

May 11, 2016

Operating Results and Financial Position

《For fiscal year ended March 31, 2016》

1. Operating Results

(1) Consolidated Overview

In the fiscal year ended March 31, 2016, the U.S. economy continued its recovery trend, driven by an improvement in the labor environment and firm consumer spending. The European economy demonstrated a moderate recovery despite lingering debt issues. While China's pace of growth slowed moderately amid restraints on capital investment, Southeast Asia showed signs of an uptick in economic activity and India's economy continued its recovery. The Japanese economy, meanwhile, continued to demonstrate a moderate recovery. With the support of active financial stimulus measures by the government, corporate earnings and employment conditions improved amid beneficial trends in currency markets, although consumer spending remained weak.

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 fiscal year, the Shimadzu Group posted consolidated net sales of 342,236 million yen (a year-on-year increase of 8.7%), operating income of 35,701 million yen (a year-on-year increase of 31.3%), ordinary income of 34,840 million yen (a year-on-year increase of 22.8%), and profit attributable to parent company shareholders of 23,899 million yen (a year-on-year increase of 29.6%).

The results for reportable business segments were as follows

I. Analytical & Measuring Instruments

In Japan, sales of liquid chromatographs and gas chromatographs increased owing to higher private-sector demand in the pharmaceutical and chemical industries. Demand for testing machines increased in transport equipment-related industries.

Overseas, sales of liquid chromatographs and mass spectrometers grew in North America on strong demand in the healthcare industry, including hospitals and clinical testing facilities. In Europe, sales of liquid chromatographs rose steadily on demand in the pharmaceutical and food industries. In China, sales of liquid chromatographs, mass spectrometers, and gas chromatographs increased amid strong private-sector investment in the pharmaceutical and other industries. In the public sector, major food safety projects fueled higher demand for liquid chromatographs and gas chromatographs. In Southeast Asia, sales of liquid chromatographs and mass spectrometers grew on public-sector demand driven by governments' economic stimulus measures, while in India, demand for the same equipment increased amid growing capital investment in the pharmaceutical industry.

As a result, the Analytical & Measuring Instruments segment posted sales of 208,402 million yen (a year-on-year increase of 8.2%) for the fiscal year.

II. Medical Systems

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

Overseas, sales of digital mobile X-ray systems and X-ray fluoroscopy systems rose strongly in North America due to the launch of new products. In Southeast Asia, sales grew steadily on higher demand for high-resolution, low-exposure angiography systems and multi-purpose X-ray fluoroscopy systems precisely matching market needs. In Europe, sales grew for high-end X-ray fluoroscopy systems utilized for multiple types of diagnoses. Sales increased in Eastern Europe and the Middle East on large orders. 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 64,597 million yen (a year-on-year increase of 8.7%) for the fiscal year.

III. Aircraft Equipment

Overseas, sales of passenger aircraft components increased owing to the Boeing Company's higher B787 production, while sales of replacement parts to airlines also increased. In Japan, sales of aircraft components increased on aircraft manufacturer demand for components for the large-scale patrol plane (P-1), while sales to Japan's Ministry of Defense also increased.

Overall, the Aircraft Equipment segment posted sales of 28,848 million yen (a year-on-year increase of 16.1%) for the fiscal year.

IV. Industrial Machinery

Sales of turbo-molecular pumps grew in Japan, North America, and South 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, while sales of industrial furnaces increased in Japan. Sales of hydraulic equipment increased slightly, as higher sales in Japan outweighed a market slump in China.

Overall, the Industrial Machinery segment posted sales of 33,517 million yen (a year-on-year increase of 8.2%) for the fiscal year.

V. Other

Sales in the Other businesses segment amounted to 6,870 million yen (on par with the previous year) for the fiscal year.

<Consolidated Outlook>

Regarding the outlook for the fiscal year ending March 31, 2017, although there is increasing uncertainty regarding the economic outlook for Europe, China, and newly emerging economies—primarily resource-rich countries in the Middle East and South America—the global economy as a whole is expected to expand moderately, driven by the robust U.S. economy. Japan's moderate economic recovery is expected to continue despite concerns that overseas economic trends and yen appreciation could cause a downturn.

