

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.



Summary of Consolidated Financial Results for the First Quarter of FY2010 (Unaudited)
(January 1, 2010 - March 31, 2010)

April 26, 2010

Company Name: Shimano Inc. Stock Exchange: Tokyo and Osaka, First Section
Code Number: 7309 URL: <http://www.shimano.com>
President: Yozo Shimano
Senior Vice President, Accounting: Yoshihiro Hirata Telephone: +81-72-223-3254
Date of submission of quarterly report to Ministry of Finance: May 13, 2010
Scheduled payment date for dividends: -

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the First Quarter of FY2010 (January 1, 2010- March 31, 2010)

(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 FY2010	50,226	11.4	7,246	40.8	6,734	5.4	5,072	7.8
First Quarter of FY2009	45,092	-	5,148	-	7,116	-	5,504	-

	Net income per share (Basic)		Net income per share (Diluted)	
	Yen		Yen	
First Quarter of FY2010	53.54		-	
First Quarter of FY2009	57.40		-	

(2) Consolidated balance sheet information

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Quarter of FY2010	193,785	167,995	86.4	1,773.48
FY2009	190,830	166,548	87.0	1,748.96

(Reference) Shareholders' equity First Quarter of FY2010: 167,423 million yen FY2009: 165,983 million yen

2. Dividend information

Record Date	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2009	-	30.50	-	30.50	61.00
FY2010	-	-	-	-	-
FY2010 (Forecast)	-	30.50	-	30.50	61.00

(Note) Change in forecasted dividend during this quarter: None

3. Forecasted consolidated financial performance for FY2010 (January 1, 2010 - December 31, 2010)

(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 FY2010	101,500	12.7	14,000	62.4	13,000	42.9	9,000	37.1	95.34
FY2010	205,000	9.8	30,000	46.1	30,000	49.0	20,000	109.3	211.86

(Note) Change in forecasted consolidated financial performance during this quarter: Yes

4 . Other

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in scope of consolidation): None
- (2) Application of simplified accounting methods and accounting treatment specific to preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to 4. "Other" in "Qualitative Information and Financial Statements" on page 4.
- (3) Changes in accounting principles, procedures and method of presentation, etc., of quarterly consolidated financial statements
Changes in accordance with revision of accounting standards: None
Changes other than above: Yes
(Note) For details, please refer to 4. "Other" in "Qualitative Information and Financial Statements" on page 4.
- (4) Number of shares of common stock issued
Number of shares of common stock issued at the end of the period (including treasury stock):
As of March 31, 2010 94,910,000 shares
As of December 31, 2009 94,910,000 shares
Number of shares of treasury stock issued at the end of the period:
As of March 31, 2010 506,405 shares
As of December 31, 2009 5,838 shares
Average number of shares during the period (cumulative from the beginning of the fiscal year):
First quarter of the year ending December 31, 2010 94,737,199 shares
First quarter of the year ended December 31, 2009 95,905,378 shares

Notes) Explanation regarding the appropriate use of financial forecasts and special items
The forecasted consolidated financial performance information is based on information available at the time and assumptions of uncertain factors affecting future performance. Accordingly, it is understood that actual performance may differ due to changes in internal and external conditions.

Qualitative Information and Financial Statements

1. Consolidated Results of Operations

During the first quarter of the fiscal year ending December 31, 2010, the tempo of economic activity in the United States and other developed countries began to pick up, albeit at a moderate pace. Leading economies in Asia showed renewed strength as the impact of the global recession receded, with accelerating growth of China's economy pointing the way forward. In Japan, despite a persisting weak labor market and lackluster personal consumption, a recovery of corporate earnings began to take hold.

In these circumstances, inspired by its mission—"To create new value and promote health and happiness through the enjoyment of nature and the world around us"—Shimano Group strove to vitalize the market by tempting consumers with a stream of captivating products.

As a result, for the first quarter of fiscal year 2010, consolidated net sales increased 11.4% from the same period of the previous year to 50,226 million yen, consolidated operating income increased 40.8% to 7,246 million yen, ordinary income decreased 5.4% to 6,734 million yen and net income decreased 7.8% to 5,072 million yen.

Business Segment Overview

Bicycle Components

Bicycle inventory adjustment worldwide, which lasted throughout virtually the entire previous year, ran its course and distribution inventories approached normal levels.

Although retail sales in January and February were sluggish because of unusually harsh winter weather in the northern hemisphere, sales recovered from March onward.

Moreover, interest in cycling remains as high as ever worldwide. As a result of brisk shipments of bicycles in readiness for sales at retailers, which generally take off from March onward, sales in the first quarter exceeded the figure for the same period of the previous year, as planned.

