We wish to make everyone happy, as well as to make society safe and secure, by delivering products and applications that increase your quality of life.

In order to fulfill this wish, we are conducting activities around the world, to reach as many people as possible.

Beautiful nature and clean water bring safe and delicious foods. Early detection and prompt medical care are available to the infirm. All clothing, homes, as well as the workplaces are comfortable. All transportation systems are safe and convenient.

The challenge of our time are highly complex.

We believe that science and technology can address many contemporary challenges.

We are proud of our commitment to science and technology for the past 140 years and have a keen desire to use our knowledge and strength to solve complex problems.

Our wish is that humanity as a whole enjoys a higher quality of life, filled with happiness. It is our aim to ensure the generations to come will benefit from the challenges we will overcome.

We will never stop taking on challenges to achieve our objectives.
For a more convenient, safe, and secure society

Around 1870, Kyoto City promoted modern industry by constructing state-run industrial laboratories as well as research and educational facilities. Genzo Shimadzu Sr., Company founder, learned about the latest technologies at that time through educators and researchers who had been invited from the U.S. and Europe meanwhile he manufactured educational physical and chemistry instruments that these educators and researchers desired. With this, Shimadzu Corporation was founded in Kyoto about 140 years ago (year 1875).

Since Shimadzu’s foundation, its predecessors’ intentions to provide what clients needed continues today, as illustrated by our stance to contribute to the realization of a more convenient, safe, and secure society with innovations in science and technology that respond to the needs of society and clients. We can say that Shimadzu’s history is characterized by social contribution activities. The science and technology is becoming increasingly important for solving issues facing society, which are becoming more diversified and complex.

We will continue to work tirelessly to acquire new knowledge and skills and contribute to society by proactively providing solutions to problems, thus, we strive to create something new that has not existed before or achieve something that no one has ever accomplished before. Examples include the following:

- Contributing to the safety and security of people in the fields of the environment and food
- Contributing to urban security and comfortable lifestyles with tall buildings, large bridge piers, etc.
- Reducing radiation technologists’ exposure to radiation
- Promoting conservation of the environment in Asia by providing people, resources, technologies, and funds
- Promoting early detection and treatment of cancers to reduce the burden and anxiety of patients
- Developing and releasing the nation’s first high-end liquid chromatography mass spectrometer
- Starting support for the United Nations University’s project, “Environmental Monitoring and Analysis in the East Asian Region” (current)
- Promoting and developing radiology through the cultivation of human resources
- Contributing to Japan’s aircraft industry in its early developmental stage
- Establishing a Shimadzu X-ray technical training center (currently, Shimadzu Gakuen)
- Contributing to the growth of industry and prevention of pollution by supporting technologies in the petrochemical field
- Contributing to cityscape and urban security with new recognition of the skyscrapers and high bridges, et cetera
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SHIMADZU serves society with the power of science and technology, contributing to developments in a variety of fields.
We aim for sustainable enhancement of corporate value through social contribution

Plentiful diets, early detection of diseases, and a global environment ensuring safe living are the essential elements for the realization of a society where everyone can enjoy a happy life.

For 140 years, we have been providing solutions for that goal through science and technology, and have formed the current four business segments: Analytical and Measuring Instruments, Medical Systems and Equipment, Aircraft Equipment, and Industrial Machinery. We believe that Shimadzu’s corporate value encompasses total values for various stakeholders including customers, shareholders, business partners, employees, and local communities, generated as a result of social contributions (evolution of social issues) through these businesses.

For the sustainable enhancement of this corporate value, we are currently promoting the medium-term management plan (from FY2014 to FY2016) with the basic policy of aiming to “Become an Innovative Company Contributing to the Growth of Customers Globally,” under the vision of becoming a “True Global Business.”

