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Summary of Consolidated Financial Results for FY2014

(January 1, 2014 – December 31, 2014) [Japanese Standard] (Consolidated)

February 10, 2015

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 Date of Shareholders' Meeting: March 26, 2015 Scheduled payment date for dividends: March 27, 2015
 Date of filing of annual report to Ministry of Finance: March 27, 2015
 Supplemental information: Yes
 Financial results briefing: Yes

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

1. Consolidated financial results for FY2014 (January 1, 2014 - December 31, 2014)

(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	%
FY2014	333,168	22.9	65,816	57.5	71,019	49.4	51,237	46.0
FY2013	271,037	10.2	41,775	2.0	47,549	20.3	35,088	27.7

(Note) Comprehensive income: FY2014: 69,165 million yen (11.4%) FY2013: 62,073 million yen (38.6%)

	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	%	%	%
FY2014	552.70	—	17.1	19.8	19.8
FY2013	378.50	—	14.5	16.5	15.4

(Reference) Equity in earnings: FY2014: — million yen FY2013: — million yen

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2014	396,967	331,195	83.2	3,562.54
FY2013	319,223	270,914	84.6	2,912.40

(Reference) Shareholders' equity FY2014: 330,263 million yen FY2013: 269,995 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
FY2014	55,937	(34,705)	(7,239)	152,934
FY2013	49,021	(27,205)	(7,194)	125,867

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	%	%
FY2013	—	43.50	—	43.50	87.00	8,065	23.0	3.3
FY2014	—	52.50	—	52.50	105.00	9,734	19.0	3.2
FY2015 (Forecast)	—	52.50	—	52.50	105.00		18.4	

(Note) The year-end cash dividend for FY2014 included a special dividend of 46.25 yen.

3. Forecasted consolidated business performance for FY2015 (January 1, 2015 - December 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2015	180,700	15.6	38,000	25.0	38,000	30.5	27,300	31.3	294.48
FY2015	355,000	6.6	73,500	11.7	73,500	3.5	53,000	3.4	571.71

*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:

- ① Changes in accounting policies in accordance with revision of accounting standards: Yes
- ② Changes in accounting policies other than ① above: None
- ③ Changes in accounting estimates: None
- ④ Retrospective restatement: None

(3) Number of shares of common stock issued

- ① Number of shares of common stock issued at year-end (including treasury stock):
- ② Number of shares of treasury stock at year-end
- ③ Average number of shares during the year:

FY2014	92,720,000 shares	FY2013	92,720,000 shares
FY2014	15,462 shares	FY2013	14,538 shares
FY2014	92,705,020 shares	FY2013	92,706,039 shares

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 FY2014 and FY2015.....	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 Shareholders' 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 Significant Accounting Policies)	15
(Additional Information)	15
(Notes relating to Consolidated Balance Sheets).....	16
(Notes relating to Consolidated Statements of Income)	16
(Notes relating to Consolidated Statements of Shareholders' Equity)	17
(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
(Notes relating to Non-consolidated Balance Sheets).....	28
(Notes relating to Non-consolidated Statements of Income)	28
(Notes relating to Deferred Tax Accounting).....	28
6. Change in Members of the Board	29

1. Business Results

(1) Analysis of Consolidated Business Results

① Review of Operations

During fiscal year 2014, as concerns about a possible rekindling of the European debt crisis receded, economic sentiment picked up somewhat. However, the pace of improvement remained slow mainly owing to deterioration of relationships with Russia triggered by the conflict in Ukraine. Meanwhile, the U.S. economy shifted to a recovery track owing to robust domestic demand centering on personal consumption as the labor market continued to improve.

In Japan, in addition to the hike of raw materials costs in line with the rapid depreciation of the yen, certain industries continued to suffer from reactionary fall from last-minute demand accompanying the consumption tax increase in April, and economic sentiment of the private sector was sluggish. Exports showed signs of improvement as movement toward depreciation of the yen strengthened while the recovery of overseas economies continued.

In these circumstances, inspired by our mission—"To create new value and promote health and happiness through the enjoyment of nature and the world around us"—the Shimano Group sought to attract consumers with a stream of captivating products designed to enrich the experience of cyclists and anglers around the world, and moreover attuned to the contemporary emphasis on well-being and the environment.

As a result, net sales increased 22.9% from the previous year to 333,168 million yen. Operating income increased 57.5% to 65,816 million yen, ordinary income increased 49.4% to 71,019 million yen, and net income increased 46.0% to 51,237 million yen.

Reportable Segment Overview

Bicycle Components

In Europe, a major market for Shimano products, retail sales continued to be buoyant following the mild winter, and distributor inventories were relatively low. In North America, which experienced an extremely harsh winter, despite a delay in the commencement of sales, retail sales were generally brisk from spring onward and comparable to the level in a typical year. As a result, distributor inventories were within an appropriate range. In Japan, despite a severe winter, retail sales of sports bicycles and mid-range and high-grade community bicycles were robust even after the consumption tax increase. Sales of community bicycles, however, were somewhat weak.

The Chinese market was strong, as sales of sports bicycles continued to grow and a shift to high-grade bicycles was also apparent. Sales growth of sports bicycles in other emerging markets with growth potential was also robust.

