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Summary of Consolidated Financial Results for FY2015

(January 1, 2015 – December 31, 2015) [Japanese Standard] (Consolidated)

February 9, 2016

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 Date of Shareholders' Meeting: March 29, 2016 Scheduled payment date for dividends: March 30, 2016
 Date of filing of annual report to Ministry of Finance: March 30, 2016
 Supplemental information: Yes
 Financial results briefing: Yes

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

1. Consolidated financial results for FY2015 (January 1, 2015 - December 31, 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	%
FY2015	378,645	13.7	85,053	29.2	101,110	42.4	76,190	48.7
FY2014	333,168	22.9	65,816	57.5	71,019	49.4	51,237	46.0

(Note) Comprehensive income: FY2015: 51,798 million yen (-25.1%) FY2014: 69,165 million yen (11.4%)

	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	%	%	%
FY2015	821.87	—	21.7	24.5	22.5
FY2014	552.70	—	17.1	19.8	19.8

(Reference) Equity in earnings: FY2015: — million yen FY2014: — million yen

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2015	429,080	371,298	86.3	3,995.37
FY2014	396,967	331,195	83.2	3,562.54

(Reference) Shareholders' equity: FY2015: 370,385 million yen FY2014: 330,263 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
FY2015	81,309	(26,259)	(14,508)	187,869
FY2014	55,937	(34,705)	(7,239)	152,934

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	%	%
FY2014	—	52.50	—	52.50	105.00	9,734	19.0	3.2
FY2015	—	77.50	—	77.50	155.00	14,369	18.9	4.1
FY2016 (Forecast)	—	77.50	—	77.50	155.00		24.8	

(Note) The year-end cash dividend for FY2015 included a special dividend of 71.25 yen.

3. Forecasted consolidated business performance for FY2016 (January 1, 2016 - December 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2016	165,500	(15.8)	36,200	(20.2)	36,200	(27.1)	26,000	(28.8)	280.46
FY2016	350,000	(7.6)	80,000	(5.9)	80,000	(20.9)	58,000	(23.9)	625.65

*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:

FY2015	92,720,000 shares	FY2014	92,720,000 shares
FY2015	16,514 shares	FY2014	15,462 shares
FY2015	92,704,041 shares	FY2014	92,705,020 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.

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1. Business Results

(1) Analysis of Consolidated Business Results

① Review of Operations

During fiscal year 2015, the European economies were on a moderate recovery track as consumer sentiment improved against the background of a prolonged decline in oil prices. Regarding the U.S. economy, despite little growth of exports owing to appreciation of the U.S. dollar and the slowdown of emerging economies, personal consumption remained robust, reflecting the ongoing improvement of the labor market.

In Japan, at the beginning of the year, it was expected that depreciation of the yen would stimulate the economy. However, the Japanese economy leveled off because personal consumption, exports, and production generally weakened as emerging economies lost momentum.

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 13.7% from the previous year to 378,645 million yen. Operating income increased 29.2% to 85,053 million yen, ordinary income increased 42.4% to 101,110 million yen, and net income increased 48.7% to 76,190 million yen.

Reportable Segment Overview

Bicycle Components

In Europe, although sales volume was lower than for the previous year when sales were brisk thanks to good weather, retail sales amount exceeded the previous year's level with brisk sales of high-end models centering on E-Bike. In North America, demand was little affected by the weather, and retail sales were robust. While distributor inventories in Europe remained virtually at the appropriate level, those in North America were at a somewhat high level.

In Japan, whereas retail sales volume of sports bicycles exceeded the previous year's level, retail sales volume of community bicycles remained low, greatly affected by the impact of price increases resulting from the depreciation of the yen. While distributor inventories of sports bicycles remained at an appropriate level, those of community bicycles continued to be somewhat high.

In China, retail sales volume of sports bicycles was below the previous year's level, reflecting the economic slowdown and distributor inventories were at a somewhat high level. On the other hand, growth of sales of sports bicycles in other promising emerging markets, namely, Southeast Asia and South America, continued to be robust.

In these market conditions, full model changes of DEORE XT and ACERA mountain bike components and Tiagra road bike components, which were launched during the first half, were well received. In addition, Shimano products remained relatively affordable because of continuing depreciation of the yen. This factor also contributed to brisk order-taking.

As a result, net sales from this segment increased 14.6% from the previous year to 314,010 million yen, and operating income increased 28.7% to 79,816 million yen.

Fishing Tackle

The Japanese market got off to a sluggish start partly due to bad weather from the New Year onward and because demand in the first three months of the year was much lower than that in the same period of the previous year when demand surged before the consumption tax increase in April 2014. Then, around Golden Week, the market started to move forward thanks to good weather. Although the Japanese market was somewhat affected by typhoons over the summer and in early fall, it generally improved, centering on households with young children as the weather became relatively stable from fall onward, offering plenty of opportunities to go fishing. As a result, sales turned upward and exceeded the previous year's level.

Overseas, although sales in Eastern Europe were temporarily sluggish, reflecting the slowdown of the Russian economy, total overseas sales exceeded the previous year's level because of the positive impact of favorable fishing conditions in the U.S. and in the Pan-Pacific region.