We define “Innovative Company” as a company that generates new values bringing transformative changes to customers’ markets, and develops and provides solutions to realize such situations, thereby contributing to the growth of the customers’ markets. To achieve the basic policy, we are striving to generate values for each stakeholder while focusing on the (1) growth strategy, (2) improvement of the profit structure and (3) strengthening of the global organization and system. Specifically, we are working on the following four efforts:

1. Providing products catering to potential needs of customers by means of sophisticated technology.
2. Acquiring advanced technologies and solving problems in each region by expanding joint research projects with forward-thinking customers in the region.
3. Building a global manufacturing and sales system to steadily take advantage of emerging market growth.
4. Providing services optimal for customers with a focus on product lifecycle.

Achievements in FY2015

In 2015, when there was still a concern about the future of the world economy, we actively promoted measures for growth, including (1) the launch of the world’s best “Number One / Only One” products, (2) acquisition of advanced technologies through joint research projects with forward-thinking customers in each region via innovation centers established in the U.S. and China, and promotion of efforts to attract needs in each region, (3) sales expansion with products that cater to local needs in China, (4) strengthening of the aftermarket business by establishing service bases in emerging countries, and (5) creation of new businesses, in line with the medium-term management plan. These measures have successfully met the globally increasing demands for human health, safety, and security, allowing us to provide products and services for a wide range of industrial fields, such as pharmaceutical, food, and chemical, which, also due to the effect of the yen’s depreciation, resulted in net sales of 342.2 billion yen (8.7% increase from the previous year), operating income of 35.7 billion yen (31.3% increase from the previous year), ordinary income of 34.8 billion yen (22.8% increase from the previous year), and profit attributable to owners of parent of 23.9 billion yen (29.6% increase from the previous year), all of which achieved record highs. As a result, the operating income margin exceeded the medium-term management plan target a year ahead of schedule.

We place first priority on investment for growth that contributes to enhanced corporate value, and continue paying stable cash dividends regardless of the business performance. We paid a dividend applicable to the year of 18 yen per share for FY2015, an increase of 5 yen from the previous fiscal year.

Topics for FY2015

- **April 2015**
  - Released the “Trinias series MiX package,” an angiography system supporting minimally invasive treatment with various applications.
  - Opened the Osaka University Shimadzu Analytical Innovation Research Laboratory with the aim of developing cutting-edge technology to comprehensively investigate a cell’s life activities.

- **May 2015**
  - Released the high-speed liquid chromatograph mass spectrometer LCMS-8060, a flagship model achieving the world’s highest sensitivity and highest speed.

- **July 2015**
  - Established the Innovation Center at its wholly-owned U.S. subsidiary to further promote joint research and development projects in the U.S.

- **October 2015**
  - “BLUE IMPACT,” a fiber-coupled blue direct diode laser, received the Cho-Monodzukuri Nippon Grand Award.
  - Established the Shimadzu China Mass Spectrometry Center to strengthen responsiveness to the needs of the Chinese market and promote joint research and development.

- **November 2015**
  - Started manufacturing of three components to be fitted on aircraft made by Boeing to expand the commercial airplane equipment business.

- **March 2016**
  - Demonstrated two types of RGB laser light source modules, including a world-class high-brightness model and an ultra-miniaturized model.
Activities in FY2016

In 2016, the final fiscal year of the medium-term management plan, the slowdown of the Chinese economy and Britain’s national referendum that determined to exit the EU created a trend whereby the yen appreciated and the prospects for the world economy appeared bleak. Even in Japan, where a gradual increase in corporate capital investment was predicted, there are concerns regarding the downturn of global markets and a deteriorating corporate mindset toward capital investment due to the yen’s appreciation.

Under these circumstances, we will steadily take the following measures and actively expand business operations:

1) Accomplishing and materializing growth strategies to enhance corporate value
   We will quickly and accurately grasp changes in market structures unique to each region and continue striving to provide innovative solutions that lead to customer growth and develop entirely new markets.
   (1) We will practice open innovation by combining our strength with that of external partners for business expansion, so that we can enhance our responsiveness to the specific needs of customers in each region and further differentiate ourselves from competitors.
   (2) We will strive to further develop “Number One / Only One” products and propose 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 and Equipment business in cutting-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. For this purpose, we are establishing innovation centers in the U.S., Europe, China, and Asia with an aim to “acquire cutting-edge technologies,” “respond to customer needs in each region,” and “create a market catering to potential needs.” (The centers were built in the U.S. and China in 2015, and additional ones are scheduled to be built in Europe and Asia in 2016.)