As a result, sales from this segment increased 13.0% from the same period of the previous year to 39,923 million yen and operating income increased 35.0% to 6,983 million yen.

Fishing Tackle

In the Japanese market, eagerly awaited 2010 models in the STELLA flagship spinning reel series equipped with the innovative X-SHIP gear system debuted successfully. Reflecting this positive reception in the market, sales of spinning reels as a whole greatly exceeded the figure for the same period of the previous year. Sales of rods also increased, including those of both existing and new products, with particularly brisk demand for rods for salt-water angling.

In North America, although consumer sentiment remains rather weak, demand is recovering centering on specialist retailers. Therefore, total sales in overseas markets exceeded the figure for the same period of the previous year despite a delay in recovery in Europe.

As a result, sales from this segment increased 5.6% from the same period of the previous year to 10,038 million yen and operating income increased 220.7% to 325 million yen.

Others

Sales from other businesses decreased 0.9% from the same period of the previous year to 264 million yen, and operating loss of 62 million yen was recorded, following operating loss of 126 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 quarter of fiscal year 2010 amounted to 193,785 million yen (an increase of 2,954 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 1,875 million yen in cash and time deposits and an increase of 854 million yen in investment securities.

(Total liabilities)

Total liabilities as of the end of the first quarter of fiscal year 2010 amounted to 25,789 million yen (an increase of 1,507 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 1,096 million yen in accounts payable-trade and an increase of 531 million yen in income taxes payable.

(Net assets)

Net assets as of the end of the first quarter of fiscal year 2010 amounted to 167,995 million yen (an increase of 1,447 million yen compared with the figure as of the previous fiscal year-end). This increase was primarily due to an increase of 2,178 million yen in retained earnings, an increase of 656 million yen in foreign currency translation adjustments, an increase of 610 million yen in unrealized gain (loss) on other securities and a decrease of 2,004 million yen in treasury stock.

(2) Cash Flows

As of the end of the first quarter of fiscal year 2010, cash and cash equivalents amounted to 54,502 million yen, an increase of 443 million yen compared with the figures as of the previous fiscal year-end.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 8,540 million yen compared with 11,257 million yen for the same period of the previous year. Cash was primarily provided by income before income taxes of 6,734 million yen and depreciation and amortization amounting to 2,290 million yen.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to 3,208 million yen compared with 4,815 million yen for the same period of the previous year. The main items included purchases of time deposits amounting to 2,511 million yen and acquisition of property, plant and equipment amounting to 2,087 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to 5,354 million yen compared with 2,597 million yen for the same period of the previous year. The main items were cash dividends paid to shareholders of 2,896 million yen and acquisition of treasury stock amounting to 2,005 million yen.

3. Forecast for the Fiscal Year Ending December 2010

Amid clear indications that a broadly based recovery of the world economy is underway, concerns about further deterioration have receded.

However, as the economic recovery of the developed countries has yet to move into high gear, the situation is expected to remain unpredictable.

In this economic environment, Shimano Group, while continuing to lead the creation of new cycling culture and sport fishing culture, is working to restore financial performance on the firm foundation of improved operational efficiency.

We request your continuing support in our endeavors.

The Company has revised the forecast of consolidated financial performance for the first half of the fiscal year ending December 31, 2010, which was announced on February 9, 2010, at the time of the announcement of the financial results for fiscal year 2009. The revised forecast is as follows: net sales of 101,500 million yen, operating income of 14,000 million yen, ordinary income of 13,000 million yen and net income of 9,000 million yen.

However, the forecast of consolidated financial performance for the full year of fiscal year 2010 is unchanged from the previous forecast because the economic outlook remains unclear.

4. Other

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

(2) Application of simplified accounting methods and accounting treatment specific to preparation of quarterly consolidated financial statements

Simplified accounting method

Method of valuation of inventories

For the computation of inventories as of the end of the first quarter of fiscal year 2010, the physical inventory count was omitted and instead a rational computation method based on the physical inventory count at the previous fiscal year-end was utilized.

Regarding write-down of inventories, the carrying value of inventories is reduced to the estimated net selling value only for inventories with clearly decreased profitability.

Method of calculation of depreciation of fixed assets

Depreciation expenses for assets that are depreciated using the declining balance method are calculated by dividing the annual depreciation expenses on a pro rata basis.

Method of calculation of income taxes and deferred tax assets and liabilities

Income taxes payable are calculated by limiting inclusion of additions and subtractions, and tax deductible items to significant items.

The recoverability of deferred tax assets is assessed based on projections of future performance and tax planning used for the previous fiscal year, when it is deemed that there has been no significant change in the business environment or in the status of temporary differences since the end of the previous fiscal year.

