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Summary of Consolidated Financial Results for the First Quarter of FY2014 (Unaudited)

(January 1, 2014 - March 31, 2014) [Japanese Standard] (Consolidated)

April 22, 2014

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 Date of filing of quarterly report to Ministry of Finance: May 8, 2014 Scheduled payment date for dividends: -
 Supplemental information: Yes
 Financial results briefing: No

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

1. Consolidated financial results for the First Quarter of FY2014 (January 1, 2014 - March 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	%
First Quarter of FY2014	75,695	19.6	14,227	45.8	13,829	24.8	9,980	30.4
First Quarter of FY2013	63,278	1.3	9,755	(9.4)	11,078	9.7	7,652	9.3

(Note) Comprehensive income First Quarter of FY2014: 6,073 million yen (-67.5%) First Quarter of FY2013: 18,707 million yen (22.2%)

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
First Quarter of FY2014	107.66	-
First Quarter of FY2013	82.55	-

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First Quarter of FY2014	321,373	272,950	84.6
FY2013	319,223	270,914	84.6

(Reference) Shareholders' equity First Quarter of FY2014: 272,037 million yen FY2013: 269,995 million yen

2. Dividend information

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2013	-	43.50	-	43.50	87.00
FY2014	-	-	-	-	-
FY2014 (Forecast)	-	43.50	-	43.50	87.00

(Note) Change in forecasted dividend during the period: None

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

(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 FY2014	145,200	9.1	25,100	18.2	24,600	(0.3)	17,400	(2.2)	187.69
FY2014	287,000	5.9	48,000	14.9	47,500	(0.1)	33,500	(4.5)	361.36

(Note) Change in forecasted consolidated business performance during the period: Yes

*Notes

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

(2) Application of accounting treatment specific to preparation of quarterly consolidated financial statements: None

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

Changes in accounting policies in accordance with revision of accounting standards: None

Changes in accounting policies other than above: None

Changes in accounting estimates: None

Retrospective restatement: None

(4) Number of shares of common stock issued

Number of shares of common stock issued at the end of the period (including treasury stock):

Number of shares of treasury stock at the end of the period:

Average number of shares during the period (cumulative from the beginning of the fiscal year):

As of March 31, 2014	92,720,000 shares	As of December 31, 2013	92,720,000 shares
As of March 31, 2014	14,672 shares	As of December 31, 2013	14,538 shares
First quarter of the year ending December 31, 2014	92,705,364 shares	First quarter of the year ended December 31, 2013	92,706,728 shares

Presentation concerning quarterly review procedures

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

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

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

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1. Qualitative Information on Consolidated Financial Performance for the Period under Review

(1) Consolidated Results of Operations

During the first quarter of the fiscal year ending December 31, 2014, thanks to a mild winter in Europe, business conditions continued to improve, whereas recovery of personal consumption at last became evident in Europe. New car sales and sales of the hotel and catering also turned upward in Europe. As a result, the pace of recovery of European economies accelerated and the unemployment rate, which had been hovering at a high level, showed signs of a decrease, albeit at a modest one. Although the heightening tension in Ukraine is the only concern, its impact is expected to be minor for the time being. In the U.S., business sentiment varied greatly among industries because of the impact of cold spells and conditions are variegated. Personal consumption has been resilient and the labor market has been improving in general.

In Japan, a spike in last-minute demand in the run-up to its consumption tax increase in April led to an increase in production and sales, and Japan's real GDP growth rate was positive for five consecutive quarters.

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, for the first quarter of fiscal year 2014, net sales increased 19.6% from the same period of the previous year to 75,695 million yen. Operating income increased 45.8% to 14,227 million yen, ordinary income increased 24.8% to 13,829 million yen, and net income increased 30.4% to 9,980 million yen.

Business Segment Overview

Bicycle Components

In Europe, due to a generally mild winter except certain regions that suffered unsettled weather, namely flooding and heavy snowfalls, retail sales remained buoyant for the winter. In the U.S., which experienced an extremely harsh winter, commencement of sales were delayed and despite recovering in certain regions in March, the impact was limited. In Japan, in spite of a severe winter, retail sales of sports bicycles and mid-range and high-grade community bicycles were robust, partly owing to a spike in last-minute demand before the tax rise. Sales of sports bicycles continued to grow strongly in China, and growth in other emerging markets were also robust.

Distributor and retailer inventories were in an appropriate range in all regions.