2) Reforming the profit structure and strengthening the global organization and structure
   (1) We will expand the scale of production outside Japan, raise the ratio of local procurement, 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 measures to ensure that our employees can thrive in a global environment, while actively making optimal personnel assignments.

   “Environment,” “Society,” and “Corporate Governance” are the important items that support long-term growth, and how these are evaluated by society is a critical factor for the enhancement of corporate value.
   We are making efforts to realize a low-carbon society and a sustainable society for “Environment,” and to establish systems to ensure that women, senior citizens, and non-Japanese employees can take active roles in the company in various working styles for “Society.” As for “Corporate Governance,” we strive to establish a fairer and more transparent system with an aim to achieve a sustainable and stable growth and realize a corporate philosophy and management principles.
   While steadily implementing these measures, we will draw up a new medium-term management plan for the period starting from FY2017 to make more contributions to society in the future, in order to realize our sustainable growth and improve corporate value in the medium- and long-term.

In the future, we will continuously strive to gain the understanding of stakeholders with regard to our efforts in various fields including business activities, and to receive appropriate evaluation. We sincerely appreciate your continuous support.

Becoming a True Global Business

Aiming to “Become an Innovative Company Contributing to the Growth of Customers Globally”

Medium-Term Management Plan (from FY2014 to FY2016)

<table>
<thead>
<tr>
<th>Target for final fiscal year (FY2016)</th>
<th>Achievements for FY2014 and FY2015 and plan for FY2016 (as of November 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>Net sales</td>
</tr>
<tr>
<td>350 billion yen</td>
<td>350 billion yen</td>
</tr>
<tr>
<td>Operating income margin</td>
<td>Operating income margin</td>
</tr>
<tr>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Overseas sales ratio</td>
<td>Overseas sales ratio</td>
</tr>
<tr>
<td>50% or more</td>
<td>50%</td>
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<table>
<thead>
<tr>
<th>Net sales</th>
<th>Operating income</th>
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<tbody>
<tr>
<td>FY2014</td>
<td>FY2015</td>
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<tr>
<td>115 billion yen</td>
<td>150 billion yen</td>
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<tr>
<td>FY2016</td>
<td>FY2016</td>
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<tr>
<td>150 billion yen</td>
<td>35 billion yen</td>
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</table>

<table>
<thead>
<tr>
<th>Operating income margin</th>
<th>Overseas sales ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014</td>
<td>FY2015</td>
</tr>
<tr>
<td>8.6%</td>
<td>8.0%</td>
</tr>
<tr>
<td>FY2016</td>
<td>FY2015</td>
</tr>
<tr>
<td>10.3%</td>
<td>10.0%</td>
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<table>
<thead>
<tr>
<th>Operating income margin</th>
<th>Overseas sales ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014</td>
<td>FY2015</td>
</tr>
<tr>
<td>50.9%</td>
<td>50.0%</td>
</tr>
<tr>
<td>FY2016</td>
<td>FY2016</td>
</tr>
<tr>
<td>50.0%</td>
<td>50.0%</td>
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</tbody>
</table>
Shimadzu conducts business in four segments with an aim to contribute to the realization of a more convenient, safe, and secure society with innovations in science and technology developed in response to the needs of society and clients.

**Analytical and Measuring Instruments**
We contribute to research, technological development, and quality management in a broad range of fields including medicine, food, and materials by providing our high-performance analytical instruments.