On the other hand, when there is a significant change in the business environment or in the status of temporary differences since the end of the previous fiscal year, the recoverability of deferred tax assets is assessed based on projections of future performance and tax planning used for the previous fiscal year in conjunction with the effect of such significant change.

- (3) Changes in accounting principles, procedures and method of presentation, etc. of quarterly consolidated financial statements

Accounting policies for provision for sales returns

Effective from the first quarter of fiscal year 2010, the Company has adopted a new accounting method of provision for sales returns. An estimated amount computed based on historical results is recorded in order to prepare for losses on sales returns. Previously, losses on sales returns were deducted from net sales in the period in which sales returns occurred. However, the Company changed the accounting method to achieve more appropriate periodic profit and loss accounting. Effective from the first quarter of fiscal year 2010, the estimated amount of future losses on sales returns based on the historical sales return rate is recorded as provision for sales returns. This change has no impact on gross profit, operating income, ordinary income or quarterly income before income taxes and minority interest.

- (4) Significant events concerning assumption of going concern

Not applicable

5. Consolidated Financial Statements
 (1) Consolidated Balance Sheets

	(Millions of yen)	
	First Quarter of FY2010	FY2009
	As of Mar. 31, 2010	As of Dec. 31, 2009
Assets		
Current assets		
Cash and time deposits	62,708	60,833
Notes and accounts receivable-trade	24,363	23,666
Merchandise and finished goods	17,754	17,528
Work in process	12,542	12,624
Raw materials and supplies	3,968	4,183
Deferred income taxes	1,617	1,517
Others	3,994	3,914
Allowance for doubtful accounts	(348)	(348)
Total current assets	126,600	123,919
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	16,079	16,404
Machinery and vehicles (net)	10,953	11,214
Land	11,653	11,657
Leased assets (net)	98	77
Construction in progress	2,084	1,536
Others (net)	3,742	3,512
Total property, plant and equipment	44,612	44,402
Intangible assets		
Goodwill	3,895	3,882
Software	3,669	3,937
Software in progress	46	29
Others	3,173	3,119
Total intangible assets	10,785	10,969
Investments and other assets		
Investment securities	9,621	8,767
Deferred income taxes	559	990
Others	2,412	2,538
Allowance for doubtful accounts	(808)	(758)
Total investments and other assets	11,786	11,538
Total fixed assets	67,184	66,910
Total assets	193,785	190,830

	(Millions of yen)	
	First Quarter of FY2010	FY2009
	As of Mar. 31, 2010	As of Dec. 31, 2009
Liabilities		
Current liabilities		
Accounts payable-trade	8,473	7,377
Short-term loans payable	1,062	1,485
Income taxes payable	2,181	1,650
Deferred income taxes	564	615
Accrued employee bonuses	1,431	1,084
Accrued officer bonuses	38	132
Others	8,366	8,136
Total current liabilities	22,118	20,483
Long-term liabilities		
Long-term loans payable	269	270
Deferred income taxes	943	913
Employee retirement benefits	1,278	1,276
Officer retirement benefits	913	1,226
Others	267	112
Total long-term liabilities	3,671	3,798
Total liabilities	25,789	24,282
Net assets		
Shareholders' equity		
Common stock	35,613	35,613
Capital surplus	5,822	5,822
Retained earnings	138,920	136,742
Treasury stock	(2,023)	(18)
Total shareholders' equity	178,332	178,159
Valuation and translation adjustments		
Unrealized gain (loss) on other securities	1,107	497
Foreign currency translation adjustments	(12,017)	(12,673)
Total valuation and translation adjustments	(10,909)	(12,176)
Minority interests	572	564
Total net assets	167,995	166,548
Total liabilities and net assets	193,785	190,830

(2) Consolidated Statements of Income

	(Millions of yen)	
	First Quarter of FY2009 Jan. 1, 2009 to Mar. 31, 2009	First Quarter of FY2010 Jan. 1, 2010 to Mar. 31, 2010
Net sales	45,092	50,226
Cost of sales	29,530	32,157
Gross profit	15,561	18,068
Selling, general and administrative expenses	10,412	10,821
Operating income	5,148	7,246
Non-operating income		
Interest income	158	120
Dividend income	5	3
Foreign exchange gains	2,013	-
Others	97	71
Total non-operating income	2,274	195
Non-operating expenses		
Interest expenses	79	69
Foreign exchange losses	-	447
Others	227	191
Total non-operating expenses	307	708
Ordinary income	7,116	6,734
Income before income taxes and minority interest	7,116	6,734
Income taxes - current	2,085	1,739
Income taxes - deferred	(481)	(86)
Total income taxes	1,603	1,652
Minority interests in net income	7	9
Net income	5,504	5,072

