

May 10, 2012

Operating Results and Financial Position **For the fiscal year ended March 31, 2012**

1. Operating Results

(1) Consolidated Overview

During the past year, the Japanese economy struggled through difficult conditions following the Great East Japan Earthquake and flooding in Thailand, but due to a recovery in manufacturing activity, the economy has gradually recovered. Overseas, the Asian economy expanded, primarily in China. The pace of economic improvement in Europe has stagnated due to concerns regarding financial crises in some countries. In the U.S., personal spending has picked up and the economy has gradually recovered. In the midst of such circumstances, the Shimadzu Group started a new 3-year medium-term management plan in April 2011. Based on this plan, we are implementing aggressive growth measures, such as promoting local R&D in China, introducing globally strategic products, and consolidating analytical and measuring instrument service subsidiaries to strengthen the aftermarket business. In addition, we focused efforts on ensuring business results in spite of a strong yen by expanding sales of new competitive products tailored to customer needs, reducing costs, reducing expenses, and other measures.

As a result, for the fiscal year, net sales were 266,255 million yen (year-on-year increase of 5.4%), operating income was 19,365 million yen (increase of 18.8%), ordinary income was 18,650 million yen (increase of 22.1%), and consolidated net income was 9,083 million yen (decrease of 9.6%). Consolidated net income decreased from last year mainly due to posting of corporate taxes based on transfer pricing taxation for past fiscal years and reducing deferred tax assets in accordance with the reduction of the corporate tax rate.

I. Analytical & Measuring Instruments

In Japan, with investment in capital equipment and R&D recovering, overall sales increased due to new product introductions, mainly of high-end products, an increase in applications, and other factors. Sales of liquid chromatographs, our strongest product line, grew in the pharmaceutical and chemical fields, whereas sales of gas chromatographs and testing machines grew in the chemical field. In government and academia markets, sales of liquid chromatographs, mass spectrometers, and other products increased steadily, due partly to recovery demand.

Overseas, overall sales increased, with strong sales in key markets such as China, North America, and Europe. In China, sales were strong for liquid chromatographs and mass spectrometers in the food safety field and gas chromatographs in the petrochemical field. Sales of spectrophotometers and non-destructive inspection systems increased due also to new demand in fields related to an increase in smart phone production. In North America, sales of mainly high-end mass spectrometers increased significantly, and

sales of liquid chromatographs were strong in fields such as pharmaceuticals. In Europe, though market conditions worsened due to an economic slow-down, sales of mass spectrometers were strong in fields such as microorganism inspection.

As a result, sales from the Analytical and Measuring Instruments business increased 8.9% year on year, to 153,249 million yen.

II. Medical Systems

In Japan, sales of multipurpose X-ray fluoroscopy and angiography systems equipped with FPDs (flat panel detectors) were strong. Orders for the new X-ray fluoroscopy system equipped with Japan's first portable FPD capable of both dynamic and still images, which was released at the end of last year, were strong as well. Demand for analog general radiography and mobile X-ray systems also increased. Consequently, overall sales in Japan increased.

Overseas, sales were strong for multipurpose X-ray fluoroscopy systems and digital-ready general radiography and mobile X-ray systems, due to the Chinese government continuing to focus investment in medical fields. In North America, sales of digital mobile X-ray systems were strong. In Europe, sales decreased due to weak market conditions, the strong yen, and other factors. Nevertheless, overall sales in overseas markets increased.

As a result, sales from the Medical Systems business increased 2.1% year on year, to 50,600 million yen.

III. Aircraft Equipment

In Japan, overall sales increased due to an increase in sales of aircraft components for Japan's Ministry of Defense's new patrol plane P-1 and upgrade equipment of the F-15 fighter.

Overseas, sales of components for passenger aircraft for Boeing 747-8 and so on increased.

As a result, sales from the Aircraft Equipment business increased 5.9% year on year, to 26,458 million yen.

IV. Industrial Machinery

Sales of turbomolecular pumps decreased due to stagnant market conditions for semiconductors and liquid crystal displays. Sales of solar cell film deposition systems were weak as well, due to continued caution toward capital investments by solar panel manufacturers. However, sales of glass winders and gear pumps increased in China.

Hydraulic equipment sales increased significantly for applications such as industrial vehicles and construction machines.

As a result, sales from the Industrial Machinery business decreased 1.5% year on year, to 28,727 million yen.

V. Other

The other segment's net sales for the fiscal year decreased 12.3% year on year, to 7,219 million yen.