In these market conditions, against a backdrop of rising expectations in view of promising market trends from the next fiscal year onward, order-taking was brisk as Shimano products were relatively affordable because of the depreciation of the yen. Moreover, sales of new models released in 2014, including XTR, which are Shimano's finest mountain bike components, ALIVIO casual mountain bike components, Tourney TX entry-level mountain bike components, 105 road bike components, and disk brakes for road bikes, were buoyant.

As a result, sales from this segment increased 26.1% from the previous year to 273,955 million yen, and operating income increased 57.0% to 62,033 million yen.

Fishing Tackle

The Japanese market got off to a smooth start thanks to stable weather from the New Year onward and longer-than-usual holidays. However, subsequently, the Japanese market lost momentum temporarily, affected by heavy snowfalls. Consumption stalled due to typhoons and heavy rains and a hike in gasoline prices and other commodity prices over the summer and the autumn. In these market conditions, Shimano exceeded the previous year's sales result because demand for high-grade products increased before the consumption tax increase in Spring and new products, including NEW STELLA, were highly regarded in the market.

Overseas, sales in North America were robust for the full year because the weather was generally mild despite the unsettled weather in the first quarter and the launch of new products had a positive impact. In Asia, sales were also robust despite a slowdown in economic growth.

As a result, sales from this segment increased 10.2% from the previous year to 58,825 million yen, and operating income increased 64.0% to 3,943 million yen.

Others

Sales from other segments increased 2.9% from the previous year to 387 million yen and operating loss of 160 million yen was recorded, following an operating loss of 135 million yen for the previous year.

② Forecast for the Fiscal Year Ending December 31, 2015

The moderate recovery of the European economies is expected to continue, supported by the quantitative easing by the European Central Bank and the subsequent depreciation of the euro, and falling oil prices. However, concerns remain, such as possible rekindling of the Greek crisis and slowing of the Central and Eastern European economies owing to deterioration of relationships with Russia. In the U.S., signs of an economic expansion are strengthening with robust personal consumption against the backdrop of an improvement in the labor market and recovery in economic sentiment of manufacturers. In China, whose economy is slowing, the question of whether the government will implement policies to support the economy is a focus of attention.

In Japan, because of the postponing of the consumption tax increase scheduled in October 2015, the Japanese economy is expected to recover at a moderate pace, centering on personal consumption and capital investment. Exports are likely to increase against the backdrop of a recovery in overseas economies and the fall of oil prices.

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 31, 2015, the Shimano Group forecasts net sales of 355,000 million yen, an increase of 6.6% from the fiscal year 2014, operating income of 73,500 million yen, an increase of 11.7%, ordinary income of 73,500 million yen, an increase of 3.5%, and net income of 53,000 million yen, an increase of 3.4%.

Sales forecasts by segment are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle components	Japan	4,700	2.6	4,800	2.7	9,500	2.7
	Overseas	143,300	79.3	139,200	79.9	282,500	79.6
	Sub-total	148,000	81.9	144,000	82.6	292,000	82.3
Fishing tackle		32,500	18.0	30,100	17.3	62,600	17.6
Others		200	0.1	200	0.1	400	0.1
Total		180,700	100.0	174,300	100.0	355,000	100.0

(2) Analysis of Consolidated Financial Position

① Assets, Liabilities and Net Assets

(Total assets)

Total assets as of the end of fiscal year 2014 amounted to 396,967 million yen (an increase of 77,744 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 29,045 million yen in cash and time deposits, an increase of 11,856 million yen in merchandise and finished goods, and an increase of 11,703 million yen in buildings and structures, an increase of 6,372 million yen in notes and accounts receivable-trade, and an increase of 5,229 million yen in work in process.

(Total Liabilities)

Total liabilities as of the end of fiscal year 2014 amounted to 65,772 million yen (an increase of 17,463 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 5,402 million yen in income taxes payable, an increase of 4,609 million yen in accounts payable-trade, an increase of 3,666 million yen in short-term loans payable, and an increase of 3,597 million yen in other current liabilities.

(Net assets)

Net assets as of the end of fiscal year 2014 amounted to 331,195 million yen (an increase of 60,280 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 42,338 million yen in retained earnings and an increase of 17,714 million yen in foreign currency translation adjustments.

② Cash Flows

Net cash provided by operating activities amount to 55,937 million yen compared with 49,021 million yen for the previous year. The main items were income before income taxes and minority interests of 68,553 million yen and depreciation and amortization amounting to 13,505 million yen. Cash outlays included an increase in inventories amounting to 13,767 million yen and income taxes paid amounting to 13,022 million yen.

Net cash used in investing activities amounted to 34,705 million yen compared with 27,205 million yen for the previous year. The main items included acquisition of property, plant and equipment amounting to 28,291 million yen.

Net cash used in financing activities amounted to 7,239 million yen compared with 7,194 million yen for the previous year. The main items included cash dividends to shareholders amounting to 8,899 million yen.

As a result, cash and cash equivalents at the end of the year were 152,934 million yen.

Cash flow indicators are shown in the following table.

	FY2010	FY2011	FY2012	FY2013	FY2014
Equity ratio (%)	84.3	83.9	83.7	84.6	83.2
Market value equity ratio (%)	188.7	162.4	198.6	262.2	365.5
Interest-bearing debt to cash flow ratio (%)	0.06	0.30	0.20	0.20	0.23
Interest coverage ratio (times)	93.6	87.1	115.4	155.8	164.5

(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 FY2014 and FY2015

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.

