

Aug 7, 2013

Operating Results and Financial Position For Three Months ended June 30 , 2013

1. Operating Results

(1)Consolidated Overview

In the three months ended June 30, 2013, the Japanese economy recovered slowly due to yen depreciation, a rise in stock prices, and effects of government economic and financial policies. Overseas, the pace of economic growth in China has slowed and the economy is weakening in Europe due to the negative influence of some countries' debt problems and fiscal austerity. In the U.S., the economy has gradually recovered.

In the midst of such circumstances, the Shimadzu Group has been actively implementing growth measures in accordance with our medium-term management plan, such as introducing globally strategic products, strengthening the aftermarket business, and promoting local R&D and local production overseas. Moreover, we have been promoting the development of applications and strengthening customer support functions. We significantly expanded the demonstration laboratory for analytical and measuring instruments in Europe just like we did in China. In addition, we focused efforts on ensuring business results by expanding sales of new competitive products tailored to customer needs and other measures.

As a result, for the first quarter, net sales were 62,582 million yen (year-on-year increase of 14.6%), operating income was 1,191 million yen, ordinary income was 1,563 million yen, and consolidated net income was 2,631 million yen.

Consolidated net income increased from last same period due to adding up refund of income taxes for past fiscal years 1,317 million yen.

This refund of income taxes for past fiscal years is refunded by Japan and Singapore authorities to Shimadzu Corporation with modification measure regarding transfer pricing taxation.

I. Analytical & Measuring Instruments

In Japan, overall sales increased because sales were strong in the pharmaceutical, machinery, and transportation equipment fields as part of the Japanese economy's trend of recovery. Especially, sales of mass spectrometers, for which we have been trying to strengthen our product line and applications, significantly increased. Sales in the governmental and academia markets increased due to supplementary budget appropriations.

Overseas, overall sales significantly increased, with strong sales in North America, China, and other regions and yen depreciation. In North America, sales of our strongest product lines liquid chromatographs and mass spectrometers, especially high-end products, increased in fields such as healthcare and laboratory testing organizations. In Europe, sales increased in spite of severe market conditions, due to strong sales of

liquid chromatographs and other products. In China, the influence from deteriorating relations between China and Japan decreased and sales of chromatographs and spectrophotometers increased in the food safety and other fields.

As a result, sales from the Analytical & Measuring Instruments business increased to 36,851 million yen (a year-on-year increase of 22.1%).

II. Medical Systems

In Japan, sales increased due to strong sales of new X-ray fluoroscopy systems that can be used for examinations in gastrointestinal, urology, orthopedics, and other departments.

Overseas, sales of X-ray fluoroscopy systems increased in North America. In Europe, sales increased due to large-scale orders and other factors. In China, sales of X-ray fluoroscopy systems and general radiography systems increased.

As a result, sales from the Medical Systems business increased to 13,107 million yen (a year-on-year increase of 21.6%).

III. Aircraft Equipment

In Japan, sales were weak. The fact Shimadzu was suspended from participating in contracts with Japan's Ministry of Defense especially affected sales from repairs.

Overseas, sales increased due to strong sales of passenger aircraft equipment delivered to Boeing.

As a result, sales from the Aircraft Equipment business decreased to 4,519 million yen (a year-on-year decrease of 7.5%).

IV. Industrial Machinery

Sales of turbomolecular pumps increased due to strong sales for glass coaters. Sales of solar cell anti-reflective coating systems were weak. Sales of glass winders increased because sales were strong in China. Hydraulic equipment sales increased due to strong sales in North America and China where sales have been promoted.

As a result, sales from the Industrial Machinery business increased to 6,563 million yen (a year-on-year increase of 8.6%).

V. Other

Quarterly net sales for other business segments decreased to 1,539 million yen (a year-on-year decrease of 43.1%).

2.Consolidated Outlook

In terms of the outlook for the future, the European economy is considered to remain stagnant and the pace of economic growth of China is estimated to slow down. However, we expect a gradual economic recovery to continue in the U.S. In Japan, we expect the economy to move toward recovery, as the exchange rate continues to improve and we benefit from recent economic and financial policies.