<Consolidated Outlook>

In Europe, effects from the government debt crisis are a concern, but newly emerging economies are still expanding, though the pace is easing, and a gentle recovery is expected in the U.S. In Japan, though there are some reasons for concern, such as power supply restrictions, considering the strengthening recovery demand, certainty regarding an economic recovery trend is expected to increase.

Analytical & Measuring Instruments: In Japan, where a gentle improvement in market conditions is expected, demand is expected to expand in the pharmaceutical and chemical fields. Similarly, overseas demand is expected to expand in the pharmaceutical, food safety, and environmental fields in China, where markets continue to grow, and also in pharmaceutical and other fields in Europe and the U.S.

To establish a market position of Shimadzu as a leading brand in major developed markets, such as Europe, the U.S., and Japan, we will further expand sales by introducing and strengthening high-end products and applications that strongly appeal to customers, centering on globally strategic products, namely liquid chromatographs and mass spectrometers.

In newly emerging markets, local needs have been diversifying, particularly in China, where markets are spreading from coastal areas that developed earlier to the developing inland regions. We will strongly promote local development and local production of low-cost products tailored to the price and functional needs of local customers. These will consist primarily of general purpose analytical instruments designed at the China R&D center established last year, such as liquid and gas chromatographs, spectrophotometers, and environmental measuring instruments, for which significant demand is forecast in food safety, environmental, and other fields. In the future, we are also considering deploying products developed in China to other newly emerging markets, with the goal of expanding our businesses based on a global strategy, both in developed and emerging economies.

Medical Systems: We will continue extending our product offering by introducing new products and applications that are compatible with the rapid shift to digital radiography in Japan and overseas, such as fluoroscopy and angiography systems equipped with flat panel detectors (FPDs) and mobile X-ray system equipped with wireless FPDs. That will enable increasing sales by focusing efforts on expanding sales of products tailored to market needs in respective countries, by strengthening sales of mid-level models in Japan, a segment that is expected to grow in the future, high-performance FPD X-ray systems in developed countries, and low-cost general purpose X-ray systems in newly emerging economies.

Aircraft Equipment: The overall outlook for defense applications appears rather tough, but the commercial aircraft equipment market is projected to grow over the long term. Therefore, we will expand the business by increasing sales of equipment for passenger aircraft, such the Boeing 747-8 and 787 and by strengthening the aftermarket business and reducing costs to improve profitability.

Industrial Machinery: Difficult conditions are expected to continue for the time being in semiconductor and liquid crystal related markets, but we will expand the turbomolecular pump business and improve profitability by developing new markets and customers, further reducing costs, and strengthening the aftermarket business. For solar cell film deposition systems, we will focus on stimulating demand and increasing market share by quickly introducing new products with unique characteristics, such as high solar

conversion rates.

We aim to increase sales of hydraulic equipment by actively expanding sales in the growing markets of China and making a strong effort to deploy the business in European and American markets.

(2) Financial Conditions

<Assets at March 31, 2012>

Over the course of the fiscal year ended March 31, 2012, total assets increased 5,996 million yen to 290,840 million yen, reflecting a decrease of 4,237 million yen in cash and time deposits and increases of 5,765 million yen in trade notes and accounts receivable, 2,786 million yen in work in process, and 2,315 million yen in merchandise and products. Net assets increased 4,915 million yen to 161,568 million yen due to 6,723 million yen increase in retained earnings.

<Cash Flows>

Cash and cash equivalents decreased 4,465 million yen versus March 31, 2011, to 29,756 million yen at March 31, 2012.

I. Cash flow from operating activities

Net cash provided by operating activities was 8,805 million yen, down 16,186 million yen year on year, primarily due to a negative contribution to cash flow of 13,361 million yen, representing the net effect of an increase/decrease in accounts receivables and inventories, and 4,408 million yen increase in corporate taxes and other payments.

II. Cash flow from investing activities

Net cash used in investing activities was 7,899 million yen, down 382 million yen year on year primarily due to capital expenditures of 7,437 million yen.

III. Cash flow from financing activities

Net cash used in financing activities was 4,878 million, down 4,165 million yen year on year primarily due to 2,365 million yen from dividend payments, 1,549 million yen from net repayment of loans, and 740 million yen from payments of finance lease obligations.