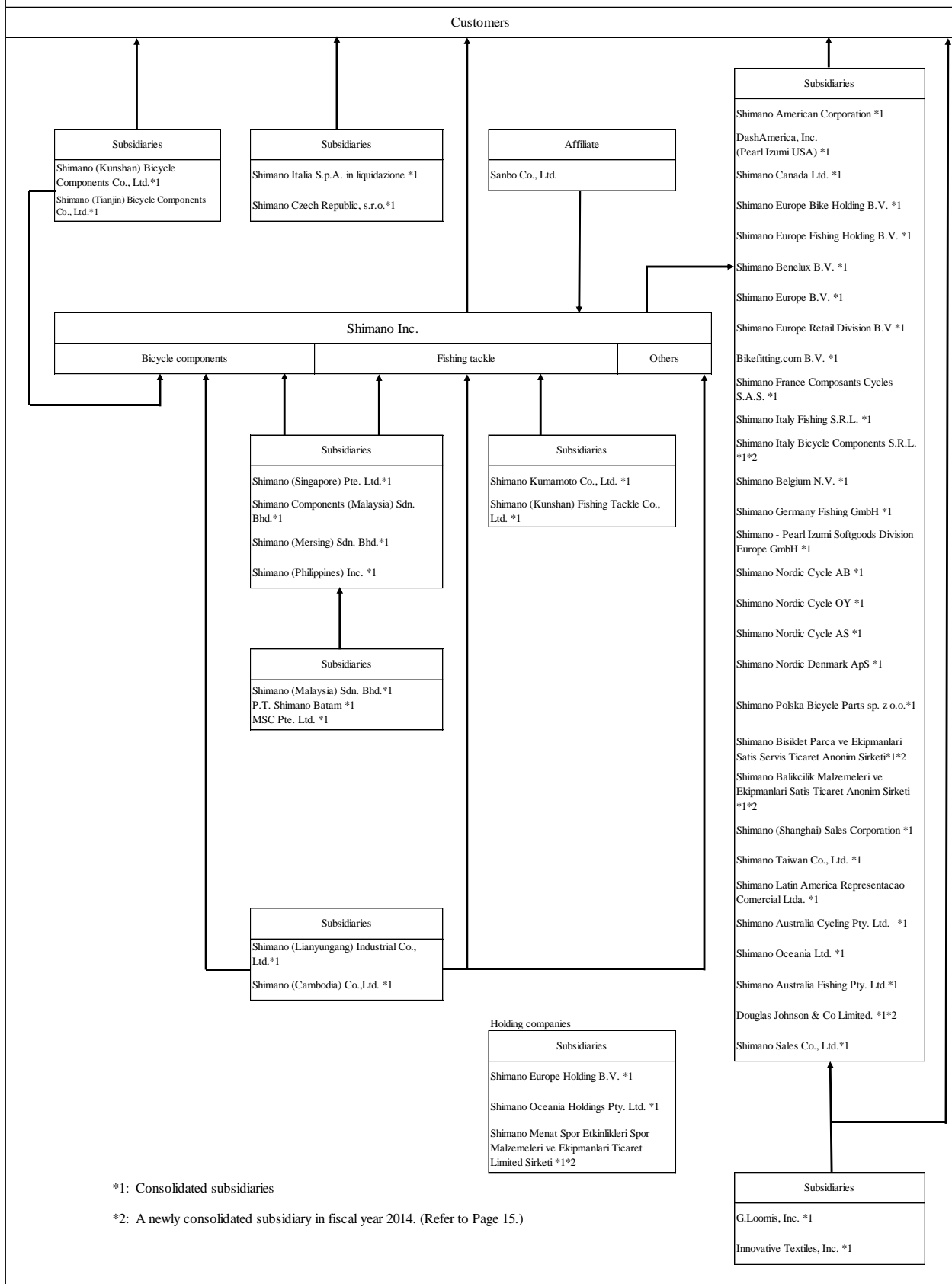
In accordance with the above policy, the Company intends to pay out year-end cash dividends of 52.50 yen per share, which include a special dividend of 46.25 yen, an increase of 9 yen from the amount paid for the previous year. As a result, cash dividends for the full year of fiscal year 2014 will amount to 105 yen per share, an increase of 18 yen from the amount paid for the previous year.

The Company intends to pay out cash dividends of 105 yen per share for fiscal year 2015 (52.50 yen for both interim and year-end cash dividend).

2. Outline of the Group

The Shimano Group consists of Shimano Inc. and 50 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.



Holding companies

Subsidiaries
Shimano Europe Holding B.V. *1
Shimano Oceania Holdings Pty. Ltd. *1
Shimano Menat Spor Etkinlikleri Spor Malzemeleri ve Ekipmanlari Ticaret Limited Sirketi *1*2

Subsidiaries

G.Loomis, Inc. *1
Innovative Textiles, Inc. *1

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 URLs.