Given such business conditions, the Shimadzu Group intends to recover profitability by actively expanding sales of new competitive products tailored to customer needs and strengthening our aftermarket businesses. In addition, we will strive to achieve strong growth by actively implementing measures globally according to our medium-term management plan. In addition, we will actively explore new business fields. In the Analytical and Measuring Instruments business, we will market our mass spectrometers, which are already popular in a wide variety of fields, in new fields, such as clinical applications. In the Medical Systems business, we will actively increase our business opportunities in fields from diagnostics to treatment, for example by marketing a new tumor-tracking system that will increase the precision of radiation technology for treating cancer.

<Consolidated outlook of this fiscal year>

(In million yen)

	1 st Half outlook			Year outlook		
	New announcement	Increase or decrease, YoY	Last announcement	New announcement	Increase or decrease, YoY	Last announcement
Net Sales	138,000	10.8%	132,000	293,000	11.0%	287,000
Operating income	7,500	61.0%	6,500	21,000	73.3%	20,000
Ordinary income	7,500	78.9%	6,000	20,500	52.2%	19,000
Net income	6,000	131.0%	5,000	14,500	91.3%	13,500

On January 25, 2013, it was discovered that Shimadzu overcharged the Japanese Ministry of Defense by reporting more-than-actual labor hours. Consequently, Shimadzu has been suspended from participating in contracts with the Ministry of Defense. It is still uncertain what effects making repayments will have on Shimadzu's business performance. Therefore, the currently reported business outlook does not reflect any such effects. Should the need for repayments arise in the future, they may have a serious effect on the business performance on the Shimadzu Group.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of June 30, 2013	(In million yen) As of March 31, 2013
Assets		
Current assets		
Cash and time deposits	32,725	35,140
Trade notes and accounts receivable	81,962	88,781
Securities	20	
Merchandise and products	38,550	35,201
Work in process	20,662	18,527
Raw materials and supplies	18,153	15,879
Deferred tax assets	7,154	6,535
Other	5,938	4,997
Allowance for doubtful receivables	(791)	(986)
Total current assets	204,375	204,076
Noncurrent assets		
Property, plant and equipment:		
Buildings and structures	72,908	71,962
Accumulated depreciation	(38,785)	(37,859)
Buildings and structures, net	34,122	34,102
Machinery, equipment and vehicles	19,154	18,534
Accumulated depreciation	(14,635)	(14,228)
Machinery, equipment and vehicles, net	4,519	4,305
Land	18,579	18,532
Leased assets	3,707	3,589
Accumulated depreciation	(1,651)	(1,624)
Leased assets, net	2,055	1,964
Construction in progress	1,515	789
Other	29,165	28,505
Accumulated depreciation	(22,428)	(22,034)
Other, net	6,736	6,471
Net property, plant and equipment	67,529	66,166
Intangible fixed assets	6,650	6,629
Investments and other assets:		
Investment securities	12,352	11,948
Long-term receivables	374	378
Deferred tax assets	10,890	7,776
Other	3,622	3,650
Allowance for doubtful receivables	(310)	(366)
Total investments and other assets	26,930	23,387
Total noncurrent assets	101,109	96,183
Total assets	305,485	300,259

	As of June 30, 2013	(In million yen) As of March 31, 2013
Liabilities		
Current liabilities		
Trade notes and accounts payable	45,025	48,651
Short-term loans	26,195	18,876
Commercial papers	4,000	
Lease obligations	728	712
Accounts payable	9,211	9,025
Income taxes payable, other	270	1,524
Allowance for employees' bonuses	2,223	5,531
Allowance for director's bonuses	86	188
Other	12,925	9,614
Total current liabilities	100,667	94,124
Long-term liabilities		
Long-term debt	1,458	11,632
Lease obligations	1,465	1,392
Liability for employees' retirement benefits		13,916
Liability for directors' retirement benefits	205	277
Liabilities for retirement benefits	23,766	
Other	5,494	5,487
Total long-term liabilities	32,391	32,706
Total liabilities	133,059	126,830
Net assets		
Shareholders' capital		
Common stock	26,648	26,648
Additional paid-in capital	35,188	35,188
Retained earnings	113,601	117,053
Treasury stock	(720)	(715)
Total shareholders' capital	174,717	178,174
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,763	3,544
Foreign currency translation adjustments	(2,996)	(8,420)
Cumulative adjustments to retirement benefits	(3,210)	
Total valuation and translation adjustments	(2,443)	(4,876)
Minority interests	152	131
Total net assets	172,426	173,429
Total liabilities and net assets	305,485	300,259