		(In Million Yen)	
		outlook	
		Year ended March 31, 2017	Year-on-year increase or decrease, (%)
Net sales			
1 st half	162,000		1.0
Year	350,000		2.3
Operating income			
1 st half	13,000		-10.1
Year	36,000		0.8
Ordinary income			
1 st half	12,000		-19.5
Year	34,500		-1.0
Profit attributable to parent company shareholders			
1 st half	8,000		-22.3
Year	24,000		0.4

In the Analytical & Measuring Instruments segment, we will aim to enhance the Shimadzu Group brand, overcome global competition and expand our share of global markets by carefully tracking developments in the healthcare, food safety, environment and other markets with strong growth potential and focusing on the following initiatives.

- ① We will continue the development of "Number One/Only One" products and systems, primarily mass spectrometers and chromatographs, by enhancing our ability to understand our customers' latent needs and improving our technological capabilities.

- ② We plan to open innovation centers in Europe and Southeast Asia following the launch of centers in North America and China. We will use these centers to pursue high-level research with leading-edge customers and better understand their latent needs, while developing application systems to strengthen our responsiveness to unique local needs.
- ③ To launch new business, we will actively take business expansion initiatives in the molecular diagnosis, cellular analysis and other fields, including product and application development and the strengthening of sales and marketing strategies.
- ④ To achieve business expansion in growth markets, we will strengthen product development in China by using China development centers to enhance the development of products responsive to local needs. In ASEAN, we will launch full-scale operations at the new Malaysian plant as early as possible and collaborate with local sales companies to build a business foundation for both product manufacturing and sales.
- ⑤ To expand the aftermarket business, we will launch new service businesses using IoT while striving to raise customer satisfaction. These services will include the utilization of networking technologies to monitor the operational condition of equipment at sites around the world in order to lower customers' asset management and operational costs and reduce equipment downtime.

In the Medical Systems segment, we will aim to improve profitability by broadening our business sphere beyond the traditional X-ray image diagnosis systems and into treatment support systems. We will focus our efforts on the following initiatives.

- ① To raise profitability, we will strive to expand sales of unique products with capabilities unavailable from competitors, such as PET mammography systems to support early diagnosis, surgery and treatment, as well as near-infrared imaging systems and radiation treatment support systems.
- ② To expand sales of angiography systems outside Japan, we will assign specialized staff to overseas offices and implement dedicated sales strategies for each region.
- ③ To expand the aftermarket business, we will improve our remote maintenance systems in Japan and overseas markets.

In the Aircraft Equipment segment, we will strive to enhance the profitability of the commercial aircraft equipment business and expand the business in the near term by focusing on the following initiatives.

- ① We will ramp up operations and raise production capacity at the new U.S. plant while thoroughly implementing a low-cost manufacturing system from a global perspective. We will also take new measures to expand the aftermarket business to airlines.
- ② We will invest in R&D to meet future demand for commercial aircraft, leveraging the strong technology base we have amassed.

In the Industrial Machinery business, we will expand applications for turbo pumps and raise profitability by focusing on the following initiatives.

- ① We will broaden the product lineup to meet market needs and expand the business globally.
- ② To expand the aftermarket business, we will establish service sites in China and Europe and aim to improve profitability while stabilizing performance.

In the hydraulic equipment business, we will expand business outside Japan. In Europe and the U.S., for example, we will actively promote marketing strategies, while in China, we will seek to develop business in the agricultural and construction machinery markets. In other regions, we will pursue sales expansion and aim to build our business further.

(2) Financial Condition

<Assets at March 31, 2016>

As of March 31, 2016, total assets were 349,798 million yen, an increase of 9,966 million yen compared to the end of the previous fiscal year, reflecting increases of 5,546 million yen in cash and time deposits and 2,225 million yen in trade notes and accounts receivable. Net assets increased by 9,954 million yen compared to the end of the previous fiscal year to 219,971 million yen due to an increase of 18,886 million yen in retained earnings and decreases of 5,522 million yen in foreign currency translation adjustments and 3,210 million yen in cumulative adjustments to retirement benefits.