- 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)	
	FY2013	FY2014
	As of Dec. 31, 2013	As of Dec. 31, 2014
Assets		
Current assets		
Cash and time deposits	128,796	157,841
Notes and accounts receivable-trade	*2 30,899	*2 37,272
Merchandise and finished goods	28,293	40,150
Work in process	17,145	22,375
Raw materials and supplies	4,718	5,647
Deferred income taxes	2,718	3,214
Others	3,464	5,069
Allowance for doubtful accounts	(296)	(184)
Total current assets	215,740	271,386
Fixed assets		
Property, plant and equipment		
Buildings and structures	56,985	70,863
Accumulated depreciation	(26,828)	(29,016)
Accumulated impairment loss	(168)	(154)
Buildings and structures (net)	29,988	41,692
Machinery and vehicles	60,006	67,312
Accumulated depreciation	(43,000)	(48,188)
Accumulated impairment loss	(161)	(130)
Machinery and vehicles (net)	16,844	18,994
Land	11,814	13,137
Leased assets	85	112
Accumulated depreciation	(55)	(60)
Leased assets (net)	30	51
Construction in progress	11,283	14,172
Others	43,948	48,467
Accumulated depreciation	(39,095)	(42,067)
Accumulated impairment loss	(16)	(13)
Others (net)	4,836	6,386
Total property, plant and equipment	74,798	94,434
Intangible assets		
Goodwill	3,997	2,963
Software	2,834	2,849
Others	5,604	7,203
Total intangible assets	12,437	13,016
Investments and other assets		
Investment securities	*1 12,361	*1 13,485
Deferred income taxes	1,280	1,303
Others	3,071	3,833
Allowance for doubtful accounts	(465)	(492)
Total investments and other assets	16,247	18,129
Total fixed assets	103,482	125,580
Total assets	319,223	396,967

	(Millions of yen)	
	FY2013	FY2014
	As of Dec. 31, 2013	As of Dec. 31, 2014
Liabilities		
Current liabilities		
Accounts payable-trade	11,935	16,545
Short-term loans payable	6,130	9,796
Income taxes payable	5,593	10,995
Deferred income taxes	315	292
Accrued employee bonuses	1,524	1,986
Accrued officer bonuses	184	207
Provision for loss on factory reconstruction	596	44
Others	14,278	17,876
Total current liabilities	40,559	57,745
Long-term liabilities		
Long-term loans payable	3,159	2,670
Deferred income taxes	1,051	1,308
Employee retirement benefits	2,710	—
Net defined benefit liability	—	3,287
Others	827	761
Total long-term liabilities	7,749	8,027
Total liabilities	48,308	65,772
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,822	5,823
Retained earnings	204,388	246,726
Treasury stock	(58)	(71)
Total shareholders' equity	245,765	288,092
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	3,080	3,307
Foreign currency translation adjustments	21,149	38,863
Total accumulated other comprehensive income	24,229	42,171
Minority interests	919	931
Total net assets	270,914	331,195
Total liabilities and net assets	319,223	396,967

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY2013 Jan. 1, 2013 to Dec. 31, 2013	FY2014 Jan. 1, 2014 to Dec. 31, 2014
Net sales	271,037	333,168
Cost of sales	*2 174,613	*2 203,825
Gross profit	96,423	129,342
Selling, general and administrative expenses	*1,*2 54,648	*1,*2 63,526
Operating income	41,775	65,816
Non-operating income		
Interest income	873	1,054
Dividend income	205	764
Foreign exchange gains	5,004	3,942
Others	637	711
Total non-operating income	6,721	6,472
Non-operating expenses		
Interest expenses	333	338
Loss on disposal of fixed assets	152	134
Others	461	796
Total non-operating expenses	947	1,269
Ordinary income	47,549	71,019
Extraordinary losses		
Loss on impairment	—	1,516
Provision for loss on factory reconstruction	596	—
Loss on factory reconstruction	1,730	950
Total extraordinary losses	2,326	2,466
Income before income taxes and minority interests	45,222	68,553
Income taxes-current	11,722	17,934
Income taxes-deferred	(1,626)	(515)
Total income taxes	10,095	17,418
Income before minority interests	35,126	51,134
Minority interests in net income (loss)	38	(103)
Net income	35,088	51,237

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY2013	FY2014
	Jan. 1, 2013 to Dec. 31, 2013	Jan. 1, 2014 to Dec. 31, 2014
Income before minority interests	35,126	51,134
Other comprehensive income		
Unrealized gain (loss) on other securities	2,167	226
Foreign currency translation adjustments	24,778	17,804
Total other comprehensive income	26,946	18,031
Comprehensive income	62,073	69,165
(Breakdown)		
Comprehensive income attributable to owners of the parent	61,866	69,179
Comprehensive income attributable to minority interests	206	(13)

(3) Consolidated Statements of Shareholders' Equity

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

	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

FY2014 (From January 1, 2014 to December 31, 2014)

(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	204,388	(58)	245,765
Changes of items during the year					
Cash dividends paid			(8,899)		(8,899)
Net income			51,237		51,237
Acquisition of treasury stock				(13)	(13)
Sales of treasury stock		1		0	2
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	1	42,338	(12)	42,326
Balance at end of year	35,613	5,823	246,726	(71)	288,092

	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	3,080	21,149	24,229	919	270,914
Changes of items during the year					
Cash dividends paid					(8,899)
Net income					51,237
Acquisition of treasury stock					(13)
Sales of treasury stock					2
Net changes of items other than shareholders' equity	226	17,714	17,941	12	17,953
Total changes of items during the year	226	17,714	17,941	12	60,280
Balance at end of year	3,307	38,863	42,171	931	331,195

