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Summary of Consolidated Financial Results for the First Half of FY2015 (Unaudited)

(January 1, 2015 – June 30, 2015) [Japanese Standard] (Consolidated)

July 28, 2015

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 Date of filing of quarterly report to Ministry of Finance: August 11, 2015 Scheduled payment date for dividends: September 4, 2015
 Supplemental information: Yes
 Financial results briefing: Yes

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

1. Consolidated financial results for the First Half of FY2015 (January 1, 2015 – June 30, 2015)

(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 Half of FY2015	196,585	25.8	45,356	49.2	49,664	70.6	36,532	75.8
First Half of FY2014	156,322	17.4	30,397	43.2	29,115	18.0	20,784	16.9

(Note) Comprehensive income First Half of FY2015: 33,612 million yen (116.4%) First Half of FY2014: 15,533 million yen (-53.8%)

	Net income per share (Basic)	Net income per share (Diluted)
	Yen	Yen
First Half of FY2015	394.08	—
First Half of FY2014	224.20	—

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
First Half of FY2015	422,059	360,290	85.1
FY2014	396,967	331,195	83.2

(Reference) Shareholders' equity First Half of FY2015: 359,290 million yen FY2014: 330,263 million yen

2. Dividend information

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2014	—	52.50	—	52.50	105.00
FY2015	—	77.50	—	—	—
FY2015 (Forecast)	—	—	—	77.50	155.00

(Note) Change in forecasted dividend during the period: Yes

(Note) The year-end cash dividend for the first half of FY2015 included a special dividend of 71.25 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
FY2015	360,000	8.1	77,000	17.0	81,300	14.5	59,500	16.1	641.83

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

*Notes

(1) Changes 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

- | | |
|---|------|
| 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 |

(4) Number of shares of common stock issued

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

First Half of FY2015	92,720,000 shares	FY2014	92,720,000 shares
First Half of FY2015	15,894 shares	FY2014	15,462 shares
First Half of FY2015	92,704,256 shares	First Half of FY2014	92,705,280 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 half of the fiscal year ending December 31, 2015, the moderate recovery of the European economies generally continued as the tempo of recovery of exports quickened, spurred by the depreciation of the euro. However, with the rekindling of the Greek debt crisis toward the end of the first half, personal consumption tended to slow. In the U.S., corporate earnings maintained moderate growth as the halting of both dollar appreciation and the decline in oil prices was positively received while employment continued to trend upward.

In Japan, personal consumption continued to recover at a modest pace, although it lacked vigor. Economic sentiment of the private sector continued to improve, centering on exporters, supported by entrenchment of the trend toward depreciation of the yen while moderate 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, for the first half of fiscal year 2015, net sales increased 25.8% from the same period of the previous year to 196,585 million yen. Operating income increased 49.2% to 45,356 million yen, ordinary income increased 70.6% to 49,664 million yen, and net income increased 75.8% to 36,532 million yen.

Business Segment Overview

① Bicycle Components

Europe and North America experienced virtually no decline in demand despite somewhat unsettled weather during the first half. Reflecting growing interest in the use of bicycles in society, retail sales in the first half were brisk. As a result, distributor inventories in Europe remained virtually at the appropriate level and those in the U.S. were slightly lower than the appropriate level.

In Japan, whereas retail sales of sports bicycles continued to be robust, retail sales of community bicycles have been weak, greatly affected by the impact of price increases resulting from the depreciation of the yen, and distributor inventories of community bicycles remained somewhat high.

While sales of sports bicycles in emerging markets have been maintaining robust growth, retail sales of sports bicycles in China, which had been the leading driver of demand for sports bicycles, in the first half decreased from the level of the same period of the previous year. However, distributor inventories of sports bicycles in China remained in the appropriate range.

In these market conditions, full model changes of DEORE XT and ACERA mountain bike components and Tiagra road bike components were well received and order-taking was brisk. In addition, Shimano products remained relatively affordable because of the entrenched depreciation of the yen. Thus, segment sales for the first half exceeded the forecast.

As a result, net sales from this segment increased 29.7% from the same period of the previous year to 163,002 million yen, and operating income increased 51.8% to 42,759 million yen.