As a result, net sales from this segment increased 9.2% from the previous year to 64,245 million yen, and operating income increased 36.2% to 5,372 million yen.

Others

Net sales from this segment increased 0.8% from the previous year to 390 million yen and operating loss of 135 million yen was recorded, following operating loss of 160 million yen for the previous year.

② Forecast for the Fiscal Year Ending December 31, 2016

The moderate recovery of the European economies is expected to continue, supported by robust personal consumption for the time being. However, there are concerns about the possibility that the influx of refugees and slowdown of the Chinese economy and other emerging economies may lead to deterioration of economic sentiment in Europe. In the U.S. further growth of personal consumption is expected owing to improvement of the labor market and implementation of an expansionary economic policy in the run-up to the presidential election in the fall. On the other hand, the switch of the monetary policy may pose a risk of depreciation of currencies of emerging-market countries and stock-market instability.

In Japan, although personal consumption is expected to recover because of improvement of the labor market and personal incomes, if the Chinese economy performs poorly, the impact on the Japanese economy could be substantial.

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.

Production scheduled for the first half of fiscal year 2016 was brought forward in the second half of fiscal year 2015. Thus, net sales forecast for the first half of fiscal year 2016 is lower than the first half of fiscal year 2015.

Consequently, for the fiscal year ending December 31, 2016, the Shimano Group forecasts net sales of 350,000 million yen, a decrease of 7.6% from fiscal year 2015, operating income of 80,000 million yen, a decrease of 5.9%, ordinary income of 80,000 million yen, a decrease of 20.9%, and net income attributable to owners of parent of 58,000 million yen, a decrease of 23.9%.

Sales forecasts by segment are indicated below.

(Millions of yen)

		First half		Second half		Full year	
		Amount	%	Amount	%	Amount	%
Bicycle components	Japan	5,000	3.0	4,900	2.6	9,900	2.8
	Overseas	125,000	75.6	148,100	80.3	273,100	78.1
	Sub-total	130,000	78.6	153,000	82.9	283,000	80.9
Fishing tackle		35,300	21.3	31,300	17.0	66,600	19.0
Others		200	0.1	200	0.1	400	0.1
Total		165,500	100.0	184,500	100.0	350,000	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 2015 amounted to 429,080 million yen (an increase of 32,112 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 32,368 million yen in cash and time deposits.

(Total liabilities)

Total liabilities as of the end of fiscal year 2015 amounted to 57,782 million yen (a decrease of 7,990 million yen compared with the figure as of the previous fiscal year-end). This decrease was primarily due to a decrease of 5,153 million yen in accounts payable-trade and a decrease of 1,842 million yen in short-term loans payable.

(Net assets)

Net assets as of the end of fiscal year 2015 amounted to 371,298 million yen (an increase of 40,103 million

yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 64,518 million yen in retained earnings.

② Cash Flows

Net cash provided by operating activities amount to 81,309 million yen compared with 55,937 million yen provided for the previous year. The main items included income before income taxes and minority interests of 100,399 million yen and depreciation and amortization amounting to 15,565 million yen. Cash outlays included income taxes paid amounting to 22,623 million yen and a foreign exchange gains amounting to 11,616 million yen.

Net cash used in investing activities amounted to 26,259 million yen compared with 34,705 million yen used for the previous year. The main items included acquisition of property, plant and equipment amounting to 26,905 million yen.

Net cash used in financing activities amounted to 14,508 million yen compared with 7,239 million yen used for the previous year. The main items included cash dividends to shareholders amounting to 12,046 million yen.

As a result, cash and cash equivalents at the end of the year were 187,869 million yen.

Cash flow indicators are shown in the following table.

	FY2011	FY2012	FY2013	FY2014	FY2015
Equity ratio (%)	83.9	83.7	84.6	83.2	86.3
Market value equity ratio (%)	162.4	198.6	262.2	365.5	403.2
Interest-bearing debt to cash flow ratio (%)	0.30	0.20	0.20	0.23	0.13
Interest coverage ratio (times)	87.1	115.4	155.8	164.5	243.8

(Notes)

1. Each indicator is calculated using the consolidated results based on the formula indicated below:

Equity ratio:	Shareholders' equity / Total assets
Market value equity ratio:	Total market capitalization / Total assets
Interest-bearing debt to cash flow ratio:	Interest-bearing debt / Operating cash flow
Interest coverage ratio:	Operating cash flow / Interest paid

2. Total market capitalization is calculated by:

Closing stock price on the last day of the fiscal year x The number of shares of common stock issued and outstanding at the end of the fiscal year, less treasury stock.

3. Interest-bearing debt covers all debt in the consolidated balance sheet for which interest is paid.

4. Cash flows from operating activities and the amount of interest payments stated in the consolidated statements of cash flows are used as operating cash flow and interest paid.

(3) Dividend Policy and Cash Dividends for FY2015 and FY2016

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.