<Cash Flows>

Cash and cash equivalents increased 5,086 million yen versus March 31, 2015, to 43,508 million yen. The cash flow status for FY 2015 is described below.

I. Cash Flow from Operating Activities

Cash flow from operating activities resulted in an inflow of 32,348 million yen, which is a 7,897 million yen decrease from the previous year. The primary cash flows from operating activities include a 16,371 million yen outflow due to trade receivable increases/decreases, a 7,217 million yen inflow due to income before income taxes and minority interests, and a 5,149 million inflow due to trade payables increases/decreases.

II. Cash Flow from Investing Activities

Cash flow from investing activities resulted in an outflow of 13,101 million yen, which is a 2,577 million yen increase from the previous year. The primary cash flows from investing activities include a 11,333 million yen outflow from capital investment, and a 1,575 million yen outflow from acquisition of investment securities.

III. Cash Flow from Financing Activities

Cash flow from financing activities resulted in an outflow of 11,689 million yen, which is a 21,508 million yen increase from the previous year. The primary cash flows from financing activities include a 5,508 million yen outflow (net) from repayment of short-term loans and a 5,008 million yen outflow from cash dividends paid.

<Trend in Cash Flow Indices>

	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Equity Ratio (%)	55.5	57.7	53.4	61.7	62.8
Equity Ratio on a Market Value Basis (%)	75.8	65.9	79.4	116.4	148.8
Years of Debt Redemption	3.3	2.5	—	0.6	0.6
Interest Coverage Ratio (times)	17.1	33.3	—	142.9	177.0

Note: Equity Ratio = (net assets – non-controlling interests)/total assets

Equity ratio on a Market price = market capitalization /total assets

Years of Debt Redemption = Interest bearing debt/Cash flow from operating cash flow

Interest Coverage Ratio = Cash flow from operating activities/interest payment

1: All indices are calculated on a consolidated basis.

2: Market capitalization is calculated based on market price on last trading day of March each year multiplied by total shares outstanding at end of period (excluding treasury stock).

3: Operating cash flow is the net cash provided from operating activities in the consolidated statements of cash flows. Interest-bearing debt is the short-term loans, long-term debt, commercial paper and bonds listed among the liabilities on the consolidated balance sheet. Interest payment is the interest paid in the consolidated statements of cash flows.

(3) Dividend Policy and Dividends for the Fiscal Years Ended March 31, 2016 and 2017

Shimadzu views the return of profits to shareholders as a key management objective.

We aim to maintain a stable dividend while taking into account earnings performance and cash flows. We also maintain sufficient internal reserves to fund capital expenditures, R&D, and strategic investments which can support business growth over the medium to long term and raise earnings. We will continue making every effort to maintain stable financial conditions, while strengthening earnings and raising our return on equity.

Regarding year-end dividends, for the fiscal year ended March 31, 2015, we paid a common dividend of 5 yen per share and an additional commemorative dividend of 3 yen per share to mark our 140th anniversary, for a total year-end dividend of 8 yen per share. For the fiscal year ended March 31, 2016, we plan to pay a year-end dividend of 9 yen per share. Combined with the interim dividend of 9 yen per share, the total annual dividend will be 18 yen per share, an increase of 5 yen from the previous fiscal year.

For the fiscal year ending March 31, 2017, we currently plan to pay an interim dividend of 10 yen and a year-end dividend of 10 yen per share, for a total annual dividend of 20 yen per share, an increase of 2 yen from the previous fiscal year.

2. Management Policies

(1) Fundamental Policy for Corporate Management

Shimadzu has maintained "Contributing to Society through Science and Technology" as its corporate philosophy ever since its foundation. In 1992, "Realizing Our Wishes for the Well-being of both Mankind and the Earth," was established as Shimadzu's management principle. Since then, this management principle has represented Shimadzu's fundamental policy for corporate management.

