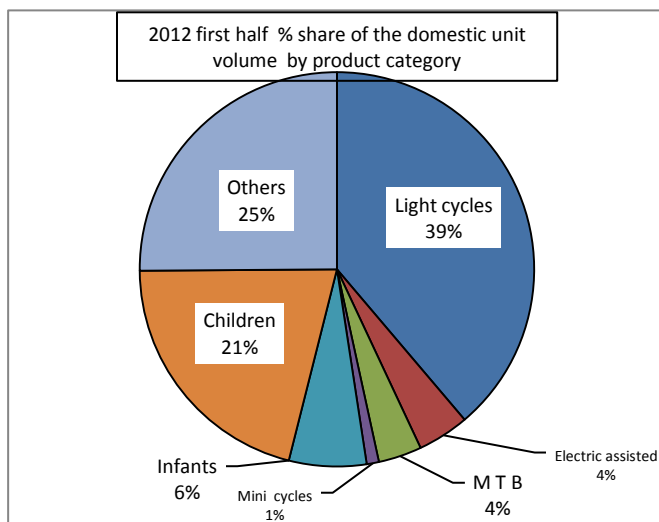


% share of the domestic unit volume by category is shown on the pie chart below. Light cycles captured 38.8% of total, and Electric assisted 4.2%, MTB 3.6%, Mini cycles 1.0%, Infants 6.3% Children 21.0% and Others including sports type bicycles 25.1%, as well.

Details of domestic production and import are shown in the next table. China import counts 85.8% of all of the domestic unit volume, and count 89.3% when China, Taiwan and others are combined. Imported bicycles capture just under 90% share of the domestic unit volume.

[Value=JPY1,000 Ave. unit value=JPY]

Production/Import	2012 first half			Variance		2011 first half		
	unit	value	ave. unit value	unit	value	unit	value	ave. unit value
Production	572,866	23,412,000	40,868	99.8%	103.7%	573,909	22,580,000	39,344
Import (China)	4,606,814	34,616,303	7,514	89.0%	96.0%	5,175,475	36,047,789	6,965
Import (Taiwan)	180,104	5,750,311	31,928	120.8%	118.9%	149,034	4,834,564	32,439
Import (Others)	11,362	690,853	60,804	152.7%	160.7%	7,439	429,962	57,798
Total	5,371,146	64,469,467	12,003	90.9%	100.9%	5,905,857	63,892,315	10,818



Source: METI Machinery statistics, MOF Trade Statistics