In these market conditions, against a backdrop of rising expectations in view of promising market trends looking forward, order-taking was brisk as Shimano products were relatively affordable because of the depreciation of the yen. Segment sales for the first quarter exceeded the forecast.

As a result, sales from this segment increased 19.4% from the same period of the previous year to 61,048 million yen, and operating income increased 40.5% to 13,341 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. In February, the Japanese market lost some momentum, affected by record-breaking heavy snowfalls centering on the parts of the country facing the Pacific for two consecutive weeks and the low temperature. However, Shimano exceeded the previous year's sales result because demand for high-grade products took off before the tax increase and new products, including NEW STELLA launched in March, were highly regarded in the market.

Overseas, brisk sales to retailers continued in Europe and North America as well as in Oceania.

As a result, sales from this segment increased 20.6% from the same period of the previous year to 14,550 million yen, and operating income increased 187.8% to 892 million yen.

Others

Sales from this segment increased 15.4% from the same period of the previous year to 96 million yen and an operating loss of 6 million yen was recorded, following an operating loss of 51 million yen for the same period of the previous year.

(2) Consolidated Financial Position

Assets, Liabilities and Net Assets

(Total assets)

Total assets as of the end of the first quarter of fiscal year 2014 amounted to 321,373 million yen (an increase of 2,149 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 5,270 million yen in buildings and structures, an increase of 4,209 million yen in notes and accounts receivable-trade, a decrease of 4,357 million yen in cash and time deposits, and a decrease of 2,765 million yen in construction in progress.

(Total liabilities)

Total liabilities as of the end of the first quarter of fiscal year 2014 amounted to 48,423 million yen (an increase of 114 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 773 million yen in short-term loans payable and a decrease of 483 million yen in other current liabilities.

(Net assets)

Net assets as of the end of the first quarter of fiscal year 2014 amounted to 272,950 million yen (an increase of 2,035 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 5,947 million yen in retained earnings and a decrease of 3,363 million yen in foreign currency translation adjustments.

(3) Forecast for the Fiscal Year Ending December 2014

Overseas, although the economies of developed countries including the U.S. are relatively robust, they all have issues and the pace of economic improvement is expected to be moderate. Although Europe at last emerged from negative economic growth, the impact of protracted problems concerning Ukraine is a concern. As the U.S. Federal Reserve started to taper its third round of quantitative easing (QE3), emerging economies is exposed to the risk in relation to outflow of money from the monetary easing. The trend of China's economy whose growth potential is declining should be monitored.

In Japan, exports are expected to deteriorate as the progress of depreciation of the yen level off, recovery of overseas demand stagnate, and a rebound to last-minute demand in the run-up to the tax increase will likely occur. Thus, there are concerns about the prospects of the Japanese economy.

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.

The Company has revised the forecast of consolidated business performance announced on February 5, 2014, for the first half of the fiscal year ending December 31, 2014, and for the full year. The revised forecast is as follows: net sales of 145,200 million yen, operating income of 25,100 million yen, ordinary income of 24,600 million yen and net income of 17,400 million yen for the first half of fiscal year 2014, and net sales of 287,000 million yen, operating income of 48,000 million yen, ordinary income of 47,500 million yen and net income of 33,500 million yen for the full year.

2. Notes relating to Summary Information

(1) Changes in Significant Subsidiaries during the Period:

Not applicable.

(2) Application of Accounting Treatment Specific to Preparation of Quarterly Consolidated Financial Statements:

Not applicable.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement:

Not applicable.

3. Consolidated Financial Statements
 (1) Consolidated Balance Sheets

(Millions of yen)

	FY2013 As of Dec. 31, 2013	First Quarter of FY2014 As of Mar. 31, 2014
Assets		
Current assets		
Cash and time deposits	128,796	124,438
Notes and accounts receivable-trade	30,899	35,109
Merchandise and finished goods	28,293	28,115
Work in process	17,145	16,450
Raw materials and supplies	4,718	4,612
Deferred income taxes	2,718	2,633
Others	3,464	4,368
Allowance for doubtful accounts	(296)	(236)
Total current assets	215,740	215,490
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	29,988	35,258
Machinery and vehicles (net)	16,844	16,096
Land	11,814	11,792
Leased assets (net)	30	29
Construction in progress	11,283	8,517
Others (net)	4,836	5,188
Total property, plant and equipment	74,798	76,882
Intangible assets		
Goodwill	3,997	3,856
Software	2,834	2,877
Others	5,604	5,801
Total intangible assets	12,437	12,535
Investments and other assets		
Investment securities	12,361	11,899
Deferred income taxes	1,280	1,584
Others	3,071	3,458
Allowance for doubtful accounts	(465)	(477)
Total investments and other assets	16,247	16,464
Total fixed assets	103,482	105,882
Total assets	319,223	321,373