**Main fields of contributions**
- Medical Care
- Environment
- Food
- Pharmaceutical
- Medical Care
- Energy
- Material
- Transport

**Industrial Machinery**
We contribute to industrial progress by supporting front-line manufacturing with our high-performance key components.

**Aircraft Equipment**
We contribute to security, comfort, and load reduction by providing our cutting-edge aircraft components.

**Medical Systems**
We contribute to maintenance and improvement of human health by providing our medical devices that help with accurate diagnoses.

**Main fields of contributions**
- Medical Care
- Environment
- Food
- Pharmaceutical
- Medical Care
- Energy
- Material
- Transport

**Other 2%**
Shimadzu conducts business in four segments with an aim to contribute to the realization of a more convenient, safe, and secure society with innovations in science and technology developed in response to the needs of society and clients.

**Ratio of net sales by segment**
- Analytical and Measuring Instruments: 61%
- Medical systems: 19%
- Industrial machinery: 10%
- Aircraft equipment: 8%
- Other: 2%

**Technology that assists toward opening a new future**
Analytical and Measuring Instruments

We contribute to social innovation by supporting manufacturing including food and medicines, environmental analysis of water quality and air pollution, and cutting-edge research such as life sciences.

<table>
<thead>
<tr>
<th>Business Overview</th>
<th>FY2014 actual result</th>
<th>FY2015 actual result</th>
<th>FY2016 plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>192,607 million yen</td>
<td>208,402 million yen</td>
<td>218,000 million yen</td>
</tr>
<tr>
<td>Operating Income</td>
<td>26,795 million yen</td>
<td>32,959 million yen</td>
<td>33,500 million yen</td>
</tr>
</tbody>
</table>

(As of November 2016)

Pharmaceutical

With pharmaceutical products shifting from low molecular drugs produced by traditional chemical synthesis to bio-pharmaceutical products produced by bio-technology, we developed a method to measure the amount of bio-pharmaceutical drugs absorbed by the human body by applying a mass spectrometer. This is contributing to the development of effective bio-pharmaceutical products.

Chemical

“Lightweight” is essential point for the spread of solar cells and the improvement of automobile fuel efficiency, and there are high hopes for the development of polymers. The use of measuring equipment to analyze the cause of deteriorating polymers is contributing to the development of polymers that can remain stable while in use for a long period of time.

Food

In the food field, development of functional foods with high added value is attracting much attention. Long-believed effects are now being confirmed by analyzing the components of foods using analyzers.

Mobility

As technological innovations take place daily for the improvement of safety and comfort and the reduction of environmental effects, analyzers, inspection machines, and testing equipment have been supporting the progress of technologies for many years. In developmental efforts for the realization of clean energy, which has gained in importance in recent years, these machines are helping improvements in safety, efficiency, durability, and weight reduction.

Clinical

Mass spectrometers can be used for newborn screening in order to identify a wide range of congenital metabolic disorders and suspected cases of such conditions. This will allow doctors to propose a lifestyle that would be suitable for patients’ physical constitutions, thus making it possible to prevent the onset or aggravation of such diseases.
Medical Systems

By state-of-the-art image processing technology, we provide easy-to-use medical systems with less burden on patients, contributing to early detection and early treatment of diseases, including cancer, at medical facilities around the world.

<table>
<thead>
<tr>
<th></th>
<th>FY2014 actual result</th>
<th>FY2015 actual result</th>
<th>FY2016 plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>59,411 million yen</td>
<td>64,597 million yen</td>
<td>65,300 million yen</td>
</tr>
<tr>
<td>Operating Income</td>
<td>1,438 million yen</td>
<td>1,045 million yen</td>
<td>2,000 million yen</td>
</tr>
</tbody>
</table>

(As of November 2016)

Improving the QOL (Quality of Life) of elderly patients in aging society

While the aging of society progresses, we are working on the early detection of functional disorders, which are caused by aging, such as mobility impairment or eating disorders to improve the QOL (Quality of life) of elderly. For example, we offer products that support the diagnosis of osteoporosis or eating disorders as well as pre/post evaluation of implant operations for artificial joints.