Then, in April 2014, Shimadzu established a brand statement for the entire Shimadzu Group—"Excellence in Science." This brand statement expresses our core attitude and strong dedication to continuously embrace new challenges in our pursuit of achieving excellence in science.

The Shimadzu Group is committed to achieving our social mission by relentlessly striving to use our various core technologies, such as chromatography, mass spectrometry, spectrophotometry, X-ray imaging, image processing, high speed rotation, hydraulics, precision machining and fabrication, and nanotechnology, to supply products and services that satisfy the needs of customers in a wide range of fields, such as advanced devices for supporting R&D, inspection devices for ensuring safety and peace of mind, diagnostic imaging devices for supporting clinical diagnostics, quality control devices vital for a wide range of industrial applications, and other fields involving parts or systems with high functionality, such as precision machinery parts and high-functionality devices.

(2) Medium-Term Corporate Management Strategy and Issues to be Resolved

Based on our long-term vision "Toward Becoming a True Global Business," the Shimadzu Group has made progress on its three-year medium-term management plan launched in April 2014. The basic policy behind the plan is to "Become an Innovative Company Contributing to Growth of Global Customers," and our key objectives are to implement growth strategies to increase Shimadzu's corporate value, reform the profit structure, and strengthen our global organization and structure.

In fiscal 2015, our consolidated net sales, operating income, ordinary income, and net income attributable to parent company shareholders all reached record highs for a fiscal year.

For fiscal 2016, the final year of the current management plan, we will steadily execute the following initiatives and actively expand our business.

1) Accomplishing and defining growth strategies to raise corporate value

In executing our growth strategies, we will rapidly and accurately grasp structural changes unique to each regional market and continue striving to provide innovative solutions which lead to customer growth and develop entirely new markets. More specifically, we will pursue the following strategies.

① We will practice open innovation by combining our strengths with those of external partners.

This will enhance our responsiveness to the specific needs of customers in each region and further differentiate ourselves from our competitors, leading to higher business performance.

② We will strive to further develop "Number One/Only One" products and propose new solutions by accurately understanding the issues and needs of society and combining our technologies with those of external partners.

③ We will strengthen collaboration between the Analytical and Measuring Instruments business and the Medical Systems business in leading-edge medical fields. Through this collaboration, we will strive to provide products and solutions that differentiate us from competitors and enable us to launch business in new fields.

④ We will accelerate the growth of our aftermarket business based on cloud networks by utilizing IoT technologies for asset management, operational status management, and interactive remote maintenance.

2) Reforming the profit structure and strengthening the global organization and structure

① In reforming the profit structure, we will expand manufacturing outside Japan, raise the ratio of local production, increase in-house manufacturing, and promote design-related cost reductions by standardizing and unifying parts among different products. At the same time, we will reduce inventory assets.

② We will strengthen personnel development to ensure that our employees can thrive in a global environment, while actively making optimal personnel assignments. We will establish systems to ensure that women, senior citizens, and non-Japanese employees can take active roles in the company, while actively promoting CSR initiatives.

As we execute the above initiatives, we will also formulate a new medium-term management plan to begin from fiscal 2017 which can support the Shimadzu Group's sustainable growth and raise corporate value over the medium and long term.

As a result of internal investigation, a problem was discovered in our implementation of the repair service contract signed between Shimadzu's Aircraft Equipment Division and the Japanese Ministry of Defense. We have reported this to the Japanese Ministry of Defense. We are committed to strengthening internal controls and implementing thorough compliance measures to prevent reoccurrence.

(3) Targets and Management Indices

Under the current three-year medium-term management plan, for the fiscal year ending Mar 31, 2017, the Shimadzu Group aims to achieve consolidated net sales of 350.0 billion yen, operating income of 35.0 billion yen and an overseas sales ratio of 50% or more.

3. Policy on Adoption of Accounting Standards

The Shimadzu Group currently creates its financial documents in accordance with Japanese accounting standards in view of the ease of comparability of fiscal year results and comparability with other companies.