② Fishing Tackle

The Japanese market got off to a sluggish start partly due to weather factors such as snow falls from the New Year onward, and demand during the first three months of the year was below the demand in the same period of the previous year before the consumption tax increase. Then, in Golden Week, the market started to move forward thanks to good weather and sales from April onward exceeded the previous year's level. However, sales during the first half were slightly lower than the previous year because of the dull and fluctuating consumption trend.

Overseas, sales in North America, Western Europe, and Oceania including New Zealand were generally robust, because of relatively stable weather and pre-orders received.

As a result, net sales from this segment increased 9.8% from the same period of the previous year to 33,386 million yen, and operating income increased 19.2% to 2,667 million yen.

③ Others

Net sales from this segment decreased 5.2% from the same period of the previous year to 196 million yen and operating loss of 70 million yen was recorded, following operating loss of 7 million yen for the same period of the previous year.

(2) Consolidated Financial Position

① Assets, Liabilities and Net Assets

(Total assets)

Total assets as of the end of the first half of fiscal year 2015 amounted to 422,059 million yen (an increase of 25,092 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 17,405 million yen in cash and time deposits, an increase of 2,769 million yen in machinery and vehicles, an increase of 1,937 million yen in software, an increase of 1,621 million yen in investment securities, and an increase of 1,240 million yen in other current assets.

(Total liabilities)

Total liabilities as of the end of the first half of fiscal year 2015 amounted to 61,769 million yen (a decrease of 4,002 million yen compared with the figure as of the previous fiscal year-end). This decrease was primarily due to a decrease of 2,967 million yen in accounts payable-trade, a decrease of 1,338 million yen in short-term loans payable, and an increase of 1,653 million yen in income taxes payable.

(Net assets)

Net assets as of the end of the first half of fiscal year 2015 amounted to 360,290 million yen (an increase of 29,095 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 32,044 million yen in retained earnings and a decrease of 4,384 million yen in foreign currency translation adjustments.

② Cash Flows

As of the end of the first half of fiscal year 2015, cash and cash equivalents amounted to 171,869 million yen, an increase of 18,934 million yen compared with the figure as of the previous fiscal year-end.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to 37,043 million yen compared with 26,563 million yen provided for the same period of the previous year. The main items included income before income taxes and minority interests of 49,472 million yen and depreciation and amortization amounting to 7,705 million yen. Cash outlays included income taxes paid amounting to 11,325 million yen.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to 11,380 million yen compared with 15,143 million yen used for the same period of the previous year. The main items included acquisition of property, plant and equipment amounting to 11,648 million yen.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to 6,633 million yen compared with 4,297 million yen used for the same period of the previous year. The main items included cash dividends to shareholders amounting to 4,865 million yen and net decrease in short-term loans payable amounting to 1,456 million yen.

(3) Forecast for the Fiscal Year Ending December 2015

Regarding Europe, there is concern about a possible expansion of a credit crunch as the Greek government failed to make a debt repayment by the due date and went into de facto default. In the U.S., personal consumption is expected to remain robust against the backdrop of a steady recovery of the labor market.

In Japan, quantitative easing is proceeding in line with the decision made in October 2014 and personal consumption and capital investment are expected to remain on a moderate recovery track. Meanwhile, we cannot afford to become optimistic about the foreign exchange outlook in view of the impact of the Greek debt crisis although the trend toward yen depreciation is persisting.

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 April 28, 2015, for the fiscal year ending December 31, 2015. The revised forecast is as follows: net sales of 360,000 million yen, operating income of 77,000 million yen, ordinary income of 81,300 million yen and net income of 59,500 million yen.

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 interim cash dividends of 77.50 yen per share, including special dividends of 71.25 yen, an increase of 25 yen per share compared with the interim cash dividends paid in the previous year. Cash dividends for the full year are expected to amount to 155 yen per share, an increase of 50 yen compared with cash dividends in the previous year.

2. Notes relating to Summary Information

(1) Changes in Significant Subsidiaries during the Period:

Not applicable.

Changes in subsidiaries other than significant subsidiaries

During the first quarter of the fiscal year ending December 31, 2015, Douglas Johnson & Co Limited changed its name to Shimano New Zealand Ltd.

During the second quarter of the fiscal year ending December 31, 2015, Shimano Uruguay S.A. was included in the scope of consolidation due to establishment and Shimano (Malaysia) Sdn. Bhd. was excluded from the scope of consolidation due to liquidation.