Supporting for Effective Radiation Therapy

We have developed a real-time tumor tracking system that supports radiation therapy for tumors in organs, which had been considered difficult due to the patient’s motion such as in breathing. This makes it possible to apply radiation beam accurately to the target area, thereby achieving more effective radiation therapy.

High-Definition Imaging Obtained from Angiography System Supports Catheter Treatment

As a minimally invasive treatment method for heart disease or stroke, catheterization treatment has spread rapidly and become prevalent, and a succession of new treatment methods with a variety of medical devices are being established. We are further improving medical imaging system to produce clear images in real time as opposed to hard-to-see devices, with less burden on patients and users, including physicians and technologists, to ensure more accurate and safer treatment.

*1. Minimally invasive treatment: Treatment minimizing burden on patient body including pain, fever, and/or bleeding.

*2. Catheterization treatment: A treatment method to insert a thin tube called a catheter into a blood vessel from the wrist or groin, and typically to broaden the narrowed blood vessel.
Aircraft Equipment

We provide systems and components for passenger aircraft that integrate our accumulated high-precision processing technology with cutting-edge technologies such as electronics, thereby contributing to ensuring safe and comfortable flights for passengers.

- **Net sales**
  - FY2014 actual result: 24,848 million yen
  - FY2015 actual result: 28,848 million yen
  - FY2016 plan: 25,900 million yen

- **Operating Income**
  - FY2014 actual result: -2,289 million yen
  - FY2015 actual result: 346 million yen
  - FY2016 plan: 300 million yen

**Business Overview**

- **Sales Ratio by Market**
  - Commercial aircraft: 20%
  - Defense: 80%

- **Composition of Sales by Region**
  - North America: 20%
  - Europe: 1%
  - Japan: 79%

**Flight Control Systems**
We produce slat and flap actuation systems for safe landing and takeoff. We contribute to safety with high-quality mechanical and high-reliability control technology.

**On-Board Equipment**
- Flight control systems / air management systems / cockpit display systems and others

**Ground Support Equipment**
- Aviation equipment functional testers / aviation medicine training equipment

**Support for Safe Landing, Takeoff, and Flight of Aircrafts**
For about half a century, we have been developing and producing various aircraft equipment. Due to this successful achievements, our products are used in Boeing 737, 747, 777, 787 and other aircrafts, and also in the MRJ which is Japan’s first jet airliner developed and produced by the Mitsubishi Aircraft Corporation.

**Commitment Towards Safe Flight of Helicopters**
In low visibility flight conditions such as night-time and bad weather, HMD® is expected to be used as equipment that enhances the pilot’s situation awareness. As a joint research project with JAXA®, we are conducting research into the provision of effective visual information by means of HMD® to a helicopter pilot engaged in search and rescue. In specific terms, for a helicopter to reach the destination safely in such low visibility flight conditions so that rescuers can carry out search-and-rescue operations, we are developing technologies to display infra-red images, a 3D synthetic topography map generated from a terrain database, and a flight path tunnel guidance, on the helmet’s visor in real-time overlapping the pilot’s field of view of its line of sight.

*1. Visibility: The greatest distance at which an object can be clearly seen with the naked eye
*2. HMD: An acronym for Helmet-Mounted Display, referring to a system that uses the helmet’s visor to display character and image information in the user’s far field of view
*3. JAXA: Japan Aerospace Exploration Agency

General Manager,
Aircraft Equipment Division
Osamu Ando

provided by Mitsubishi Aircraft Corporation.
We provide high-performance key components such as industrial machinery related to manufacturing and quality-control processes for semiconductors and thin displays, and high-quality equipment making use of sophisticated hydraulic technology, thereby contributing to the development of industries.