Regarding the adoption of IFRS, the Group will appropriately consider the standard by taking into account various business conditions in and outside of Japan.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2016	As of March 31, 2015
Assets		
Current assets:		
Cash and time deposits	¥46,907	¥41,360
Trade notes and accounts receivable	105,430	103,205
Merchandise and products	40,497	41,535
Work in process	15,457	16,193
Raw materials and supplies	17,715	17,137
Deferred tax assets	9,729	9,492
Other	7,086	6,998
Allowance for doubtful receivables	(1,157)	(1,106)
Total current assets	¥241,666	¥234,817
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	¥39,035	¥38,749
Machinery, equipment and vehicles	5,912	5,344
Land	18,602	18,243
Leased assets	2,179	2,399
Construction in progress	728	1,558
Other	9,699	9,134
Net property, plant and equipment	¥76,158	¥75,430
Intangible fixed assets	¥7,558	¥7,298
Investments and other assets:		
Investment securities	14,654	13,761
Long-term receivables	175	177
Deferred tax assets	6,388	5,195
Other	3,565	3,606
Allowance for doubtful receivables	(368)	(454)
Total investments and other assets	¥24,415	¥22,286
Total noncurrent assets	¥108,131	¥105,015
Total assets	¥349,798	¥339,832

(In million yen)

	As of March 31, 2016	As of March 31, 2015
Liabilities		
Current liabilities		
Trade notes and accounts payable	¥52,422	¥51,596
Short-term loans	3,056	8,738
Lease obligations	940	897
Accounts payable	11,523	12,034
Income taxes payable	4,997	5,056
Allowance for employees' bonuses	8,093	7,268
Allowance for director's bonuses	284	306
Provision for loss on defense equipment	374	—
Other	15,893	14,737
Total current liabilities	¥97,587	¥100,635
Long-term liabilities		
Unsecured bonds	¥15,000	¥15,000
Long-term debt	1,094	930
Lease obligations	1,451	1,698
Liability for directors' retirement benefits	182	187
Liability for retirement benefits	13,682	10,563
Other	828	800
Total long-term liabilities	¥32,239	¥29,179
Total liabilities	¥129,827	¥129,815
Net assets		
Shareholders' capital		
Common stock	¥26,648	¥26,648
Additional paid-in capital	35,188	35,188
Retained earnings	153,758	134,871
Treasury stock	(861)	(796)
Total shareholders' capital	¥214,734	¥195,912
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	¥5,036	¥5,200
Foreign currency translation adjustments	1,293	6,816
Cumulative adjustments to retirement benefits	(1,370)	1,839
Total accumulated other comprehensive income	¥4,959	¥13,856
Non-controlling interests	¥277	¥248
Total net assets	¥219,971	¥210,017
Total liabilities and net assets	¥349,798	¥339,832

(2) Consolidated Statements of Operations & of Comprehensive Income

Consolidated Statements of Operations

	(In million yen)	
	Year ended March 31, 2016	Year ended March 31, 2015
Net sales	¥342,236	¥314,702
Cost of sales	201,850	187,674
Gross profit	¥140,385	¥127,028
Selling, general and administrative expenses	104,683	99,838
Operating income	¥35,701	¥27,189
Other income:		
Interest income	¥197	¥198
Dividend income	199	188
Insurance payments received	242	304
Foreign exchange profit	—	673
Subsidy received	419	423
Other	780	904
Total other income	¥1,839	¥2,692
Other expenses:		
Interest expenses	¥182	¥224
Foreign exchange loss	1,045	—
Other	1,472	1,279
Total other expenses	¥2,700	¥1,504
Ordinary income	¥34,840	¥28,377
Extraordinary income:		
Gain on sale of property, plant and equipment	¥37	¥34
Gain on sales of investment securities	—	9
Total extraordinary income	¥37	¥44
Extraordinary losses:		
Provision for loss on defense equipment	¥374	—
Loss on write-down of investment securities	273	¥1
Loss on disposal of property, plant and equipment	209	171
Settlement of contract amendment	—	1,444
Total extraordinary losses	¥856	¥1,617
Income before income taxes	¥34,021	¥26,803
Income taxes	9,618	8,076
Income taxes adjustments	436	209
Total income taxes and income taxes adjustments	¥10,054	¥8,286
Profit	¥23,966	¥18,517
Profit attributable to non-controlling interests	66	72
Profit attributable to owners of parent	¥23,899	¥18,445