<Trend in Cash Flow Indices>

	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012
Equity Ratio (%)	49.5	52.3	53.8	54.9	55.5
Equity Ratio on a Market Value Basis (%)	89.5	66.0	77.8	76.5	75.8
Years of Debt Redemption	2.2	2.7	2.7	1.2	3.3
Interest Coverage Ratio	27.1	20.9	23.8	67.5	17.1

Note: Equity Ratio = (net assets – shares held by minority shareholders) / total assets

Equity Ratio on a Market Value Basis (%) = Total market value of shares / total assets

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

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

1. All indices were calculated on a consolidated basis.
2. The total market value of shares was calculated as the product of year-end share price and the number of year-end outstanding shares (after deduction of treasury stock).
3. The cash flow from operating activities indicated on the consolidated statements of cash flows was used as the cash flow from operating activities. Interest bearing debt includes short-term loans, long-term debt, and unsecured bonds, from liabilities indicated in the consolidated balance sheet. Interest payments indicates the interest paid, as reported in consolidated statements of cash flows.

(3) Dividend Policy and Dividends for the Fiscal Years Ended March 31, 2012 and 2013

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

We aim to maintain a stable dividend while taking ongoing earnings performance into account. With this goal in mind, we will continue our efforts to boost earnings, and hence ROE, by further improving our profit-generating capacity and financial health while also maintaining sufficient internal reserves to fund capital expenditures and R&D to provide a platform for future growth.

We paid a year-end dividend of 4.0 yen per share for the fiscal year ended March 31, 2011. For the fiscal year ended March 31, 2012, we intend to pay a year-end dividend of 4.0 yen per share. Combined with the interim dividend of 4.0 yen per share, this takes the total annual dividend to 8.0 yen per share, which is the same as the previous fiscal year.

For the fiscal year ending March 31, 2013, we currently plan to pay an interim dividend of 4.5 yen per share and a year-end dividend of 4.5 yen per share, for a total annual dividend of 9.0 yen per share, which is an increase of 1.0 yen compared to the previous fiscal year.

2. Management Policies

(1) Fundamental Policy for Corporate Management

Shimadzu has held "Contributing to Society through Science and Technology" as its corporate philosophy ever since Shimadzu was founded. In 1989, this corporate philosophy was expressed in terms of Shimadzu's current status – "Realizing Our Wishes for the Well-being of both Mankind and the Earth," which was established as Shimadzu's management principle. Since then, this management principle has represented Shimadzu's fundamental policy for corporate management.

Then, in April 2012, 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 advanced technologies to supply products and services that satisfy the needs of customers in a wide range of fields, such as analytical, measuring, and testing instruments for industrial and research applications, instruments for environmental measuring, instruments for diagnostic medicine, instruments for semiconductors or FPDs (flat panel displays), aircraft components, life science businesses, information systems, and software services. Furthermore, we aim to increase corporate value by continuously striving to improve management efficiency and profitability through key investments of management resources in these business activities.

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

The Shimadzu Group started a 3-year medium-term management plan in April 2011, based on our long-term vision "Toward Becoming a True Global Business." This plan includes the following measures, which are based a fundamental policy of "becoming the number one partner selected by customers globally," and a strategy of achieving growth in both developed and emerging economies by introducing globally strategic products and supplying solutions.

1. Pursue global growth by offering a broad range of products, from high-end products to mid-range products that provide high value for the cost.
2. Supply products and applications with high added value and solutions that customers will choose, such as services that improve convenience.
3. Focus R&D expenses, personnel, and other management resources on globally strategic products and increase our market share.

As the second year of the current medium-term management plan, 2012 is an important year for achieving the plan goals, so we will actively address relevant issues.

To increase our ability to respond to changes in the business environment, such as sharp market fluctuations or severely strong yen currency, we will implement measures to improve profitability. In addition to reducing inventories, we will actively implement production reforms, such as strengthening overseas production facilities in China and the U.S., and procurement reforms, such as strengthening local procurement functions for overseas production.

Starting from April 2012, we started a new organizational system designed to facilitate global growth. We integrated the planning, R&D, manufacturing, sales, and other functions of each division, so they are able to operate their businesses in a more integrated manner. This organizational change includes the introduction of an internal company system in overseas sales subsidiaries in North America, Europe, China, and Australia. An International Business Department was established with a mission of developing new markets and growth primarily in newly emerging economies. In addition, the Corporate Strategy Planning Department was strengthened to facilitate the planning and proposal of global strategies for the entire Shimadzu Group and to improve coordination between divisional and regional strategies. This plan will enable Shimadzu to deploy businesses in accordance with diverse needs around the world, achieve growth levels appropriate for respective markets in each region, and become a true global business.

By ensuring all these measures are implemented in a reliable manner, we intend for the Shimadzu Group to grow significantly.