<table>
<thead>
<tr>
<th></th>
<th>FY2014 actual result</th>
<th>FY2015 actual result</th>
<th>FY2016 plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>30,966 million yen</td>
<td>33,517 million yen</td>
<td>34,200 million yen</td>
</tr>
<tr>
<td>Operating Income</td>
<td>1,966 million yen</td>
<td>2,206 million yen</td>
<td>2,000 million yen</td>
</tr>
</tbody>
</table>

(Turbo molecular Pumps)

These pumps create a vacuum environment that is essential in manufacturing semiconductors and liquid crystals. We have commercialized turbomolecular pumps with the world’s highest evacuation capability.

(Hydraulic Gear Pumps)

Widely used as a hydraulic power source for various types of equipment including industrial vehicles such as forklifts, construction machinery, special-design vehicles, and agricultural machinery.

(Turbomolecular Pumps)

Nano-size processing is carried out in a vacuum environment, which is required for manufacturing semiconductors exemplified by flash memory, liquid crystal panels, and solar cells.

To create a clean vacuum environment allowing such fine and special processing, a turbomolecular pump is necessary.

We are the world’s leading manufacturer, with a consistent production system from mechanical processing through assembly to inspection, having gained customers’ trust with our global service system.

(Hydraulic Gear Pumps)

Hydraulic gear pumps are a type of pump most generally used for driving hydraulic machinery. Due to fewer failures, compact size, and light weight, the pumps are used in a wide range of applications such as industrial vehicles, construction machinery, agricultural machinery, and special-design vehicles. In terms of manufacturing systems, we have established factory automation, manufacturing technologies for mass production, and quality control, realizing just-in-time delivery.
We will solve problems of society through continuing cutting-edge research and development as well as providing products that satisfy our clients.

Research and Development
We work on development of new products and services aimed at meeting our clients’ needs by strengthening collaboration with external institutions such as advanced companies, universities, and research institutions as well as promoting research and development that utilize the characteristics of the global market. In addition, we strive to establish a global management system of intellectual properties, integrate intellectual property information, and improve its quality to acquire rights in research and development that utilize the characteristics of the global market. In addition, we strive to establish a global management system of intellectual properties, integrate intellectual property information, and improve its quality to acquire rights in research and development outcomes.

Major Element Technology
We will proactively promote cutting-edge research and development through consistently understanding the needs and trends of the times such as what is needed and beneficial for our clients, and create new values.

Optical measurement technology
We carry out research and development of high-speed and sensitive devices as well as optical application measurement technology that can be applied to non-destructive visualization measurement, industrial measurement, and others.

Radiological Technology
We are conducting research and development of next-generation X-ray sources for medical diagnosis, nondestructive inspections, and composition analysis, as well as y-ray detectors with high sensitivity and fineness.

Data processing technology
We carry out research and development of imaging technology and signal processing technology that are useful for diagnostic imaging, measurement, and data analysis.

Mass spectrometry imaging of physiological tissue
Mass spectrometry imaging of minute fraction

Materials Procurement
Setting maximum priorities to ensure fair and equitable transactions as well as compliance with laws and regulations, we conduct our transactions in line with the basic policy that is symbiosis and environment (E), quality (Q), cost (C), and delivery time (D). We will strive to deepen mutual understanding with suppliers inside and outside Japan through our strong partnerships with them and to develop a relationship where both parties can grow and develop through our transactions.

Green Procurement
In an effort to embody our management principle of “Realizing Our Wishes for the Well-being of both Mankind and the Earth,” we take a proactive stance in “Green Procurement,” which means we preferentially purchase environmentally friendly materials.

Measures for Conflict Minerals
We established an internal organization to ensure in terms of social responsibility that we do not use any conflict minerals that involve inhumane activities as raw materials in our products, and also set in place the “Shimadzu Group Policy Regarding Conflict Minerals.”

*Regulation of Conflict Minerals
To prevent sales of conflict minerals from becoming a capital source for armed groups that commit inhumane acts, companies listed in the U.S. must report to the Securities and Exchange Commission (SEC) about the use of conflict minerals (gold, tin, tantalum, and tungsten) mined in the Democratic Republic of the Congo (DRC) and nine surrounding countries for achieving products’ functions or manufacturing them.