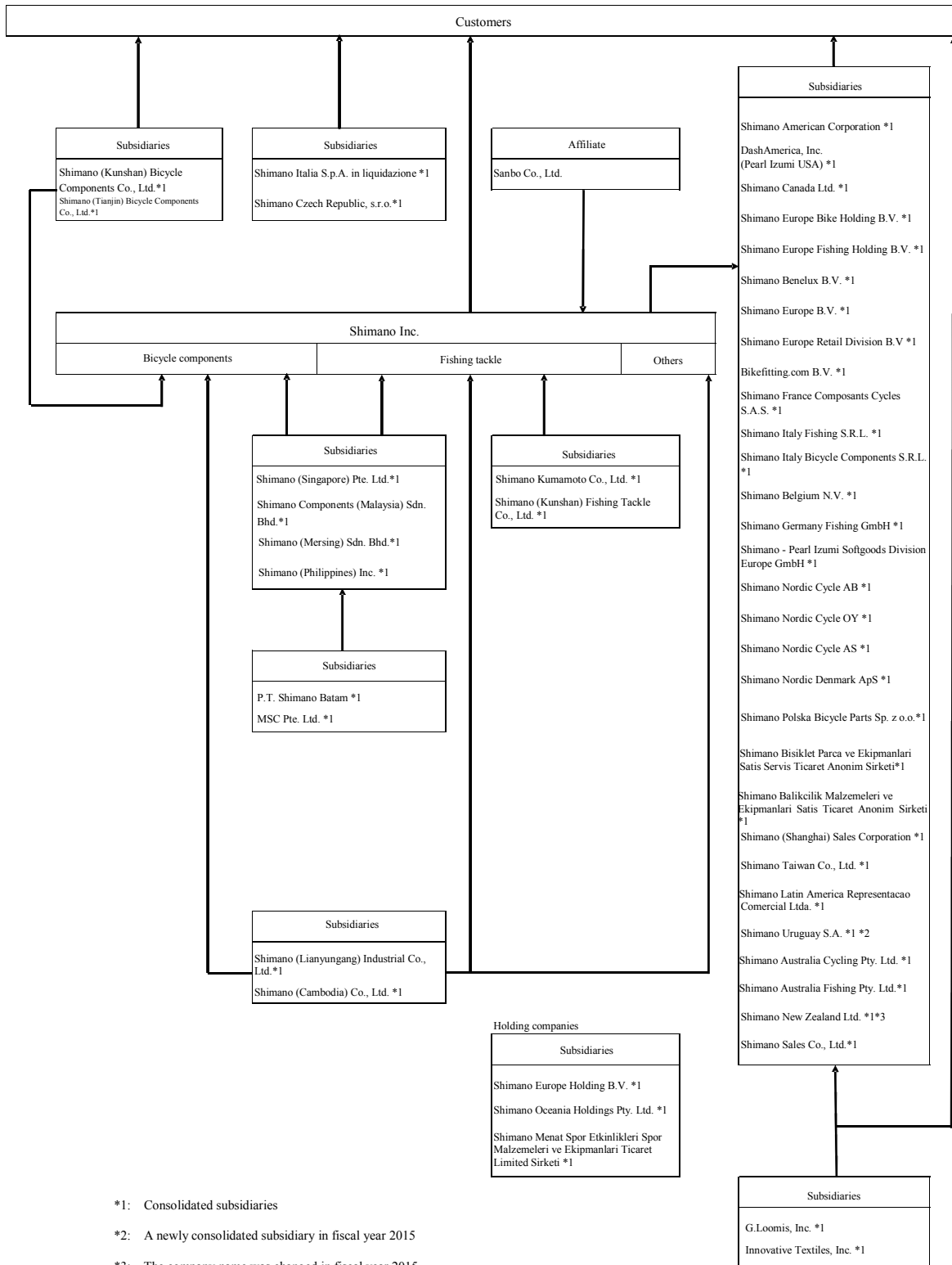
In accordance with the above policy, the Company intends to pay out year-end cash dividends of 77.50 yen per share, which include a special dividend of 71.25 yen, an increase of 25 yen from the amount paid for the previous year. As a result, cash dividends for the full year of fiscal year 2015 will amount to 155 yen per share, an increase of 50 yen from the amount paid for the previous year.

The Company intends to pay out cash dividends of 155 yen per share for fiscal year 2016 (77.50 yen for interim and year-end cash dividend, respectively).

2. Outline of the Group

The Shimano Group consists of Shimano Inc. and 49 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.



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. Basic Approach to the Selection of Accounting Standards