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2013 Jan. 1, 2013 to Dec. 31, 2013	FY2014 Jan. 1, 2014 to Dec. 31, 2014
Cash flows from operating activities:		
Income before income taxes and minority interests	45,222	68,553
Depreciation and amortization	12,203	13,505
Loss on impairment	—	1,516
Allowance for doubtful accounts	5	(90)
Interest and dividend income	(1,078)	(1,818)
Interest expenses	333	338
Foreign exchange gains/losses	(3,182)	(2,693)
Notes and accounts receivable	(861)	(4,899)
Inventories	4,155	(13,767)
Accounts payable	420	3,442
Employee retirement benefits	(25)	—
Net defined benefit liability	—	556
Provision for loss on factory reconstruction	596	(552)
Loss on factory reconstruction	1,730	950
Gain on sales/disposal of fixed assets	123	120
Others, net	1,814	2,336
Subtotal	61,457	67,498
Interest and dividend income received	1,088	1,801
Interest expenses paid	(314)	(340)
Income taxes paid	(13,210)	(13,022)
Net cash provided by operating activities	49,021	55,937
Cash flows from investing activities:		
Purchases of time deposits	(2,516)	(3,550)
Proceeds from maturities of time deposits	—	1,841
Acquisition of property, plant and equipment	(21,490)	(28,291)
Proceeds from sales of fixed assets	330	246
Acquisition of intangible assets	(2,920)	(3,120)
Payments for loss on factory reconstruction	(1,589)	(1,162)
Acquisition of investment securities	(33)	(598)
Proceeds from sales of investment securities	27	—
Increase in short-term loans receivable	(13)	(89)
Payments for acquisition of newly consolidated subsidiaries	—	(959)
Others, net	997	979
Net cash used in investing activities	(27,205)	(34,705)

	(Millions of yen)	
	FY2013 Jan. 1, 2013 to Dec. 31, 2013	FY2014 Jan. 1, 2014 to Dec. 31, 2014
Cash flows from financing activities:		
Increase in short-term loans payable	280	3,008
Proceeds from long-term loans payable	3,225	—
Repayment of long-term loans payable	(2,764)	(1,353)
Repayments of finance lease obligations	(410)	(13)
Acquisition of treasury stock	(11)	(13)
Gain on sales of treasury stock	—	2
Cash dividends to shareholders	(7,511)	(8,899)
Proceeds from share issuance to minority shareholders	—	87
Cash dividends to minority shareholders	(3)	(57)
Net cash used in financing activities	(7,194)	(7,239)
Effect of exchange rate changes on cash and cash equivalents	16,437	13,074
Net increase (decrease) in cash and cash equivalents	31,058	27,066
Cash and cash equivalents at beginning of year	94,809	125,867
Cash and cash equivalents at end of year	* 125,867	* 152,934

(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 50 subsidiaries whose names are stated in “2. Outline of the Group” on Page 5 of the Attachment.

During fiscal year 2014, the following companies were included in the scope of consolidation: Shimano Menat Spor Etkinlikleri Spor Malzemeleri ve Ekipmanlari Ticaret Limited Sirketi, Shimano Bisiklet Parca ve Ekipmanlari Satis Servis Ticaret Anonim Sirketi, Shimano Italy Bicycle Components S.R.L., and Shimano Balikcilik Malzemeleri ve Ekipmanlari Satis Ticaret Anonim Sirketi due to establishment and Douglas Johnson & Co Limited due to acquisition of shares.

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.

Since no significant changes have been made to the information in the recent securities report (submitted on March 28, 2014) for items other than the above 1 and 3, disclosure of other items has been omitted.

(Changes in Significant Accounting Policies)

(Adoption of “Accounting Standard for Retirement Benefits” and related matters)

Effective from the end of fiscal year 2014, the Company has adopted the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012) (excluding the main clause of Paragraph 35 of the Accounting Standard for Retirement Benefits and the main clause of Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits) and has changed to the method according to which retirement benefit obligations net of pension assets is recognized as net defined benefit liability. Also, the Company has adopted a method according to which unrecognized actuarial gains and losses and past service costs are recognized in the fiscal year during which they arise.

As a result, net defined benefit liability amounted to 3,287 million yen at the end of fiscal year 2014. This change has no impact on per share data.

(Additional Information)

(Changes in the discount rate for provision for net defined benefit liability)

The discount rate applied for calculation at the beginning of the period was 2.0%. As a result of reconsideration at the end of the second quarter of fiscal year 2014, it was determined that the change of the discount rate would have an impact on the amount of retirement benefit obligation and the discount rate was changed to 1.5%. As a result of this change, operating income, ordinary income, and income before income taxes and minority interests for fiscal year 2014, decreased by 1,055 million yen, respectively. The impact on the reportable segment is stated in the relevant section.

(Notes relating to Consolidated Balance Sheets)

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

	FY2013 (As of Dec. 31, 2013)	FY2014 (As of Dec. 31, 2014)
Investment securities	1,739 million yen	1,744 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.