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	First Quarter of FY2009	First Quarter of FY2010
	Jan. 1, 2009 to Mar. 31, 2009	Jan. 1, 2010 to Mar. 31, 2010
Cash flows from operating activities:		
Income before income taxes and minority interests	7,116	6,734
Depreciation and amortization	2,265	2,290
Interest and dividend income	(163)	(124)
Interest expenses	79	69
Notes and accounts receivable-trade	6,350	(752)
Inventories	1,516	158
Accounts payable-trade	(3,285)	1,048
Loss on sales/disposal of fixed assets	21	3
Accrued bonuses to employees	(290)	(301)
Others, net	(335)	621
Subtotal	13,274	9,747
Interest and dividend income received	142	96
Interest expenses paid	(188)	(69)
Income taxes paid	(1,970)	(1,234)
Net cash provided by operating activities	11,257	8,540
Cash flows from investing activities:		
Purchases of time deposits	(254)	(2,511)
Proceeds from maturities of time deposits	254	1,274
Acquisition of property, plant and equipment	(2,543)	(2,087)
Acquisition of intangible assets	(161)	(205)
Acquisition of investment securities	(2,161)	(46)
Others, net	50	367
Net cash used in investing activities	(4,815)	(3,208)
Cash flows from financing activities:		
Increase in short-term loans payable	846	(262)
Repayments of long-term loan payable	(513)	(178)
Repayments of lease obligation	-	(8)
Acquisition of treasury stock	(1)	(2,005)
Cash dividends paid to shareholders	(2,921)	(2,896)
Cash dividends paid to minority shareholders	(3)	(3)
Others, net	(4)	0
Net cash used in financing activities	(2,597)	(5,354)
Effect of exchange rate changes on cash and cash equivalents	(156)	466
Net increase (decrease) in cash and cash equivalents	3,688	443
Cash and cash equivalents at beginning of the period	38,509	54,058
Cash and cash equivalents at end of the period	42,197	54,502

(4) Note concerning assumption of going concern
Not applicable.

(5) Segment Information

【Business segment information】

First Quarter of FY2009 (Jan. 1, 2009 - Mar. 31, 2009)

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
Net sales						
(1) Third parties	35,316	9,509	266	45,092	-	45,092
(2) Inter-segment	-	-	-	-	-	-
Total	35,316	9,509	266	45,092	-	45,092
Operating income (loss)	5,173	101	(126)	5,148	-	5,148

First Quarter of FY2010 (Jan. 1, 2010 - Mar. 31, 2010)

(Millions of yen)

	Bicycle Components	Fishing Tackle	Others	Total	Corporate/ Elimination	Consolidated
Net sales						
(1) Third parties	39,923	10,038	264	50,226	-	50,226
(2) Inter-segment	-	-	-	-	-	-
Total	39,923	10,038	264	50,226	-	50,226
Operating income (loss)	6,983	325	(62)	7,246	-	7,246

Notes: 1. Business segments are determined in light of the intended use of the Company's product lines.

2. Representative products of each business segment:

Bicycle components - Freewheels, front gears, derailleurs, brakes, etc.

Fishing tackle - Reels, rods, etc.

Others - Cold forged products, etc.

【Geographical segment information】

First Quarter of FY2009 (Jan. 1, 2009 - Mar. 31, 2009)

(Millions of yen)

	Japan	North America	Europe	Asia	Others	Total	Corporate/ Elimination	Consolidated
Net sales								
(1) Third parties	30,714	4,466	5,063	4,005	841	45,092	-	45,092
(2) Inter-segment	4,869	108	828	14,223	0	20,031	(20,031)	-
Total	35,584	4,574	5,891	18,229	842	65,123	(20,031)	45,092
Operating income (loss)	1,873	(0)	701	2,503	70	5,148	-	5,148

First Quarter of FY2010 (Jan. 1, 2010 - Mar. 31, 2010)

(Millions of yen)

	Japan	North America	Europe	Asia	Others	Total	Corporate/ Elimination	Consolidated
Net sales								
(1) Third parties	33,035	5,449	5,533	5,168	1,039	50,226	-	50,226
(2) Inter-segment	5,916	356	875	16,080	0	23,230	(23,230)	-
Total	38,951	5,806	6,409	21,249	1,040	73,456	(23,230)	50,226
Operating income	2,388	318	564	3,851	122	7,246	-	7,246

Notes: 1. Countries and regions are classified according to geographical proximity.

2. Countries and regions outside Japan are classified into the following geographical areas:

North America - U.S.A. and Canada

Europe - Netherlands, Germany, United Kingdom, Italy, Belgium, France,

Sweden, Norway, Finland, Czech Republic, and Poland

Asia - Singapore, Malaysia, Taiwan, China, and Indonesia

Others - Australia

(6) Significant fluctuation in the amount of shareholder's equity

Not applicable