The Shimano Group prepares consolidated financial statements in conformity with the generally accepted accounting principles in Japan (Japanese GAAP), taking into consideration comparability of consolidated financial statements over time and comparability among companies. The Shimano Group will take into consideration the domestic and international situations for appropriate adoption of the IFRS in the future.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2014 As of Dec. 31, 2014	FY2015 As of Dec. 31, 2015
Assets		
Current assets		
Cash and time deposits	157,841	190,210
Notes and accounts receivable-trade	37,272	36,918
Merchandise and finished goods	40,150	33,635
Work in process	22,375	20,065
Raw materials and supplies	5,647	5,916
Deferred income taxes	3,214	3,556
Others	5,069	6,230
Allowance for doubtful accounts	(184)	(247)
Total current assets	271,386	296,287
Fixed assets		
Property, plant and equipment		
Buildings and structures	70,863	72,653
Accumulated depreciation	(29,016)	(28,426)
Accumulated impairment loss	(154)	(145)
Buildings and structures (net)	41,692	44,081
Machinery and vehicles	67,312	68,881
Accumulated depreciation	(48,188)	(45,932)
Accumulated impairment loss	(130)	(124)
Machinery and vehicles (net)	18,994	22,824
Land	13,137	13,409
Leased assets	112	124
Accumulated depreciation	(60)	(67)
Leased assets (net)	51	57
Construction in progress	14,172	15,735
Others	48,467	48,591
Accumulated depreciation	(42,067)	(42,775)
Accumulated impairment loss	(13)	(11)
Others (net)	6,386	5,804
Total property, plant and equipment	94,434	101,913
Intangible assets		
Goodwill	2,963	2,501
Software	2,849	4,865
Others	7,203	5,545
Total intangible assets	13,016	12,913
Investments and other assets		
Investment securities	* 13,485	* 14,058
Deferred income taxes	1,303	903
Others	3,833	3,472
Allowance for doubtful accounts	(492)	(468)
Total investments and other assets	18,129	17,966
Total fixed assets	125,580	132,793
Total assets	396,967	429,080

(Millions of yen)

	FY2014 As of Dec. 31, 2014	FY2015 As of Dec. 31, 2015
Liabilities		
Current liabilities		
Accounts payable-trade	16,545	11,392
Short-term loans payable	9,796	7,954
Income taxes payable	10,995	12,252
Deferred income taxes	292	126
Accrued employee bonuses	1,986	1,873
Accrued officer bonuses	207	216
Provision for loss on factory reconstruction	44	—
Others	17,876	17,083
Total current liabilities	57,745	50,899
Long-term liabilities		
Long-term loans payable	2,670	2,068
Deferred income taxes	1,308	1,333
Net defined benefit liability	3,287	2,737
Others	761	744
Total long-term liabilities	8,027	6,883
Total liabilities	65,772	57,782
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,823	5,823
Retained earnings	246,726	311,244
Treasury stock	(71)	(90)
Total shareholders' equity	288,092	352,591
Accumulated other comprehensive income		
Unrealized gain (loss) on other securities	3,307	3,772
Foreign currency translation adjustments	38,863	14,021
Total accumulated other comprehensive income	42,171	17,793
Minority interests	931	913
Total net assets	331,195	371,298
Total liabilities and net assets	396,967	429,080

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY2014		FY2015	
	Jan. 1, 2014 to Dec. 31, 2014		Jan. 1, 2015 to Dec. 31, 2015	
Net sales		333,168		378,645
Cost of sales	*2	203,825	*2	224,131
Gross profit		129,342		154,514
Selling, general and administrative expenses	*1,*2	63,526	*1,*2	69,461
Operating income		65,816		85,053
Non-operating income				
Interest income		1,054		1,199
Dividend income		764		345
Foreign exchange gains		3,942		14,586
Others		711		768
Total non-operating income		6,472		16,899
Non-operating expenses				
Interest expenses		338		328
Loss on disposal of fixed assets		134		172
Others		796		340
Total non-operating expenses		1,269		841
Ordinary income		71,019		101,110
Extraordinary losses				
Loss on impairment	*3	1,516	*3	362
Loss on factory reconstruction		950		348
Total extraordinary losses		2,466		711
Income before income taxes and minority interests		68,553		100,399
Income taxes-current		17,934		24,343
Income taxes-deferred		(515)		(167)
Total income taxes		17,418		24,176
Income before minority interests		51,134		76,222
Minority interests in net income (loss)		(103)		32
Net income		51,237		76,190

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY2014 Jan. 1, 2014 to Dec. 31, 2014	FY2015 Jan. 1, 2015 to Dec. 31, 2015
Income before minority interests	51,134	76,222
Other comprehensive income		
Unrealized gain (loss) on other securities	226	464
Foreign currency translation adjustments	17,804	(24,889)
Total other comprehensive income	18,031	(24,424)
Comprehensive income	69,165	51,798
(Breakdown)		
Comprehensive income attributable to owners of the parent	69,179	51,812
Comprehensive income attributable to minority interests	(13)	(14)

(3) Consolidated Statements of Shareholders' Equity

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

FY2015 (From January 1, 2015 to December 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	35,613	5,823	246,726	(71)	288,092
Cumulative effects of changes in accounting policies			379		379
Restated balance	35,613	5,823	247,105	(71)	288,471
Changes of items during the year					
Cash dividends paid			(12,051)		(12,051)
Net income			76,190		76,190
Acquisition of treasury stock				(18)	(18)
Net changes of items other than shareholders' equity					
Total changes of items during the year	—	—	64,139	(18)	64,120
Balance at end of year	35,613	5,823	311,244	(90)	352,591

	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	3,307	38,863	42,171	931	331,195
Cumulative effects of changes in accounting policies					379
Restated balance	3,307	38,863	42,171	931	331,574
Changes of items during the year					
Cash dividends paid					(12,051)
Net income					76,190
Acquisition of treasury stock					(18)
Net changes of items other than shareholders' equity	464	(24,842)	(24,377)	(18)	(24,396)
Total changes of items during the year	464	(24,842)	(24,377)	(18)	39,724
Balance at end of year	3,772	14,021	17,793	913	371,298