(3) Management Performance Indicators Used as Goals

The Shimadzu Group management performance goals with respect to the 3-year medium-term management plan, for consolidated results as of March 2014, are 320,000 million yen in net sales, 32,000 million yen in operating income, and a minimum 45% overseas sales ratio.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2012	As of March 31, 2011
Assets		
Current assets		
Cash and time deposits	31,218	35,455
Trade notes and accounts receivable	85,435	79,669
Merchandise and products	33,348	31,032
Work in process	19,359	16,573
Raw materials and supplies	16,364	15,076
Deferred tax assets	6,701	7,335
Other	4,804	3,749
Allowance for doubtful receivables	(987)	(982)
Total current assets	196,244	187,909
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	71,058	70,926
Accumulated depreciation	(36,255)	(35,346)
Buildings and structures, net	34,802	35,579
Machinery, equipment and vehicles	18,071	17,784
Accumulated depreciation	(14,502)	(14,103)
Machinery, equipment and vehicles, net	3,569	3,680
Land	18,730	18,749
Leased assets	3,168	3,389
Accumulated depreciation	(1,542)	(1,847)
Leased assets, net	1,626	1,541
Construction in progress	713	15
Other	26,864	26,600
Accumulated depreciation	(21,093)	(20,522)
Other, net	5,770	6,078
Net property, plant and equipment	65,213	65,644
Intangible fixed assets	7,218	6,794
Investments and other assets		
Investment securities	9,292	9,489
Long-term receivables	593	876
Deferred tax assets	8,776	9,738
Other	4,104	4,571
Allowance for doubtful receivables	(602)	(180)
Total investments and other assets	22,164	24,494
Total noncurrent assets	94,596	96,933
Total assets	290,840	284,843

(In million yen)

	As of March 30, 2012	As of March 31, 2011
Liabilities		
Current liabilities		
Trade notes and accounts payable	50,045	48,278
Short-term loans	7,519	9,754
Current portion of unsecured bonds	10,000	—
Lease obligations	619	637
Accounts payable, other	9,268	8,541
Income taxes payable	2,917	2,990
Allowance for employees' bonuses	5,980	5,884
Allowance for director's bonuses	204	193
Other	9,449	8,453
Total current liabilities	96,004	84,733
Long-term liabilities		
Unsecured bonds	—	10,000
Long-term debt	11,556	10,974
Lease obligations	1,127	1,017
Liability for employees' retirement benefits	14,528	15,155
Liability for directors' retirement benefits	259	302
Other	5,795	6,006
Total long-term liabilities	33,266	43,456
Total liabilities	129,271	128,190
Net assets		
Shareholders' capital		
Common stock	26,648	26,648
Additional paid-in capital	35,188	35,188
Retained earnings	111,968	105,244
Treasury stock	(699)	(680)
Total shareholders' capital	173,105	166,401
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,995	2,334
Foreign currency translation adjustments	(13,754)	(12,305)
Total valuation and translation adjustments	(11,758)	(9,970)
Minority interests	221	222
Total net assets	161,568	156,653
Total liabilities and net assets	290,840	284,843

(2) Consolidated Statements of Operations

	(In million yen)	
	Year ended March 31, 2012	Year ended March 31, 2011
Net sales	266,255	252,707
Cost of sales	165,380	157,187
Gross profit	100,875	95,520
Selling, general and administrative expenses	81,509	79,222
Operating income	19,365	16,297
Other income		
Interest income	171	144
Dividend income	145	137
Insurance payments received	352	328
Rent received	118	169
Subsidy received	434	315
Other	646	896
Total other income	1,869	1,992
Other expenses		
Interest expense	426	451
Foreign exchange loss, net	478	881
Other	1,678	1,678
Total other expenses	2,583	3,011
Ordinary income	18,650	15,279
Extraordinary income		
Gain on sale of property, plant and equipment	20	10
Total extraordinary income	20	10
Extraordinary losses		
Loss on disposal of property, plant and equipment	420	404
Loss on write-down of investment securities	158	92
Effect of adoption of new accounting standards for asset retirement obligations	—	258
Total extraordinary losses	578	755
Income before income taxes and minority interests	18,092	14,533
Income taxes	5,271	4,624
Refund of income taxes for past fiscal years	1,709	—
Income taxes adjustments	2,008	(160)
Total income taxes and income taxes adjustments	8,989	4,464
Income before minority interests	9,102	10,069
Minority interests in net income	19	22
Net income	9,083	10,046

