

November 6, 2015

Operating Results and Financial Position **《For The Six Months ended September 30, 2015》**

1. Operating Results

(1) Consolidated Overview

In the six months ended September 30, 2015, the U.S. economy continued to grow at a stable rate, while the European economy demonstrated a moderate recovery. While China's pace of growth remained moderate and the expansion of Southeast Asian economies began to slow, India's economy showed signs of recovery. The Japanese economy, meanwhile, continued to demonstrate a moderate recovery, as corporate earnings and employment conditions improved with the support of government economic and financial policies.

In this economic environment, the Shimadzu Group actively promoted growth-oriented measures in accordance with its medium-term management plan. These measures included launching global "Number One/Only One" products, expanding collaborative R&D with leading-edge research institutes, universities, and companies, strengthening our business base in emerging markets, bolstering the aftermarket business, and launching new businesses.

As a result, for the first half of the fiscal year, the Shimadzu Group posted consolidated net sales of 160,412 million yen (a year-on-year increase of 13.2%), operating income of 14,457 million yen (a year-on-year increase of 43.9%), ordinary income of 14,901 million yen (a year-on-year increase of 46.7%), and net income attributable to parent company shareholders of 10,297 million yen (a year-on-year increase of 59.9%).

The results for reportable business segments were as follows.

I. Analytical & Measuring Instruments

In Japan, sales of liquid chromatographs, testing machines, mass spectrometers, and gas chromatographs increased owing to higher private-sector demand in the chemical, pharmaceutical, and steel industries, along with an expansion in public-sector demand for equipment used in water quality analysis.

Overseas, sales of liquid chromatographs and mass spectrometers grew in North America on a rebound in demand in the healthcare industry, in particular pharmaceuticals and pain management. In Europe, although the Russian market continued to slump, sales for the region rose steadily on higher demand for liquid chromatographs in the pharmaceutical and chemical industries in Western Europe.

In China, sales of liquid chromatographs, mass spectrometers, and gas chromatographs grew on public-sector demand and private-sector demand in the pharmaceutical, contract analysis, and petro- and coal-chemical industries. In Southeast Asia and India, demand for liquid chromatographs in the pharmaceuticals industry increased.

As a result, the Analytical & Measuring Instruments segment posted sales of 97,554 million yen (a year-on-year increase of 13.9%) in the first half of the fiscal year.

II. Medical Systems

In Japan, sales of X-ray fluoroscopy systems were robust amid a rebound from the impact of the consumption tax hike in the previous year.

Overseas, sales rose in North America on strong demand for newly launched digital mobile X-ray systems. In Southeast Asia, sales of angiography systems and multi-purpose X-ray fluoroscopy systems grew sharply through efforts to closely match products with market needs.

In Europe, sales declined compared to the previous year, when large orders were booked, while in China, sales were impacted by the prolongation of the bidding process and intensified

competition.

As a result, the Medical Systems segment posted sales of 30,014 million yen (a year-on-year increase of 9.5%) in the first half of the fiscal year.

III. Aircraft Equipment

Overseas, sales of passenger aircraft components and replacement parts increased owing to the Boeing Company's growing aircraft production and successful marketing activities towards airlines implemented by U.S. subsidiaries. In Japan, sales of aircraft components to Japan's Ministry of Defense increased.

Overall, the Aircraft Equipment segment posted sales of 12,199 million yen (a year-on-year increase of 16.0%) in the first half of the fiscal year.

IV. Industrial Machinery

Sales of turbo-molecular pumps grew in Japan, North America, and Korea, mainly on stronger demand from semiconductor manufacturing equipment and liquid crystal display manufacturing companies. Sales of glass winders grew on large orders in China. Sales of hydraulic equipment increased on brisk sales for industrial vehicles (forklifts), specially equipped industrial vehicles, and other applications.

Overall, the Industrial Machinery segment posted sales of 17,358 million yen (a year-on-year increase of 17.4%) in the first half of the fiscal year.

V. Other

Sales in the Other businesses segment amounted to 3,286 million yen (on par with the same period of the previous year) in the first half of the fiscal year.

(2) Consolidated Outlook

Regarding the outlook for the full year, although the U.S. economy is expected to continue expanding at a moderate pace, the economic outlook for China, Europe, Southeast Asia and other regions is unclear. Japan's moderate economic recovery is expected to continue with the backing of various government stimulus measures amid the continued improvement of employment conditions and wages.

Amid this business environment, based on our long-term vision "Toward Becoming a True Global Business," the Shimadzu Group launched a three-year medium-term management plan in April 2014. The basic policy behind the plan is to "Become an Innovative Company Contributing to the Growth of Global Customers" and our key objectives are to increase Shimadzu's corporate value by implementing growth strategies and reforming the profit structure, while strengthening our global organization and capabilities necessary to achieve these goals.