Consolidated Statements of Comprehensive Income

	(In million yen)	
	Year ended March 31, 2016	Year ended March 31, 2015
Profit	¥23,966	¥18,517
Other Comprehensive income		
Unrealized gain/loss on available-for-sale securities	¥(163)	¥2,205
Foreign currency translation adjustments	(5,535)	6,700
Retirement benefit adjustments	(3,210)	3,553
Total other comprehensive income	¥(8,910)	¥12,460
Comprehensive income	¥15,056	¥30,977
< Break down >		
Comprehensive income attribute to owners of parent	¥15,002	¥30,897
Comprehensive income attribute to non-controlling interests	¥53	¥79

(3) Consolidated Statements of Changes in Equity

Fiscal year ended Mar. 31 2015 (Apr. 1, 2014 to Mar. 31, 2015)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	26,648	35,188	119,367	△755	180,449
Changes of items during period					
Dividends of surplus			△2,801		△2,801
Profit attributable to owners of parent			18,445		18,445
Changes in scope of consolidation			△139		△139
Purchase of treasury shares				△41	△41
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	15,504	△41	15,463
Balance at end of current period	26,648	35,188	134,871	△796	195,912

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,994	85	△1,714	1,365	180	181,994
Changes of items during period						
Dividends of surplus						△2,801
Profit attributable to owners of parent						18,445
Changes in scope of consolidation						△139
Purchase of treasury shares						△41
Net changes of items other than shareholders' equity	2,205	6,731	3,553	12,490	68	12,559
Total changes of items during period	2,205	6,731	3,553	12,490	68	28,022
Balance at end of current period	5,200	6,816	1,839	13,856	248	210,017

Fiscal year ended Mar. 31 2016 (Apr. 1, 2015 to Mar. 31, 2016)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	26,648	35,188	134,781	△796	195,912
Changes of items during period					
Dividends of surplus			△5,012		△5,012
Profit attributable to owners of parent			23,899		23,899
Changes in scope of consolidation			—		—
Purchase of treasury shares				△64	△64
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	18,886	△64	18,822
Balance at end of current period	26,648	35,188	153,758	△861	214,734

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,200	6,816	1,839	13,856	248	210,017
Changes of items during period						
Dividends of surplus						△5,012
Profit attributable to owners of parent						23,899
Changes in scope of consolidation						—
Purchase of treasury shares						△64
Net changes of items other than shareholders' equity	△163	△5,522	△3,210	△8,896	28	△8,868
Total changes of items during period	△163	△5,522	△3,210	△8,896	28	9,954
Balance at end of current period	5,036	1,293	△1,370	4,959	277	219,971

(4) Consolidated Statements of Cash Flows

(In million yen)