	FY2013 As of Dec. 31, 2013	First Quarter of FY2014 As of Mar. 31, 2014
Liabilities		
Current liabilities		
Accounts payable-trade	11,935	11,993
Short-term loans payable	6,130	6,903
Income taxes payable	5,593	5,891
Deferred income taxes	315	277
Accrued employee bonuses	1,524	1,577
Accrued officer bonuses	184	45
Provision for loss on factory reconstruction	596	596
Others	14,278	13,793
Total current liabilities	40,559	41,079
Long-term liabilities		
Long-term loans payable	3,159	2,958
Deferred income taxes	1,051	922
Employee retirement benefits	2,710	2,734
Others	827	728
Total long-term liabilities	7,749	7,343
Total liabilities	48,308	48,423
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,822	5,823
Retained earnings	204,388	210,336
Treasury stock	(58)	(60)
Total shareholders' equity	245,765	251,711
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	3,080	2,540
Foreign currency translation adjustments	21,149	17,785
Total accumulated other comprehensive income	24,229	20,326
Minority interests	919	912
Total net assets	270,914	272,950
Total liabilities and net assets	319,223	321,373

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	First Quarter of FY2013 Jan. 1, 2013 to Mar. 31, 2013	First Quarter of FY2014 Jan. 1, 2014 to Mar. 31, 2014
Net sales	63,278	75,695
Cost of sales	40,500	46,956
Gross profit	22,777	28,739
Selling, general and administrative expenses	13,021	14,511
Operating income	9,755	14,227
Non-operating income		
Interest income	211	249
Dividend income	7	14
Foreign exchange gains	1,130	-
Others	86	383
Total non-operating income	1,435	646
Non-operating expenses		
Interest expenses	64	73
Foreign exchange losses	-	845
Others	47	126
Total non-operating expenses	112	1,044
Ordinary income	11,078	13,829
Extraordinary losses		
Loss on factory reconstruction	234	336
Total extraordinary losses	234	336
Income before income taxes and minority interests	10,844	13,493
Income taxes-current	2,858	3,532
Income taxes-deferred	291	(40)
Total income taxes	3,149	3,491
Income before minority interests	7,695	10,001
Minority interests in net income	42	21
Net income	7,652	9,980

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First Quarter of FY2013 Jan. 1, 2013 to Mar. 31, 2013	First Quarter of FY2014 Jan. 1, 2014 to Mar. 31, 2014
Income before minority interests	7,695	10,001
Other comprehensive income		
Unrealized gain (loss) on other securities	1,231	(539)
Foreign currency translation adjustments	9,781	(3,388)
Total other comprehensive income	11,012	(3,928)
Comprehensive income	18,707	6,073
(Breakdown)		
Comprehensive income attributable to owners of the parent	18,605	6,076
Comprehensive income attributable to minority interests	101	(3)

(3) Notes relating to Consolidated Financial Statements
(Note concerning Assumption of Going Concern)
Not applicable.

(Note on Significant Change in the Amount of Shareholders' Equity)
Not applicable.

(Segment Information)

First Quarter of FY2013 (Jan. 1, 2013 - Mar. 31, 2013)

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Third parties	51,130	12,063	83	63,278	-	63,278
Inter-segment	-	-	-	-	-	-
Total	51,130	12,063	83	63,278	-	63,278
Segment income (loss)	9,497	310	(51)	9,755	-	9,755

Note: There is no difference between total segment income and operating income in the consolidated statements of income.

2. Information regarding impairment loss on fixed assets, goodwill and negative goodwill, etc. by reportable segment
Not applicable.

First Quarter of FY2014 (Jan. 1, 2014 - Mar. 31, 2014)

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
Third parties	61,048	14,550	96	75,695	-	75,695
Inter-segment	-	-	-	-	-	-
Total	61,048	14,550	96	75,695	-	75,695
Segment income (loss)	13,341	892	(6)	14,227	-	14,227

Note: There is no difference between total segment income and operating income in the consolidated statements of income.

2. Information regarding impairment loss on fixed assets, goodwill and negative goodwill, etc. by reportable segment
Not applicable.