(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:

(Changes in Significant Accounting Policies)

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

Effective from the first quarter of fiscal year 2015, the Company has adopted the provisions of the main clause of Paragraph 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 issued on May 17, 2012) and the main clause of Paragraph 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 issued on May 17, 2012). Accordingly, the Company has reviewed the calculation method for retirement benefit obligations and service costs, and changed the method of attributing expected retirement benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method of determining the discount rate from one that uses a discount rate determined by reference to the yield of bonds whose remaining maturities approximate to the expected average remaining service period of employees, to one that uses a single weighted average discount rate that reflects the estimated period for retirement benefit payments and the amount of retirement benefit payments for each estimated payment period.

The adoption of the Accounting Standard for Retirement Benefits and the Guidance is in line with the transitional treatment specified in Paragraph 37 of the Accounting Standard for Retirement Benefits, and accordingly the impact of the change in the calculation method for retirement benefit obligations and service costs has been added to or deducted from retained earnings at the beginning of the first half of fiscal year 2015.

As a result, net defined benefit liability decreased 592 million yen and retained earnings increased 379 million yen at the beginning of the first half of fiscal year 2015.

The impact of these changes on operating income, ordinary income and income before income taxes and minority interests for the first half of fiscal year 2015 is immaterial.

3. Consolidated Financial Statements**(1) Consolidated Balance Sheets**

	(Millions of yen)	
	FY2014 As of Dec. 31, 2014	First Half of FY2015 As of Jun. 30, 2015
Assets		
Current assets		
Cash and time deposits	157,841	175,247
Notes and accounts receivable-trade	37,272	37,020
Merchandise and finished goods	40,150	39,903
Work in process	22,375	22,516
Raw materials and supplies	5,647	6,794
Deferred income taxes	3,214	3,604
Others	5,069	6,309
Allowance for doubtful accounts	(184)	(285)
Total current assets	271,386	291,110
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	41,692	42,403
Machinery and vehicles (net)	18,994	21,763
Land	13,137	13,642
Leased assets (net)	51	53
Construction in progress	14,172	14,128
Others (net)	6,386	6,322
Total property, plant and equipment	94,434	98,314
Intangible assets		
Goodwill	2,963	2,776
Software	2,849	4,787
Others	7,203	5,852
Total intangible assets	13,016	13,416
Investments and other assets		
Investment securities	13,485	15,106
Deferred income taxes	1,303	639
Others	3,833	3,974
Allowance for doubtful accounts	(492)	(501)
Total investments and other assets	18,129	19,218
Total fixed assets	125,580	130,949
Total assets	396,967	422,059

	(Millions of yen)	
	FY2014 As of Dec. 31, 2014	First Half of FY2015 As of Jun. 30, 2015
Liabilities		
Current liabilities		
Accounts payable-trade	16,545	13,577
Short-term loans payable	9,796	8,458
Income taxes payable	10,995	12,649
Deferred income taxes	292	305
Accrued employee bonuses	1,986	1,821
Accrued officer bonuses	207	108
Provision for loss on factory reconstruction	44	—
Others	17,876	17,386
Total current liabilities	57,745	54,307
Long-term liabilities		
Long-term loans payable	2,670	2,415
Deferred income taxes	1,308	1,300
Net defined benefit liability	3,287	2,988
Others	761	757
Total long-term liabilities	8,027	7,462
Total liabilities	65,772	61,769
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,823	5,823
Retained earnings	246,726	278,771
Treasury stock	(71)	(78)
Total shareholders' equity	288,092	320,129
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	3,307	4,681
Foreign currency translation adjustments	38,863	34,479
Total accumulated other comprehensive income	42,171	39,161
Minority interests	931	1,000
Total net assets	331,195	360,290
Total liabilities and net assets	396,967	422,059

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

(Millions of yen)