For details, click here http://www.shimadzu.com/about/procurement/index.html
Taking Up the Challenge of Improving Quality of Life (QOL) with Science and Technology

In societies with increasing ageing populations, there are accumulating issues such as nursing care and social security. We believe that the first step toward solving these issues is to stay healthy and respond quickly to any risk of injury or disease. With the help of science and technology, we are working on measures for the improvement of people’s QOL by reducing the risks of injuries and diseases, and the creation of treatment methods that are less burdensome for patients, should any injury or disease occur.

Next Challenge

Besides our long-accumulated X-ray image processing technology, we are taking advantage of new image processing technology using near-infrared light, which has a high permeability for living organisms, and mass spectrometer technology that can find out what substances are contained in what amount, so that we can propose new solutions for the areas of prevention, Ultra-early Examination, diagnosis, treatment, and prognostic management.

In the future, we will enhance "Ultra-early Examination" using mass spectrometer technology while making use of image processing technology, and integrate prevention, Ultra-early Examination, diagnosis, treatment, and prognostic management for each disease, aiming to propose new systemized solutions.

**Prevention**
- Daily Health Management
- Mass Spectrometer Technology

**Ultra-early Examination**
- Early detection of risks by blood analysis
  - Prevention
  - High-speed liquid chromatograph mass spectrometer
  - Mass spectrometers can be used for newborn screening in order to identify a wide range of congenital metabolic disorders and suspected cases of such conditions. This makes it possible to prevent the onset or aggravation of such diseases.
  - Diagnosis
  - Fluorescence imaging system
  - The fluorescence imaging system can help physicians localize important regions to look for the possibility of breast cancer metastasis and identify the region that must be removed, allowing for treatment with less burden on patients.

**Diagnosis**
- Detection of microscopic cancer by PET systems
  - Dedicated-breast PET system
  - With dedicated-breast PET system, which allows medical screening or diagnosis with no pain and which has a possibility to detect microscopic breast cancer, we strive to reduce the number of breast cancer sufferers as much as possible.
- Precise localization of dissection area by fluorescence imaging system
  - Breast cancer

**Treatment**
- Support for angiography examination and catheterization treatment by angiography system
  - Angiography system
  - Trinias
  - The Trinias supports the diagnosis of arteriosclerosis, which could cause severe diseases such as cardiac infarction and/or stroke, and supports catheterization treatment with the cutting-edge technology, thereby improving the safety of treatment.

**Prognostic Management**
- Early detection of risks by blood analysis
  - Medication management
  - High-speed liquid chromatograph mass spectrometer
  - Mass spectrometer technology can detect slight changes in the blood. This allows for control of the concentration of medication in the blood, which thus facilitates proper prescription.

**Integration of medical cycle (prevention, Ultra-early Examination, diagnosis, treatment, and prognostic management) for each disease**

* This product was commercialized based on the results of a project by the New Energy and Industrial Technology Development Organization (NEDO).
Environmental Initiatives

We intend to reduce the environmental load associated with technological development and business activities and contribute to our clients’ and society’s environmental activities.

Basic Policy of Environmental Activities

We promote environmental activities comprising three pillars so that we can share the natural environment, such as resources and ecosystem, with future generations.

The first pillar is to contribute to global environmental conservation with technological development, including our products and services. We will actively provide society with “environment-conscious products” designed to have low environmental impacts throughout their lifecycle, such as energy-saving products and “environmentally beneficial products” with functionality or applications that contribute to environmental improvement, such as efficient monitoring systems.

The second pillar is to prevent environmental pollution through reduction of environmental loads in various business activities such as development of products and manufacturing. Conservation of biodiversity, which has been a global challenge in recent years, is part of this activity.