	FY2013 (As of Dec. 31, 2013)	FY2014 (As of Dec. 31, 2014)
Notes receivable	18 million yen	31 million yen

(Notes relating to Consolidated Statements of Income)

*1 Main components of selling, general and administrative expenses

	FY2013 Jan. 1, 2013 to Dec. 31, 2013	FY2014 Jan. 1, 2014 to Dec. 31, 2014
Salaries and wages	13,231 million yen	15,807 million yen
Advertising and sales promotion expenses	8,063 million yen	8,876 million yen

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

	FY2013 Jan. 1, 2013 to Dec. 31, 2013	FY2014 Jan. 1, 2014 to Dec. 31, 2014
	11,073 million yen	11,970 million yen

(Notes relating to Consolidated Statements of Shareholders' Equity)

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 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 27, 2014	Common stock	Retained earning	4,032	43.50	Dec. 31, 2013	Mar. 28, 2014

FY2014 (From January 1, 2014 to December 31, 2014)

1. Total number of issued shares

(Thousand shares)

Class of shares	Balance as of December 31, 2013	Increase	Decrease	Balance as of December 31, 2014
Common stock	92,720	—	—	92,720

2. Treasury stock

(Thousand shares)

Class of shares	Balance as of December 31, 2013	Increase	Decrease	Balance as of December 31, 2014
Common stock	14	1	0	15

(Details of the change)

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

Acquisition of fractional shares	1 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 27, 2014	Common stock	4,032	43.50	Dec. 31, 2013	Mar. 28, 2014
Meeting of the Board of Directors held on July 29, 2014	Common stock	4,867	52.50	Jun. 30, 2014	Sep. 4, 2014

(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 26, 2015	Common stock	Retained earnings	4,866	52.50	Dec. 31, 2014	Mar. 27, 2015

(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

	FY2013	FY2014
	Jan. 1, 2013 to Dec. 31, 2013	Jan. 1, 2014 to Dec. 31, 2014
Cash and time deposits	128,796 million yen	157,841 million yen
Time deposits with maturities exceeding three months	(2,928) million yen	(4,907) million yen
Cash and cash equivalents	125,867 million yen	152,934 million yen

(Notes relating to Securities)

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 is written down.

FY2014 (As of Dec. 31, 2014)

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	9,881	4,079	5,801
Subtotal	9,881	4,079	5,801

(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	1,550	1,885	(334)
Subtotal	1,550	1,885	(334)

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

(Notes relating to Deferred Tax Accounting)

1. Significant components of deferred tax assets and liabilities

	FY2013 (As of Dec. 31, 2013)	FY2014 (As of Dec. 31, 2014)
(Deferred tax assets)		
Excess of limit of accrued employee bonuses	241 million yen	242 million yen
Enterprise tax payable	191 million yen	497 million yen
Officer retirement benefits	272 million yen	244 million yen
Excess of limit of employee retirement benefits	897 million yen	– million yen
Excess of limit of net defined benefit liability	– million yen	1,105 million yen
Unrealized loss on other securities	60 million yen	67 million yen
Book in excess of tax depreciation	197 million yen	176 million yen
Unrealized gain of inventories	817 million yen	1,249 million yen
Loss on revaluation of other securities	848 million yen	848 million yen
Loss on revaluation of golf memberships	150 million yen	154 million yen
Excess of limit of allowance for doubtful accounts	396 million yen	394 million yen
Provision for loss on factory reconstruction	226 million yen	15 million yen
Loss on impairment	246 million yen	234 million yen
Book in excess of tax depreciation for small sum assets	196 million yen	211 million yen
Devaluation loss on inventories	494 million yen	490 million yen
Others	751 million yen	906 million yen
Sub-total deferred tax assets	5,989 million yen	6,839 million yen
Valuation allowance	(44) million yen	(150) million yen
Total deferred tax assets	5,945 million yen	6,688 million yen
(Deferred tax liabilities)		
Undistributed earnings of consolidated subsidiaries	(105) million yen	(64) million yen
Reserve for special depreciation	(1,325) million yen	(1,649) million yen
Unrealized gain on other securities	(1,869) million yen	(2,053) million yen
Others	(14) million yen	(5) million yen
Total deferred tax liabilities	(3,313) million yen	(3,772) million yen
Net deferred tax assets	2,631 million yen	2,916 million yen

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

	FY2013 (As of Dec. 31, 2013)	FY2014 (As of Dec. 31, 2014)
Effective statutory tax rate	38.0 %	38.0 %
(Reconciliation)		
Permanent difference-expenses	0.7 %	1.2 %
Permanent difference-income	(1.2) %	(1.7) %
Tax credit	(1.9) %	(1.4) %
Differences in tax rates for foreign subsidiaries	(11.3) %	(10.9) %
Valuation allowance	(3.1) %	0.1 %
Other	1.1 %	0.1 %
Actual effective tax rate	22.3 %	25.4 %

(Segment Information)

[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.

Principal products of each reportable segment are listed below.

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

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.

FY2014 (Jan. 1, 2014 - Dec. 31, 2014)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1)Third parties	273,955	58,825	387	333,168	—	333,168
2)Inter-segment	—	—	—	—	—	—
Total	273,955	58,825	387	333,168	—	333,168
Segment income (loss)	62,033	3,943	(160)	65,816	—	65,816
Segment assets	146,439	37,407	854	184,702	212,265	396,967
Other items						
Depreciation and amortization	11,199	1,922	42	13,164	—	13,164
Amortization of goodwill	223	118	—	341	—	341
Increase in property, plant and equipment and intangible assets	22,534	3,931	188	26,654	4,757	31,412

Note: 1. Segment assets adjustment was 212,265 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

3. As described in (Additional Information), the Company changed the discount rate for net defined benefit liability at the end of the second quarter of fiscal year 2014. As a result, segment income of "Bicycle Components" and "Fishing Tackle" for fiscal year 2014 decreased by 745 million yen and by 282 million yen, respectively, and a segment loss of "Others" increased by 27 million yen compared with the previous method.