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2014 Jan. 1, 2014 to Dec. 31, 2014	FY2015 Jan. 1, 2015 to Dec. 31, 2015
Cash flows from operating activities:		
Income before income taxes and minority interests	68,553	100,399
Depreciation and amortization	13,505	15,565
Loss on impairment	1,516	362
Allowance for doubtful accounts	(90)	53
Interest and dividend income	(1,818)	(1,544)
Interest expenses	338	328
Foreign exchange gains	(2,693)	(11,616)
Notes and accounts receivable	(4,899)	(948)
Inventories	(13,767)	4,945
Accounts payable	3,442	(4,176)
Net defined benefit liability	556	76
Provision for loss on factory reconstruction	(552)	(44)
Loss on factory reconstruction	950	348
Loss on sales and disposal of property, plant and equipment	120	151
Others, net	2,336	(1,164)
Subtotal	67,498	102,739
Interest and dividend income received	1,801	1,527
Interest expenses paid	(340)	(333)
Income taxes paid	(13,022)	(22,623)
Net cash provided by operating activities	55,937	81,309
Cash flows from investing activities:		
Purchases of time deposits	(3,550)	(2,131)
Proceeds from maturities of time deposits	1,841	4,286
Acquisition of property, plant and equipment	(28,291)	(26,905)
Proceeds from sales of fixed assets	246	942
Acquisition of intangible assets	(3,120)	(2,276)
Payments for loss on factory reconstruction	(1,162)	(310)
Acquisition of investment securities	(598)	(424)
Short-term loans receivable, net	(89)	21
Payments for acquisition of newly consolidated subsidiaries	(959)	—
Others, net	979	538
Net cash used in investing activities	(34,705)	(26,259)

	(Millions of yen)	
	FY2014 Jan. 1, 2014 to Dec. 31, 2014	FY2015 Jan. 1, 2015 to Dec. 31, 2015
Cash flows from financing activities:		
Short-term loans payable, net	3,008	(1,484)
Proceeds from long-term loans payable	—	2
Repayment of long-term loans payable	(1,353)	(938)
Repayments of finance lease obligations	(13)	(16)
Acquisition of treasury stock	(13)	(18)
Gain on sales of treasury stock	2	—
Cash dividends to shareholders	(8,899)	(12,046)
Proceeds from share issuance to minority shareholders	87	—
Cash dividends to minority shareholders	(57)	(6)
Net cash used in financing activities	(7,239)	(14,508)
Effect of exchange rate changes on cash and cash equivalents	13,074	(5,605)
Net increase (decrease) in cash and cash equivalents	27,066	34,935
Cash and cash equivalents at beginning of year	125,867	152,934
Cash and cash equivalents at end of year	* 152,934	* 187,869

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

During fiscal year 2015, Shimano Uruguay S.A. was included in the scope of consolidation due to establishment and Shimano (Malaysia) Sdn. Bhd. and Shimano Oceania Ltd. were excluded from the scope of consolidation due to liquidation.

Douglas Johnson & Co Limited changed its name to Shimano New Zealand Ltd.

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 27, 2015) 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 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 March 26, 2015). 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 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 fiscal year 2015.

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

(Notes relating to Consolidated Balance Sheets)

* The following pertains to non-consolidated subsidiaries and affiliates

	FY2014 (As of Dec. 31, 2014)	FY2015 (As of Dec. 31, 2015)
Investment securities	1,744 million yen	1,904 million yen

(Notes relating to Consolidated Statements of Income)

*1 Main components of selling, general and administrative expenses

	FY2014 Jan. 1, 2014 to Dec. 31, 2014	FY2015 Jan. 1, 2015 to Dec. 31, 2015
Salaries and wages	15,807 million yen	17,539 million yen
Advertising and sales promotion expenses	8,876 million yen	9,605 million yen

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

	FY2014 Jan. 1, 2014 to Dec. 31, 2014	FY2015 Jan. 1, 2015 to Dec. 31, 2015
	11,970 million yen	11,793 million yen

*3 Loss on impairment

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

The Shimano Group recognized loss on impairment for the following asset.

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

(Background)

As a result of reviewing the profit plan of DashAmerica, Inc. (Pearl Izumi USA), the book value of goodwill was fully impaired because lower cash flow over the expected period was estimated.

(Method of grouping)

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

(Method of calculation of a recoverable amount)

The full amount of an unamortized balance of goodwill was impaired and recognized as loss on impairment.

FY2015 (Jan. 1, 2015 - Dec. 31, 2015)

The Shimano Group recognized loss on impairment for the following assets.

Location	Use	Category	Amount
DashAmerica, Inc. (Pearl Izumi USA)	Bicycle Components	Other intangible assets	242 million yen
Shimano-Pearl Izumi Softgoods Division Europe GmbH	Bicycle Components	Goodwill	120 million yen

(Background)

In view of the fact that sales of DashAmerica, Inc. (Pearl Izumi USA) have been below the initial plan, an impairment test of the other intangible assets, which was recorded upon acquisition of DashAmerica, was conducted. As a result, the book value of the other intangible assets was reduced to the recoverable amount and the excess of the recoverable amount was recorded as loss on impairment.