We believe that fiscal 2015, the second year of the current management plan, is critical to achieving the plan's final goals. The Group is steadily taking the following measures to support the future growth of business.

First, the Group is establishing Innovation Centers in the United States, China and other countries as R&D sites for collaborative research with cutting-edge research institutions, universities, and companies and hubs for the advancement of open innovation which combines internal and external strengths. Furthermore, we are improving our ability to grasp global trends, changes in regional market characteristics and our customers' latent needs while raising our technologies to an even higher level. The achievement of the above initiatives will enable us to develop "Number One/Only One" products and systems and establish us as a truly trusted partner to our customers.

We are also actively developing new businesses and entering new fields. In the Analytical & Measuring Instruments segment, we are developing a molecular diagnosis business using analytical instruments to measure substances contained in blood and urine and determine the onset and progression of illnesses. We are also entering the cellular analysis field. In the Medical Systems segment, in addition to the conventional X-ray image diagnosis systems business, we are actively expanding our treatment-related business through radiation treatment support systems and other equipment. In the Aircraft Equipment business, we are expanding our presence in the commercial aircraft field by strengthening our ability to acquire new components orders and raising our cost-competitiveness. In the Industrial Machinery segment, we are enhancing our lineup of compact turbo-molecular pumps and other products to expand the market for general industrial equipment and our sales in the field.

We continue to strengthen our business foundation on a global scale. We have built manufacturing bases in the growth region of ASEAN, and combined with the existing

manufacturing sites, we are establishing a global manufacturing structure through which we can timely deliver our products to markets around the world. We are also accurately grasping changes in the demand structures in China and other countries to develop and launch new products, from the high-end to the middle-range, to match the needs of customers. Our product lineups are also being improved to meet stricter regulations in the food, pharmaceutical, water testing and other fields in each country.

In the aftermarket business, we are steadily launching asset management, operation status management, interactive remote maintenance and other cloud network-based services which leverage the benefits of IoT and other technologies. We are also improving our global service structure through such initiatives as the establishment of a North American aircraft components plant and turbo-molecular pump service sites in China and Europe.

Based on our business performance in the first half of the fiscal year and the business environment explained above, we have revised the full-year consolidated earnings outlook announced on August 6, 2015.

<Consolidated earnings outlook for full fiscal year ending March 31, 2016>

(In million yen)

	Full-year outlook		
	New Outlook	Year-on-year increase (%)	Previous outlook
Net sales	¥340,000	8.0	¥336,000
Operating income	¥34,500	26.9	¥33,000
Ordinary income	¥34,000	19.8	¥32,500
Net income attributable to parent company shareholders	¥23,000	24.7	¥21,000

**Notice: This outlook is based on information available to Shimadzu at the time of announcement. Actual results may differ materially from this outlook due to various factors. The main factors include economic conditions in major markets (Japan, the U.S., Europe and Asia), fluctuations in products demand, and foreign exchange rates.*

2. Other Information

(1) Changes in the consolidation status (scope of consolidation) of material subsidiaries during the period

Not applicable

(2) Use of simplified accounting procedures and/or accounting procedures specific to the preparation of quarterly consolidated financial statements

Not applicable

(3) Changes in Accounting Policy, Changes in Accounting Estimates, and Retrospective Restatements

(Changes in accounting policy)

Effective from the first quarter of the current consolidated fiscal year, "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of September 13, 2013), "Accounting Standard for Business Divestiture" (ASBJ Statement No. 7 of September 13, 2013), etc. have been applied. As a result, differences caused by change in the Company's equity in the subsidiaries with controlling interests shall now be adjusted in additional paid-in capital, and acquisition-related expenses shall now be changed to be reported as expenses incurred during the consolidated fiscal year in which said acquisition takes place. Furthermore, as to business combinations taking place since the beginning of the first quarter of the current fiscal year and onwards, finalization of the provisional accounting treatment of the amount of the acquisition cost allocation shall now be changed to be reflected in the relevant quarterly consolidated fiscal period where the date of said business combination actually falls. Additionally, the presentation has been changed in the net income, etc. and also from minority interests to non-controlling interests. For the sake of reflecting this change in the said presentation, restatement has been made in the consolidated financial statements of the first half of the previous fiscal year and of the previous full fiscal year.

The implementation of Accounting Standard for Business Combinations and its related standards is subject to the transitional treatments stipulated in the provisions of Article 58-2 (4) of Accounting Standard for Business Combinations, Article 44-5 (4) of Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of Accounting Standard for Business Divestiture, and has been and will be under way since the beginning of the first quarter of the current fiscal year and going forward.