	Year ended March 31, 2016	Year ended March 31, 2015
Cash flows from operating activities		
Income before income taxes	¥34,021	¥26,803
Depreciation and amortization	9,425	7,951
Increase (decrease) in allowance for doubtful receivables	21	(217)
Increase (decrease) in allowance for employees' bonuses	847	467
Increase (decrease) in allowance for director's bonuses	(20)	44
Increase (decrease) in liability for retirement benefits	(1,716)	(799)
Interest and dividends income	(396)	(386)
Interest expense	182	224
Bonds issue expenses	—	79
Foreign exchange (gain) loss, net	29	(134)
Net (gain) loss on sale and valuation of investment securities	273	(8)
Net (gain) loss on sale and disposal of property, plant and equipment	172	137
(Increase) decrease in trade receivables	(4,241)	12,130
(Increase) decrease in inventories	(1,361)	(1,039)
Increase (decrease) in trade payables	2,305	(2,843)
Other, net	2,087	2,295
Subtotal	¥41,629	¥44,705
Interest and dividends received	398	387
Interest paid	(182)	(281)
Income taxes paid	(9,496)	(4,566)
Net cash provided by operating activities	¥32,348	¥40,245
Cash flows from investing activities		
Withdrawal of cash for redemption of marketable securities	—	¥20
Purchase of property, plant and equipment	¥(11,333)	(14,489)
Proceeds from sale of property, plant and equipment	413	400
Purchase of investment securities	(1,575)	(1,223)
Proceeds from sales of investment securities	—	13
Increase in long term receivables	(45)	(32)
Decrease in long term receivables	82	185
Other, net	(642)	(552)
Net cash provided by (used in) investing activities	¥(13,101)	¥(15,678)
Cash flows from financing activities		
Borrowing of short-term loans	¥310	¥993
Repayment of short-term loans	(6,031)	(18,595)
Borrowing of long-term debt	880	650
Repayment of long-term debt	(666)	(11,323)
Issuance of commercial paper	—	11,000
Redemption of commercial paper	—	(27,000)
Issuance of unsecured bonds	—	14,920
Cash dividends paid	(5,008)	(2,802)
Dividends payments to non-controlling interests	(25)	(13)
Repayment of guarantee deposits received	(21)	(21)
Payment of finance lease obligations	(1,061)	(964)
Other, net	(64)	(41)
Net cash (used in) financing activities	¥(11,689)	¥(33,197)
Foreign currency translation adjustments on cash and cash equivalents	¥(2,471)	¥2,431
Net increase (decrease) in cash and cash equivalents	¥5,086	¥(6,199)
Cash and cash equivalents, beginning of period	¥38,422	¥43,929
Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	—	692
Cash and cash equivalents, end of period	¥43,508	¥38,422

(5) Note on the going-concern assumption

Not applicable.

(6) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

(Changes in accounting policy)

Effective from the current 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 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 yearly 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 previous 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 current fiscal year and going forward.

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

(7) Segment Information

1) Income by Business Segment

From April 1st to March 31th 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	¥ 208,402	¥ 64,597	¥ 28,848	¥ 33,517	¥ 335,365	¥ 6,870	¥ 342,236	—	¥ 342,236
(2) Inter-segment sales	77	14	81	72	246	1,325	1,572	¥ (1,572)	0
Total Sales	¥ 208,480	¥ 64,612	¥ 28,930	¥ 33,589	¥ 335,612	¥ 8,196	¥ 343,808	¥ (1,572)	¥ 342,236
Operating income (loss)	¥ 32,959	¥ 1,045	¥ 346	¥ 2,206	¥ 36,558	¥ 1,265	¥ 37,824	¥ (2,122)	¥ 35,701

From April 1st to March 31th 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	¥ 192,607	¥ 59,411	¥ 24,848	¥ 30,966	¥ 307,833	¥ 6,868	¥ 314,702	—	¥ 314,702
(2) Inter-segment sales	42	29	64	92	228	1,346	1,575	¥ (1,575)	0
Total Sales	¥ 192,650	¥ 59,441	¥ 24,913	¥ 31,058	¥ 308,062	¥ 8,215	¥ 316,278	¥ (1,575)	¥ 314,702
Operating income (loss)	¥ 26,795	¥ 1,438	(2,289)	¥ 1,966	¥ 27,911	¥ 1,316	¥ 29,227	¥ (2,037)	¥ 27,189

2) Income by Geographic Segment

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

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥167,940	46,003	27,322	56,135	32,328	12,506	¥342,236

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

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥157,860	42,752	26,215	50,915	25,497	11,640	¥314,702

Note. Major countries or regions belonging to segments other than Japan are as follows:

Americas	United States of America
Europe	Great Britain, Germany
China	China
Other Asian countries	India, Southeast Asia, Republic of Korea, Taiwan
Other	Australia, Middle East, Africa