As a result of reviewing the profit plan of Shimano-Pearl Izumi Softgoods Division Europe GmbH, the book value of goodwill was fully impaired because lower cash flow over the expected period was estimated.

(Method of grouping)

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

(Method of calculation of a recoverable amount)

The recoverable amount of other intangible assets is measured by the value in use, which is the present value of the future cash flow calculated at the discount rate of 13.5%. The full amount of an unamortized balance of goodwill was impaired and recognized as loss on impairment.

(Notes relating to Consolidated Statements of Shareholders' Equity)

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

1. Total number of issued shares

(Thousand shares)

Class of shares	Balance as of January 1, 2014	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 January 1, 2014	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

FY2015 (From Jan. 1, 2015 - Dec. 31, 2015)

1. Total number of issued shares

(Thousand shares)

Class of shares	Balance as of January 1, 2015	Increase	Decrease	Balance as of December 31, 2015
Common stock	92,720	—	—	92,720

2. Treasury stock

(Thousand shares)

Class of shares	Balance as of January 1, 2015	Increase	Decrease	Balance as of December 31, 2015
Common stock	15	1	—	16

(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 26, 2015	Common stock	4,866	52.50	Dec. 31, 2014	Mar. 27, 2015
Meeting of the Board of Directors held on July 28, 2015	Common stock	7,184	77.50	Jun. 30, 2015	Sep. 4, 2015

(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 29, 2016	Common stock	Retained earning	7,184	77.50	Dec. 31, 2015	Mar. 30, 2016

(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

	FY2014 Jan. 1, 2014 to Dec. 31, 2014	FY2015 Jan. 1, 2015 to Dec. 31, 2015
Cash and time deposits	157,841 million yen	190,210 million yen
Time deposits with maturities exceeding three months	(4,907) million yen	(2,340) million yen
Cash and cash equivalents	152,934 million yen	187,869 million yen

(Notes relating to Securities)

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)
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)
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.

FY2015 (As of Dec. 31, 2015)

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)
Stock	10,757	4,733	6,023
Subtotal	10,757	4,733	6,023

(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)
Stock	1,008	1,284	(275)
Subtotal	1,008	1,284	(275)

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

	FY2014 (As of Dec. 31, 2014)	FY2015 (As of Dec. 31, 2015)
(Deferred tax assets)		
Excess of limit of accrued employee bonuses	242 million yen	236 million yen
Enterprise tax payable	497 million yen	562 million yen
Officer retirement benefits	244 million yen	175 million yen
Excess of limit of net defined benefit liability	1,105 million yen	834 million yen
Book in excess of tax depreciation	176 million yen	213 million yen
Unrealized gain of inventories	1,249 million yen	1,363 million yen
Loss on revaluation of other securities	848 million yen	754 million yen
Loss on revaluation of golf memberships	154 million yen	137 million yen
Excess of limit of allowance for doubtful accounts	394 million yen	288 million yen
Provision for loss on factory reconstruction	15 million yen	— million yen
Loss on impairment	234 million yen	200 million yen
Book in excess of tax depreciation for small sum assets	211 million yen	232 million yen
Devaluation loss on inventories	490 million yen	813 million yen
Others	906 million yen	920 million yen
Sub-total deferred tax assets	6,771 million yen	6,733 million yen
Valuation allowance	(150) million yen	(167) million yen
Total deferred tax assets	6,621 million yen	6,566 million yen
(Deferred tax liabilities)		
Undistributed earnings of consolidated subsidiaries	(64) million yen	(85) million yen
Reserve for special depreciation	(1,649) million yen	(1,596) million yen
Unrealized gain on other securities	(1,985) million yen	(1,876) million yen
Others	(5) million yen	(6) million yen
Total deferred tax liabilities	(3,705) million yen	(3,565) million yen
Net deferred tax assets	2,916 million yen	3,000 million yen

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

	FY2014 (As of Dec. 31, 2014)	FY2015 (As of Dec. 31, 2015)
Effective statutory tax rate	38.0 %	36.0 %
(Reconciliation)		
Permanent difference-expenses	1.2 %	0.6 %
Permanent difference-income	(1.7) %	(3.4) %
Tax credit	(1.4) %	(1.0) %
Differences in tax rates for foreign subsidiaries	(10.9) %	(9.0) %
Adjustment of deferred tax assets due to change in effective statutory tax rates	0.1 %	0.4 %
Valuation allowance	0.1 %	0.2 %
Other	0.0 %	0.3 %
Actual effective tax rate	25.4 %	24.1 %

(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 equipment, 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 "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

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

- Notes:
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.