There is no impact of this change on the profit and loss statement.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of September 30, 2015	As of March 31, 2015
Assets		
Current assets:		
Cash and time deposits	¥44,417	¥41,360
Trade notes and accounts receivable	90,978	103,205
Merchandise and products	41,805	41,535
Work in process	19,588	16,193
Raw materials and supplies	17,927	17,137
Deferred tax assets	8,744	9,492
Other	6,364	6,998
Allowance for doubtful receivables	(1,117)	(1,106)
Total current assets	¥228,708	¥234,817
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	¥40,044	¥38,749
Machinery, equipment and vehicles, net	6,060	5,344
Land	18,667	18,243
Leased assets, net	2,393	2,399
Construction in progress	320	1,558
Other, net	9,585	9,134
Net property, plant and equipment	¥77,071	¥75,430
Intangible fixed assets	¥7,394	¥7,298
Investments and other assets:		
Investment securities	13,264	13,761
Long-term receivables	191	177
Deferred tax assets	5,405	5,195
Other	3,536	3,606
Allowance for doubtful receivables	(406)	(454)
Total investments and other assets	¥21,992	¥22,286
Total noncurrent assets	¥106,457	¥105,015
Total assets	¥335,166	¥339,832

(In million yen)

	As of September 30, 2015	As of March 31, 2015
Liabilities		
Current liabilities		
Trade notes and accounts payable	¥49,155	¥51,596
Short-term loans	5,115	8,738
Lease obligations	967	897
Accounts payable	10,287	12,034
Income taxes payable	2,760	5,056
Allowance for employees' bonuses	6,929	7,268
Allowance for director's bonuses	194	306
Other	15,025	14,737
Total current liabilities	¥90,435	¥100,635
Long-term liabilities		
Unsecured bonds	¥15,000	¥15,000
Long-term debt	1,144	930
Lease obligations	1,634	1,698
Liability for directors' retirement benefits	164	187
Liability for retirement benefits	9,521	10,563
Other	676	800
Total long-term liabilities	¥28,140	¥29,179
Total liabilities	¥118,576	¥129,815
Net assets		
Shareholders' capital		
Common stock	¥26,648	¥26,648
Additional paid-in capital	35,188	35,188
Retained earnings	142,810	134,871
Treasury stock	(827)	(796)
Total shareholders' capital	¥203,820	¥195,912
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	¥4,387	¥5,200
Foreign currency translation adjustments	6,148	6,816
Cumulative adjustments to retirement benefits	1,967	1,839
Total accumulated other comprehensive income	¥12,503	¥13,856
Non-controlling interests	¥265	¥248
Total net assets	¥216,589	¥210,017
Total liabilities and net assets	¥335,166	¥339,832

(2) Consolidated Statements of Operations & of Comprehensive Income

Consolidated Statements of Operations

	(In million yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2014
Net sales	¥160,412	¥141,648
Cost of sales	93,528	84,108
Gross profit	¥66,884	¥57,539
Selling, general and administrative expenses	52,426	47,492
Operating income	¥14,457	¥10,046
Other income:		
Interest income	¥108	¥86
Dividend income	129	127
Insurance payments received	72	140
Foreign exchange profit	0	292
Subsidy income	415	0
Other	487	411
Total other income	¥1,213	¥1,057
Other expenses:		
Interest expense	¥89	¥106
Foreign exchange loss	356	0
Other	323	838
Total other expenses	¥768	¥945
Ordinary income	¥14,901	¥10,159
Extraordinary income:		
Gain on sale of property, plant and equipment	¥19	¥28
Gain on sales of investment securities	0	9
Total extraordinary income	¥19	¥38
Extraordinary losses:		
Loss on disposal of property, plant and equipment	¥81	¥108
Loss on write-down of investment securities	7	0
Loss on settlement of contract amendment	0	915
Total extraordinary losses	¥88	¥1,023
Income before income taxes	¥14,832	¥9,174
Income taxes	¥3,640	¥2,551
Income taxes adjustments	850	156
Total income taxes and income taxes adjustments	¥4,491	¥2,708
Profit	¥10,340	¥6,466
Profit attributable to non-controlling interests	¥42	¥27
Profit attributable to owners of parent	¥10,297	¥6,438

Consolidated Statements of Comprehensive Income

	(In million yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2014
Profit	¥10,340	¥6,466
Other Comprehensive income		
Unrealized (loss) gain on available-for-sale securities	¥(813)	¥857
Foreign currency translation adjustments	(678)	2,896
Retirement benefit adjustments	128	174
Total other comprehensive income	¥(1,362)	¥3,928
Comprehensive income	¥8,977	¥10,394
(Break down)		
Comprehensive income attribute to owners of the parent	¥8,945	¥10,363
Comprehensive income attributable to non-controlling interests	¥31	¥30