[Information for loss on impairment on fixed assets by reportable segment]

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

The details have been omitted because the amount was immaterial.

FY2014 (Jan. 1, 2014 - Dec. 31, 2014)

The Company recognized loss on impairment for the following asset.

Use	Category	Location	Amount
Bicycle Components	Goodwill	DashAmerica, Inc. (Pearl Izumi USA)	1,516 millions of yen

(Background)

As a result of reviewing the profit plan of DashAmerica, Inc., the book value of goodwill was fully impaired due to lower cash flow over the expected period was estimated.

(Method of grouping)

The company assets are grouped by reportable segment and in the minimum unit that produces cash flow.

[Related information]

Information by geographical area

Net Sales

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.

FY2014 (Jan. 1, 2014 - Dec. 31, 2014)

(Millions of yen)

Japan	North America	Europe	Asia	Other	Total
33,243	35,977	121,584	126,777	15,585	333,168

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

(Per Share Data)

	FY2013 Jan. 1, 2013 to Dec. 31, 2013	FY2014 Jan. 1, 2014 to Dec. 31, 2014
Net assets per share	2,912.40 yen	3,562.54 yen
Net income per share	378.50 yen	552.70 yen

Notes: 1. Diluted net income per share is not presented because there were no securities with dilutive effect.
2. Basis for calculation of net income per share

Net income per share

	FY2013 Jan. 1, 2013 to Dec. 31, 2013	FY2014 Jan. 1, 2014 to Dec. 31, 2014
Net income	35,088	51,237
Amount not attributable to common shareholders	—	—
Net income attributable to common stock	35,088	51,237
Average number of shares of common stock outstanding (thousand shares)	92,706	92,705

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)	
	FY2013	FY2014
	As of Dec. 31, 2013	As of Dec. 31, 2014
Assets		
Current assets		
Cash and time deposits	16,860	17,172
Notes receivable	* 1,173	* 966
Accounts receivable-trade	22,629	26,286
Finished goods	4,849	8,859
Work in process	8,176	11,252
Raw materials and supplies	1,252	1,561
Accounts receivable-other	2,061	3,403
Deferred income taxes	1,173	974
Others	1,585	2,154
Allowance for doubtful accounts	(178)	(43)
Total current assets	59,583	72,588
Fixed assets		
Property, plant and equipment		
Buildings	27,529	33,920
Accumulated depreciation	(12,895)	(13,002)
Accumulated impairment loss	(151)	(140)
Buildings (net)	14,482	20,777
Structures	2,581	2,762
Accumulated depreciation	(2,127)	(2,095)
Accumulated impairment loss	(1)	(1)
Structures (net)	452	666
Plant and machinery	20,148	20,773
Accumulated depreciation	(15,396)	(15,759)
Accumulated impairment loss	(160)	(129)
Plant and machinery (net)	4,591	4,884
Vehicles	179	174
Accumulated depreciation	(103)	(112)
Accumulated impairment loss	(0)	(0)
Vehicles (net)	75	60
Tool, equipment and furniture	25,912	27,181
Accumulated depreciation	(23,754)	(24,232)
Accumulated impairment loss	(14)	(12)
Tools, equipment and furniture (net)	2,143	2,936
Land	9,838	9,817
Leased assets	50	67
Accumulated depreciation	(35)	(40)
Leased assets (net)	15	27
Construction in progress	4,182	2,805
Total property, plant and equipment	35,782	41,975
Intangible assets		
Software	1,659	1,837
Others	441	1,994
Total intangible assets	2,101	3,831

	(Millions of yen)	
	FY2013	FY2014
	As of Dec. 31, 2013	As of Dec. 31, 2014
Investments and other assets		
Investment securities	9,705	10,152
Subsidiaries' and affiliates' stock	11,952	11,900
Long-term loans to subsidiaries and affiliates	3,846	3,707
Deferred income taxes	1,084	1,155
Others	2,223	2,295
Allowance for doubtful accounts	(1,027)	(1,025)
Total investments and other assets	27,785	28,185
Total fixed assets	65,669	73,993
Total assets	125,252	146,582
Liabilities		
Current liabilities		
Accounts payable-trade	12,884	16,559
Accounts payable-other	4,251	5,308
Income taxes payable	1,473	5,170
Deposit payable	5,909	7,016
Accrued employee bonuses	230	230
Accrued officer bonuses	163	195
Provision for loss on factory reconstruction	596	44
Others	1,197	1,628
Total current liabilities	26,705	36,152
Long-term liabilities		
Employee retirement benefits	2,065	2,801
Others	749	684
Total long-term liabilities	2,814	3,485
Total liabilities	29,520	39,638
(Net assets)		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus		
Capital reserve	5,822	5,822
Other capital surplus	-	1
Total capital surplus	5,822	5,823
Retained earnings		
Legal reserve	3,194	3,194
Other retained earnings		
Unappropriated retained earnings	47,945	58,881
Total retained earnings	51,139	62,075
Treasury stock	(58)	(71)
Total shareholders' equity	92,516	103,441
Valuation and transaction adjustments		
Unrealized gain (loss) on other securities	3,214	3,502
Total valuation and transaction adjustments	3,214	3,502
Total net assets	95,731	106,943
Total liabilities and net assets	125,252	146,582