FY2015 (Jan. 1, 2015 - Dec. 31, 2015)

(Millions of yen)

	Reportable Segment				Adjustment	Consolidated Financial Statements
	Bicycle Components	Fishing Tackle	Others	Total		
Net sales						
1)Third parties	314,010	64,245	390	378,645	—	378,645
2)Inter-segment	—	—	—	—	—	—
Total	314,010	64,245	390	378,645	—	378,645
Segment income (loss)	79,816	5,372	(135)	85,053	—	85,053
Segment assets	148,330	32,051	877	181,259	247,821	429,080
Other items						
Depreciation and amortization	13,407	1,856	46	15,310	0	15,310
Amortization of goodwill	118	136	—	255	—	255
Increase in property, plant and equipment and intangible assets	23,956	419	8	24,385	4,796	29,182

- Notes:
1. Segment assets adjustment was 247,821 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.

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

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

(Millions of yen)

	Reportable Segment				Adjustment	Total
	Bicycle Components	Fishing Tackle	Others	Total		
Loss on impairment	1,516	—	—	1,516	—	1,516

FY2015 (Jan. 1, 2015 - Dec. 31, 2015)

(Millions of yen)

	Reportable Segment				Adjustment	Total
	Bicycle Components	Fishing Tackle	Others	Total		
Loss on impairment	362	—	—	362	—	362

[Related information]

Information by geographical area

Net Sales

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.

FY2015 (Jan. 1, 2015 - Dec. 31, 2015)

(Millions of yen)

Japan	North America	Europe	Asia	Other	Total
34,889	41,519	144,664	139,416	18,155	378,645

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

(Per Share Data)

	FY2014 Jan. 1, 2014 to Dec. 31, 2014	FY2015 Jan. 1, 2015 to Dec. 31, 2015
Net assets per share	3,562.54 yen	3,995.37 yen
Net income per share	552.70 yen	821.87 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

	FY2014 Jan. 1, 2014 to Dec. 31, 2014	FY2015 Jan. 1, 2015 to Dec. 31, 2015
Net income (millions of yen)	51,237	76,190
Amount not attributable to common shareholders (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	51,237	76,190
Average number of shares of common stock outstanding (thousand shares)	92,705	92,704

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.

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

	(Millions of yen)	
	FY2014	FY2015
	As of Dec. 31, 2014	As of Dec. 31, 2015
Assets		
Current assets		
Cash and time deposits	17,172	18,327
Notes receivable	966	678
Accounts receivable-trade	26,286	26,828
Finished goods	8,859	7,719
Work in process	11,252	11,160
Raw materials	1,269	1,465
Supplies	292	317
Accounts receivable-other	3,403	3,006
Deferred income taxes	974	1,111
Others	2,154	2,687
Allowance for doubtful accounts	(43)	(118)
Total current assets	72,588	73,184
Fixed assets		
Property, plant and equipment		
Buildings	20,777	21,744
Structures	666	823
Plant and machinery	4,884	6,825
Vehicles	60	68
Tools, equipment and furniture	2,936	2,748
Land	9,817	9,837
Leased assets	27	30
Construction in progress	2,805	9,427
Total property, plant and equipment	41,975	51,506
Intangible assets		
Industrial property	42	34
Software	1,837	3,921
Software in progress	1,902	783
Others	49	47
Total intangible assets	3,831	4,787
Investments and other assets		
Investment securities	10,152	10,481
Subsidiaries' and affiliates' stock	11,900	12,315
Investments in capital	25	24
Long-term loans to subsidiaries and affiliates	3,707	4,778
Long-term prepaid expenses	552	588
Deferred income taxes	1,155	695
Others	1,717	1,418
Allowance for doubtful accounts	(1,025)	(767)
Total investments and other assets	28,185	29,534
Total fixed assets	73,993	85,828
Total assets	146,582	159,013

	(Millions of yen)	
	FY2014	FY2015
	As of Dec. 31, 2014	As of Dec. 31, 2015
Liabilities		
Current liabilities		
Accounts payable-trade	16,559	14,141
Accounts payable-other	5,308	5,902
Income taxes payable	5,170	6,978
Accrued expenses	267	256
Deposit payable	7,016	8,410
Accrued employee bonuses	230	282
Accrued officer bonuses	195	210
Provision for sales returns	49	40
Provision for loss on factory reconstruction	44	—
Others	1,311	377
Total current liabilities	36,152	36,601
Long-term liabilities		
Employee retirement benefits	2,801	2,221
Others	684	682
Total long-term liabilities	3,485	2,903
Total liabilities	39,638	39,504
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus		
Capital reserve	5,822	5,822
Other capital surplus	1	1
Total capital surplus	5,823	5,823
Retained earnings		
Legal reserve	3,194	3,194
Other retained earnings		
Unappropriated retained earnings	58,881	71,023
Total retained earnings	62,075	74,217
Treasury stock	(71)	(90)
Total shareholders' equity	103,441	115,563
Valuation and transaction adjustments		
Unrealized gain (loss) on other securities	3,502	3,944
Total valuation and transaction adjustments	3,502	3,944
Total net assets	106,943	119,508
Total liabilities and net assets	146,582	159,013