(3) Consolidated Statements of Cash Flows

	(In million yen)	
	Six months ended September 30, 2015	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes	¥14,832	¥9,174
Depreciation and amortization	4,651	3,793
Decrease in allowance for doubtful receivables	(38)	(192)
Decrease in allowance for employees' bonuses	(338)	(649)
Decrease in allowance for director's bonuses	(113)	(73)
Decrease in liability for retirement benefits	(938)	(544)
Interest and dividends income	(238)	(214)
Interest expense	89	106
Bonds issue expenses	0	79
Foreign exchange loss (gain), net	2	(28)
Net loss (gain) on sale and valuation of investment securities	7	(9)
Net loss on sale and disposal of property, plant and equipment	62	79
Decrease in trade receivables	12,378	24,567
Increase in inventories	(4,662)	(4,373)
Decrease in trade payables	(2,406)	(9,418)
Other, net	(471)	538
Subtotal	¥22,815	¥22,833
Interest and dividends received	¥240	¥218
Interest paid	(87)	(164)
Income taxes paid	(5,827)	(2,173)
Net cash provided by operating activities	¥17,141	¥20,713
Cash flows from investing activities		
Withdrawal of cash for redemption of marketable securities	¥0	¥20
Purchase of property, plant and equipment	(6,495)	(6,507)
Proceeds from sale of property, plant and equipment	83	284
Purchase of investment securities	(714)	(223)
Proceeds from sales of investment securities	0	13
Increase in long term receivables	(29)	(11)
Decrease in long term receivables	61	112
Other, net	933	433
Net cash used in investing activities	¥(6,159)	¥(5,877)
Cash flows from financing activities		
Borrowing of short-term loans	¥497	¥1,645
Repayment of short-term loans	(4,193)	(16,418)
Borrowing of long-term debt	600	50
Repayment of long-term debt	(310)	(10,997)
Issuance of commercial paper	0	4,000
Redemption of commercial paper	0	(20,000)
Issuance of unsecured bonds	0	14,920
Cash dividends paid	(2,356)	(1,328)
Dividends payments to non-controlling interests	(15)	(2)
Repayment of financial lease	(10)	(10)
Payment of finance lease obligations	(532)	(478)
Other, net	(30)	(15)
Net cash used in financing activities	¥(6,352)	¥(28,633)
Foreign currency translation adjustments on cash and cash equivalents	¥(624)	¥1,071
Net increase (decrease) in cash and cash equivalents	¥4,004	¥(12,725)
Cash and cash equivalents, beginning of period	¥38,422	¥43,929
Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	0	692
Cash and cash equivalents, end of period	¥42,427	¥31,896

5. Segment Information

Segment information for the six months ended September 30, 2015

(1) Income by Business Segment

From April 1st to September 30th of Fiscal year ended March 31, 2016

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment	Industrial Machinery	Total				
Net Sales									
(1) Sales to customers	¥97,554	¥30,014	¥12,199	¥17,358	¥157,126	¥3,286	¥160,412	0	¥160,412
(2) Inter-segment sales	35	5	42	33	117	622	740	(740)	0
Total Sales	¥97,589	¥30,019	¥12,241	¥17,392	¥157,244	¥3,908	¥161,153	¥(740)	¥160,412
Operating income (loss)	¥14,211	¥(136)	¥(566)	¥1,199	¥14,708	¥601	¥15,310	¥(852)	¥14,457

From April 1st to September 30th of Fiscal year ended March 31, 2015

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment	Industrial Machinery	Total				
Net Sales									
(1) Sales to customers	¥85,650	¥27,416	¥10,512	¥14,784	¥138,363	¥3,285	¥141,648	0	¥141,648
(2) Inter-segment sales	19	24	34	41	120	605	726	¥(726)	0
Total Sales	¥85,669	¥27,441	¥10,547	¥14,825	¥138,483	¥3,891	¥142,375	¥(726)	¥141,648
Operating income (loss)	¥10,557	¥403	¥(1,232)	¥946	¥10,675	¥586	¥11,262	¥(1,215)	¥10,046

(2) Income by Geographic Segment

From April 1st to September 30th of Fiscal year ended March 31, 2016

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥73,500	24,334	12,720	28,681	15,250	5,923	¥160,412

From April 1st to September 30th of Fiscal year ended March 31, 2015

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥68,716	19,888	12,378	23,949	11,274	5,441	¥141,648