(2) Consolidated Statements of Operations

(In million yen)

	Year ended June 30, 2013	Year ended June 30, 2012
Net sales	62,582	54,599
Cost of sales	39,272	34,950
Gross profit	23,310	19,649
Selling, general and administrative expenses	22,118	20,042
Operating income (loss)	1,191	(393)
Other income:		
Interest income	35	38
Dividend income	110	90
Insurance payments received	39	71
Rent received	26	26
Foreign exchange profit	205	
Other	335	241
Total other income	752	462
Other expenses:		
Interest expense	82	97
Foreign exchange loss, net		338
Other	297	152
Total other expenses	380	588
Ordinary income (loss)	1,563	(512)
Extraordinary income:		
Gain on sale of property, plant and equipment	2	3
Total extraordinary income	2	3
Extraordinary losses:		
Loss on disposal of property, plant and equipment	4	9
Loss on write-down of investment securities		61
Total extraordinary losses	4	70
Income before income taxes and minority interests (loss)	1,561	(579)
Income taxes	163	391
Refund of income taxes for past fiscal years	(1,317)	
Income taxes adjustments	72	(736)
Total income taxes and income taxes adjustments	(1,082)	(344)
Net income before minority interests (loss)	2,643	(235)
Minority interests in net income	12	1
Net income (loss)	2,631	(237)

(3) Consolidated Statements of Comprehensive Income

	(In million yen)	
	Year ended June 30, 2013	Year ended June 30, 2012
Net income before minority interest	2,643	(235)
Other Comprehensive income:		
Unrealized gain or loss on available-for-sale securities	219	(517)
Foreign currency translation adjustments	5,429	2,053
Adjustments to retirement benefits	(3,210)	
Total other comprehensive income	<u>2,438</u>	<u>1,536</u>
Comprehensive income	<u>5,082</u>	<u>1,300</u>
Total comprehensive income attribute to:		
Owners of the parent	5,064	1,290
Minority interests	17	10

(4) Notes on Going Concern

I. Significant Changes of Subsidiaries in this 1st quarter period

Not applicable

II. Adopting particular accounting process at this 1st quarter financial statement

Not applicable

III. Changes of the accounting policy

Since Japan's "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25) can now be applied to consolidated financial results after April 1, 2013, these have been applied as accounting standards for this first quarter consolidated accounting period.

As a result, the accumulated other comprehensive income decreased by 3,312 million yen and retained earnings decreased by 3,283 million yen at the beginning of the first quarter consolidated accounting period. In addition, operating income, ordinary income, and quarterly net income before taxes all increased by 53 million yen.

(5) Segment Information

I. Sales and income (loss) by reportable segment

Fiscal year ended March 31, 2013 (1 April, 2013 – 30 June, 2013)

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of operations
	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment	Industrial Machinery	Total				
I. Sales									
(1) Sales to customers	36,851	13,107	4,519	6,563	61,042	1,539	62,582		62,582
(2) Inter-segment sales	17		14	6	38	295	334	(334)	
Total	36,868	13,108	4,534	6,569	61,081	1,835	62,916	(334)	62,582
Segment income (loss)	1,903	164	(1,093)	454	1,429	344	1,773	(581)	1,191

Fiscal year ended March 31, 2012 (1 April, 2012 – 30 June, 2012)

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of operations
	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment	Industrial Machinery	Total				
I. Sales									
(1) Sales to customers	30,181	10,780	4,885	6,043	51,890	2,708	54,599		54,599
(2) Inter-segment sales	12		21	5	39	268	307	(307)	
Total	30,193	10,780	4,906	6,049	51,929	2,977	54,907	(307)	54,599
Segment income (loss)	431	(493)	(339)	261	(139)	378	238	(632)	(393)

II. For reference

Sales by geographic segment

Fiscal year ended March 31, 2013 (1 April, 2013– 30 June, 2013)

(In million yen)

Japan	The Americas	Europe	China	Other Asia	Other	Total
28,800	8,705	5,506	11,922	5,023	2,622	62,582

Fiscal year ended March 31, 2012 (1 April, 2012– 30 June, 2012)

(In million yen)

Japan	The Americas	Europe	China	Other Asia	Other	Total
30,574	5,855	3,779	8,214	4,504	1,672	54,599

(6) Notes on Significant Changes in Shareholders' Capital

Not applicable