(3) Consolidated Statements of Comprehensive Income

	Year ended March 31, 2012	Year ended March 31, 2011
Net income before minority interest	9,102	10,069
Other Comprehensive income		
Unrealized loss on available-for-sale securities	(338)	(494)
Foreign currency translation adjustments	(1,451)	(3,808)
Total other comprehensive income	(1,789)	(4,303)
Comprehensive income	7,313	5,765
Total comprehensive income attribute to		
Owners of the parent	7,296	5,754
Minority interests	17	11

(4) Consolidated Statements of Cash Flows

(In million yen)

	Year ended March 31, 2012	Year ended March 31, 2011
I. Cash flows from operating activities		
Income before income taxes and minority interests	18,092	14,533
Depreciation and amortization	7,969	7,924
Effect of adoption of new accounting standards for asset retirement obligations	—	258
Increase (decrease) in allowance for doubtful receivables	451	(140)
Increase (decrease) in allowance for employees' bonuses	95	433
Increase (decrease) in allowance for director's bonuses	10	11
Provision for (reversal of) accrued retirement benefits for employees	(559)	(583)
Interest and dividends income	(316)	(282)
Interest expense	426	451
Foreign exchange (gain) loss, net	3	42
Net (gain) loss on sale and valuation of investment securities	158	92
Net (gain) loss on sale and disposal of property, plant and equipment	400	394
(Increase) decrease in trade receivables	(6,723)	1,167
(Increase) decrease in inventories	(7,519)	(2,048)
Increase (decrease) in trade payables	2,402	5,075
Other, net	1,137	364
Subtotal	16,028	27,693
Interest and dividends received	314	281
Interest paid	(516)	(370)
Income taxes paid	(7,021)	(2,612)
Net cash provided by (used in) operating activities	8,805	24,992
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(7,437)	(8,341)
Proceeds from sale of property, plant and equipment	131	787
Purchase of investment securities	(751)	(438)
Increase in long term receivables	(10)	(39)
Decrease in long term receivables	471	175
Other, net	(302)	(425)
Net cash provided by (used in) investing activities	(7,899)	(8,281)
III. Cash flows from financing activities		
Borrowing of short-term loans	628	453
Repayment of short-term loans	(1,928)	(5,879)
Borrowing of long-term debt	1,243	430
Repayment of long-term debt	(1,493)	(642)
Issuance of commercial paper	7,000	11,000
Repayment of commercial paper	(7,000)	(11,000)
Cash dividends paid	(2,365)	(2,206)
Dividends payments to minority shareholders	(5)	(9)
Repayment of financial lease	(335)	(333)
Payment of finance lease obligations	(740)	(868)
Other, net	118	11
Net cash provided by (used in) financing activities	(4,878)	(9,044)
IV. Foreign currency translation adjustments on cash and cash equivalents	(494)	(1,687)
V. Net increase (decrease) in cash and cash equivalents	(4,465)	5,979
VI. Cash and cash equivalents, beginning of period	34,221	28,242
VII. Cash and cash equivalents, end of period	29,756	34,221

(5) Notes on Going Concern

Not applicable

(6) Segment Information

1) Sales and income (loss) by reportable segment

Fiscal year ended March 31, 2012 (1 April, 2011 – 31 March, 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	153,249	50,600	26,458	28,727	259,035	7,219	266,255	—	266,255
(2) Inter-segment sales	71	21	68	55	217	1,167	1,385	(1,385)	—
Total	153,321	50,622	26,526	28,783	259,253	8,387	267,640	(1,385)	266,255
Segment income (loss)	15,130	987	394	1,395	17,908	1,452	19,360	5	19,365

Fiscal year ended March 31, 2011 (1 April, 2010– 31 March, 2011)

(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	140,755	49,551	24,994	29,171	244,472	8,234	252,707	—	252,707
(2) Inter-segment sales	95	1	76	49	223	1,068	1,291	(1,291)	—
Total	140,850	49,552	25,071	29,220	244,695	9,302	253,998	(1,291)	252,707
Segment income (loss)	14,186	(83)	(569)	999	14,532	1,759	16,291	5	16,297

2) For reference

Sales by geographic segment

Fiscal year ended March 31, 2012 (1 April, 2011 – 31 March, 2012)

(In million yen)

Japan	The Americas	Europe	China	Other Asia	Other	Total
157,622	25,205	19,178	37,275	19,011	7,962	266,255

Fiscal year ended March 31, 2011 (1 April, 2010– 31 March, 2011)

(In million yen)

Japan	The Americas	Europe	China	Other Asia	Other	Total
152,331	22,648	18,475	32,043	18,924	8,283	252,707

(7) Notes on Significant Changes in Shareholders' Capital

Not applicable