(2) Non-consolidated Statements of Income

	(Millions of yen)	
	FY2014 Jan. 1, 2014 to Dec. 31, 2014	FY2015 Jan. 1, 2015 to Dec. 31, 2015
Net sales	253,565	292,477
Cost of sales	200,231	225,256
Gross profit	53,334	67,220
Selling, general and administrative expenses	34,311	37,196
Operating income	19,023	30,024
Non-operating income		
Interest income	378	385
Dividend income	6,844	4,329
Others	2,085	575
Total non-operating income	9,307	5,291
Non-operating expenses		
Interest expenses	107	110
Others	559	682
Total non-operating expenses	667	792
Ordinary income	27,663	34,522
Extraordinary losses		
Loss on factory reconstruction	966	312
Total extraordinary losses	966	312
Income before income taxes	26,697	34,210
Income taxes-current	6,895	10,173
Income taxes-deferred	(34)	222
Total income taxes	6,861	10,396
Net income	19,835	23,813

(3) Non-consolidated Statements of Shareholders' Equity

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

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings Unappropriated retained earnings	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

FY2015 (From January 1, 2015 to December 31, 2015)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings	Total retained earnings
Balance at beginning of year	35,613	5,822	1	5,823	3,194	58,881	
Cumulative effects of changes in accounting policies						379	379
Restated balance	35,613	5,822	1	5,823	3,194	59,260	62,454
Changes of items during the year							
Cash dividends paid						(12,051)	(12,051)
Net income						23,813	23,813
Acquisition of treasury stock							
Net changes of items other than shareholders' equity							
Total changes of items during the year	—	—	—	—	—	11,762	11,762
Balance at end of year	35,613	5,822	1	5,823	3,194	71,023	74,217

	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	(71)	103,441	3,502	3,502	106,943
Cumulative effects of changes in accounting policies		379			379
Restated balance	(71)	103,820	3,502	3,502	107,323
Changes of items during the year					
Cash dividends paid		(12,051)			(12,051)
Net income		23,813			23,813
Acquisition of treasury stock	(18)	(18)			(18)
Net changes of items other than shareholders' equity			441	441	441
Total changes of items during the year	(18)	11,743	441	441	12,185
Balance at end of year	(90)	115,563	3,944	3,944	119,508

(4) Notes relating to Non-consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable.

(Notes relating to Deferred Tax Accounting)

1. Significant components of deferred tax assets and liabilities

	FY2014 (As of Dec. 31, 2014)	FY2015 (As of Dec. 31, 2015)
(Deferred tax assets)		
Excess of limit of accrued employee bonuses	82 million yen	93 million yen
Enterprise tax payable	453 million yen	518 million yen
Officer retirement benefits	197 million yen	175 million yen
Excess of limit of employee retirement benefits	1,008 million yen	710 million yen
Loss on revaluation of other securities	663 million yen	589 million yen
Book in excess of tax depreciation	0 million yen	0 million yen
Loss on revaluation of golf memberships	154 million yen	137 million yen
Excess of limit of allowance for doubtful accounts	381 million yen	275 million yen
Provision for loss on factory reconstruction	15 million yen	— million yen
Loss on impairment	234 million yen	200 million yen
Book in excess of tax depreciation	210 million yen	220 million yen
Devaluation loss on inventories	336 million yen	254 million yen
Others	363 million yen	486 million yen
Total deferred tax assets	4,100 million yen	3,663 million yen
(Deferred tax liabilities)		
Unrealized gain on other securities	(1,970) million yen	(1,856) million yen
Total deferred tax liabilities	(1,970) million yen	(1,856) million yen
Net deferred tax assets	2,129 million yen	1,807 million yen

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

	FY2014 (As of Dec. 31, 2014)	FY2015 (As of Dec. 31, 2015)
Effective statutory tax rate	38.0 %	36.0 %
(Reconciliation)		
Permanent difference-expenses	0.6 %	0.5 %
Permanent difference-income	(9.1) %	(4.2) %
Tax credit	(3.6) %	(2.8) %
Adjustments of previous year	(0.3) %	0.1 %
Adjustment of deferred tax assets due to change in effective statutory tax rates	0.1 %	1.2 %
Others	0.0 %	(0.4) %
Actual effective tax rate	25.7 %	30.4 %

7. Change in Members of the Board

At the meeting of the Board of Directors held on February 9, 2016, the Company made a decision on change in members of the Board as stated below.

This change is scheduled to be approved at the 109th General Meeting of Shareholders to be held on March 29, 2016 and at the meeting of the Board of Directors to be held following the conclusion of the said General Meeting of Shareholders.

1. Director scheduled to retire

Senior Executive Vice President, Chief Technology Officer (Scheduled to be appointed as Senior Adviser)	Etsuyoshi Watarai
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2. Change in a director with a title

Executive Vice President, Head of Fishing Tackle Div. (Currently Senior Vice President, Head of Fishing Tackle Div.)	Taizo Shimano
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3. Change in a director with a title

Executive Vice President, Human Resources and Corporate Communications (Currently Senior Vice President, Human Resources and Corporate Communications)	Masahiro Tsuzaki
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4. Change in a director with a title

Executive Vice President, Supervising BC R&D, BC Planning, System Manufacturing and Vice President of System R&D (Currently Senior Vice President, Supervising System Manufacturing and Vice President of System R&D)	Takashi Toyoshima
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