	First Half of FY2014 Jan. 1, 2014 to Jun. 30, 2014	First Half of FY2015 Jan. 1, 2015 to Jun. 30, 2015
Net sales	156,322	196,585
Cost of sales	95,596	115,852
Gross profit	60,725	80,732
Selling, general and administrative expenses	30,328	35,376
Operating income	30,397	45,356
Non-operating income		
Interest income	457	639
Dividend income	681	207
Foreign exchange gains	—	3,668
Others	444	196
Total non-operating income	1,583	4,712
Non-operating expenses		
Interest expenses	168	160
Foreign exchange losses	2,040	—
Others	656	243
Total non-operating expenses	2,865	403
Ordinary income	29,115	49,664
Extraordinary losses		
Loss on factory reconstruction	742	192
Total extraordinary losses	742	192
Income before income taxes and minority interests	28,373	49,472
Income taxes-current	7,787	13,073
Income taxes-deferred	(239)	(219)
Total income taxes	7,548	12,853
Income before minority interests	20,824	36,618
Minority interests in net income	40	85
Net income	20,784	36,532

Consolidated Statements of Comprehensive Income

(Millions of yen)

	First Half of FY2014 Jan. 1, 2014 to Jun. 30, 2014	First Half of FY2015 Jan. 1, 2015 to Jun. 30, 2015
Income before minority interests	20,824	36,618
Other comprehensive income		
Unrealized gain (loss) on other securities	(238)	1,374
Foreign currency translation adjustments	(5,053)	(4,380)
Total other comprehensive income	(5,291)	(3,006)
Comprehensive income	15,533	33,612
(Breakdown)		
Comprehensive income attributable to owners of the parent	15,529	33,539
Comprehensive income attributable to minority interests	3	72

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	First Half of FY2014	First Half of FY2015
	Jan. 1, 2014 to Jun. 30, 2014	Jan. 1, 2015 to Jun. 30, 2015
Cash flows from operating activities:		
Income before income taxes and minority interests	28,373	49,472
Depreciation and amortization	6,260	7,705
Interest and dividend income	(1,138)	(846)
Interest expenses	168	160
Foreign exchange gains (losses)	1,415	(2,679)
Notes and accounts receivable	(1,287)	(142)
Inventories	(3,844)	(1,900)
Accounts payable	1,117	(2,710)
Employee retirement benefits	781	—
Net defined benefit liability	—	312
Provision for loss on factory reconstruction	(552)	(44)
Loss on factory reconstruction	742	192
Gain (loss) on sales and disposal of property, plant and equipment	34	(28)
Accrued bonuses	1,412	1,763
Others, net	(1,360)	(3,567)
Subtotal	32,122	47,686
Interest and dividend income received	647	847
Interest expenses paid	(170)	(164)
Income taxes paid	(6,034)	(11,325)
Net cash provided by operating activities	26,563	37,043
Cash flows from investing activities:		
Purchases of time deposits	(416)	(1,604)
Proceeds from maturities of time deposits	1,315	2,916
Acquisition of property, plant and equipment	(12,750)	(11,648)
Acquisition of intangible assets	(1,618)	(1,080)
Payments for loss on factory reconstruction	(1,074)	(104)
Payments for acquisition of newly consolidated subsidiaries	(943)	—
Others, net	344	141
Net cash used in investing activities	(15,143)	(11,380)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	761	(1,456)
Repayment of long-term loans payable	(1,065)	(289)
Repayments of finance lease obligations	(5)	(8)
Acquisition of treasury stock	(4)	(7)
Cash dividends to shareholders	(4,033)	(4,865)
Proceeds from share issuance to minority shareholders	48	—
Cash dividends to minority shareholders	—	(6)
Others, net	1	0
Net cash used in financing activities	(4,297)	(6,633)
Effect of exchange rate changes on cash and cash equivalents	(3,712)	(94)
Net increase (decrease) in cash and cash equivalents	3,410	18,934
Cash and cash equivalents at beginning of year	125,867	152,934
Cash and cash equivalents at end of year	129,277	171,869

- (4) 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 Half of FY2014 (Jan. 1, 2014 – Jun. 30, 2014)

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

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1) Third parties	125,709	30,404	207	156,322	—	156,322
2) Inter-segment	—	—	—	—	—	—
Total	125,709	30,404	207	156,322	—	156,322
Segment income (loss)	28,167	2,237	(7)	30,397	—	30,397

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

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

First Half of FY2015 (Jan. 1, 2015 – Jun. 30, 2015)

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

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1) Third parties	163,002	33,386	196	196,585	—	196,585
2) Inter-segment	—	—	—	—	—	—
Total	163,002	33,386	196	196,585	—	196,585
Segment income (loss)	42,759	2,667	(70)	45,356	—	45,356

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

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