(2) Non-consolidated Statements of Income

	(Millions of yen)	
	FY2013 Jan. 1, 2013 to Dec. 31, 2013	FY2014 Jan. 1, 2014 to Dec. 31, 2014
Net sales	205,214	253,565
Cost of sales		
Beginning balance of finished goods	4,865	4,849
Purchases of finished goods	99,815	122,513
Cost of products manufactured	64,709	82,420
Total	169,390	209,784
Transfer to other accounts	716	693
Ending balance of finished goods	4,849	8,859
Total cost of sales	163,824	200,231
Gross profit	41,389	53,334
Selling, general and administrative expenses	30,601	34,311
Operating income	10,788	19,023
Non-operating income		
Interest income	337	378
Dividend income	* 2,978	* 6,844
Foreign exchange gains	2,643	1,618
Others	263	466
Total non-operating income	6,223	9,307
Non-operating expenses		
Interest expenses	79	107
Payment discounts	171	145
Donations	156	169
Others	261	244
Total non-operating expenses	669	667
Ordinary income	16,342	27,663
Extraordinary losses		
Provision for loss on factory reconstruction	596	-
Loss on factory reconstruction	1,752	966
Total extraordinary losses	2,348	966
Income before income taxes	13,993	26,697
Income tax-current	3,996	6,895
Income tax-deferred	(1,901)	(34)
Total income taxes	2,095	6,861
Net income	11,897	19,835

(3) Non-consolidated Statements of Shareholders' Equity

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 items other than shareholders' 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 items other than shareholders' 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

FY2014 (Jan. 1, 2014 to Dec. 31, 2014)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus			Legal reserve	Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earning	Total retained earnings
Balance at beginning of year	35,613	5,822	—	5,822	3,194	47,945	51,139
Changes of items during the year							
Cash dividends paid						(8,899)	(8,899)
Net income						19,835	19,835
Acquisition of treasury stock							
Sales of treasury stock			1	1			
Net changes of items other than shareholders' equity							
Total changes of items during the year	—	—	1	1	—	10,935	10,935
Balance at end of year	35,613	5,822	1	5,823	3,194	58,881	62,075

	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	(58)	92,516	3,214	3,214	96,731
Changes of items during the year					
Cash dividends paid		(8,899)			(8,899)
Net income		19,835			19,835
Acquisition of treasury stock	(13)	(13)			(13)
Sales of treasury stock	0	2			2
Net changes of items other than shareholders' equity			287	287	287
Total changes of items during the year	(12)	10,924	287	287	11,212
Balance at end of year	(71)	103,441	3,502	3,502	106,943

(4) Notes relating to Non-consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

(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.

	FY2013 (As of Dec. 31, 2013)	FY2014 (As of Dec. 31, 2014)
Notes receivable	18 million yen	31 million yen

(Notes relating to Non-consolidated Statements of Income)

* Dividend income from affiliated companies.

	FY2013 Jan. 1, 2013 to Dec. 31, 2013	FY2014 Jan. 1, 2014 to Dec. 31, 2014
Dividend income	2,812 million yen	6,638 million yen

(Notes relating to Deferred Tax Accounting)

1. Significant components of deferred tax assets and liabilities

	FY2013 (As of Dec. 31, 2013)	FY2014 (As of Dec. 31, 2014)
(Deferred tax assets)		
Excess of limit of accrued employee bonuses	87 million yen	82 million yen
Enterprise tax payable	157 million yen	453 million yen
Officer retirement benefits	233 million yen	197 million yen
Excess of limit of employee retirement benefits	743 million yen	1,008 million yen
Unrealized gain on other securities	60 million yen	67 million yen
Loss on revaluation of other securities	663 million yen	663 million yen
Book in excess of tax depreciation	0 million yen	0 million yen
Loss on revaluation of golf memberships	150 million yen	154 million yen
Excess of limit of allowance for doubtful accounts	400 million yen	381 million yen
Provision for loss on factory reconstruction	226 million yen	15 million yen
Loss on impairment	246 million yen	234 million yen
Book in excess of tax depreciation	198 million yen	210 million yen
Devaluation loss on inventories	383 million yen	336 million yen
Others	573 million yen	363 million yen
Total deferred tax assets	4,126 million yen	4,167 million yen
(Deferred tax liabilities)		
Unrealized gain on other securities	(1,869) million yen	(2,037) million yen
Total deferred tax liabilities	(1,869) million yen	(2,037) million yen
Net deferred tax assets	2,257 million yen	2,129 million yen

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

	FY2013 (As of Dec. 31, 2013)	FY2014 (As of Dec. 31, 2014)
Effective statutory tax rate	38.0 %	38.0 %
(Reconciliation)		
Permanent difference-expenses	1.1 %	0.6 %
Permanent difference-income	(7.5) %	(9.1) %
Tax credit	(5.9) %	(3.6) %
Adjustments of previous year	(0.0) %	(0.3) %
Valuation allowance	(10.7) %	— %
Others	0.0 %	0.1 %
Actual effective tax rate	15.0 %	25.7 %

6. Change in Member of the Board

The change in member of the Board shall be effective on March 26, 2015

New candidate for Director

Senior Vice President of Production Engineering Division

and Shimano Research Laboratories

Tomohiro Ohtsu

(Currently Vice President of Production Engineering Division and Shimano Research Laboratories)