Environmental Activities Promotion System

We have established “environmental meetings” chaired by executive management has been established in accordance with ISO 14001* to promote the environmental management system on company-wide basis. Led by the environmental technical committee sections established across different departments and dealing with company-wide environmental issues, Shimadzu, its manufacturing, research, and sales sites, and its major group companies nationwide are currently promoting company-wide environmental activities.

Our Major Activities for FY 2015

Contribution to Global Environmental Conservation with Technological Development

Of our products, energy-saving products that use at least 25 percent less energy compared to their predecessor models and those that do not contain certain toxic substances are certified as “Eco-labeled products,” which is our own recognition system. In particular, we contributed to the reduction of costs and CO2 emissions through reduction of energy consumption when our clients use our energy-saving products. We have reduced CO2 emissions by over 25,000 tons with our products sold since FY 2010. In addition, we also provide our clients with systems to monitor or measure wastewater and exhaust gas, and to detect toxic substances in products or parts. In this respect, we contribute to their environmental activities.

Moreover, our products are used in many different situations including new energy business such as fuel cells and solar panels, development and quality control of highly efficient automobiles, and energy-saving home appliances.

Reduction of Environmental Load in Business Activities

The Shimadzu Group in Japan emits approximately 80 percent of the CO2 within the entire Group. In this respect, under the environmental management system in accordance with ISO 14001, we continuously make efforts to reduce environmental loads in manufacturing, research and development, and sales sites; and in major group companies in Japan. In addition, we have established our own voluntary standard, which is stricter than the relevant law, to manage waste, chemical substances, effluent, and promote reduction of such materials and their risks.

Support of External Environmental Activities

Using our information and know-how obtained through our environmental activities, we support external stakeholders’ environmental activities such as enhancement of capacities to deal with the environment, environmental consciousness, and environmental contributions in the region. As a characteristic activity, “E-CO Club,” which is an ecological activity group composed of mostly female members, created educational tools featuring biodiversity, waste, etc., and visits elementary schools to give lectures. In addition, we grow futaba-adi, used at the Aoi Festival in Kyoto, in the head office/Sanjo Works’ green space, while it has earned an AAA score from the JHF*1, and provide support for the continuation of existing ecosystems and traditional culture. Furthermore, we pursue forest conservation activities at our overseas sites.

Comments from an Outside Expert

In line with the Paris Agreement reached at the 21st session of the Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change, it can be said that the world has shifted the emphasis from a low-carbon society to decarbonising society. Given the situation in which backcasting, in other words, the goal of the future and then working to create short- and medium-term objectives as required, I am paying attention to your future initiatives, such as how your company will create objectives and how you will promote them. I believe that you will contribute significantly to the reduction of CO2 emissions through measures based on the perspectives of the value chain including your clients and business partners, and business continuity plans (BCPs) dealing with the risk of energy supply. I hope your corporate spirit, which has also been making tremendous contributions to local communities for a long time, will continue with an eye to the future.

*1 ISO 14001: an international standard for environmental management systems

http://www.shimadzu.com/about/csr/
Shimadzu is committed to striving to improve the work environment to make employees work positively and vigorously in order to ensure the continued growth.

Policy
We will respect the human rights, personality, and individuality of all employees and diversity in the workplace, and will strive to create a workplace in a manner that fully utilizes the abilities of all employees and achieves a healthy balance between work and personal life (work-life balance).

Human Resources Development Supporting Global Growth
Out of about 11,100 employees of Shimadzu group, there are about 4,000 local employees (national staff) working for overseas group companies. To sustain the global growth, we started “Business Leader’s Training” and “Global Manager Training” programs in 2015. The Business Leader’s Training is designed to enhance the talent development for the candidates of future leaders engaged in the global business, while Global Manager Training is targeted at newly promoted managers of overseas group companies to develop the management skills of the national staffs. The number of non-Japanese employees hired as headquarters staff to support global growth has reached 17 in total; they are playing active roles in a variety of fields including product development, sales, and administration, by making use of their diverse values and language skills. Furthermore, as a program for headquarters staff starting from 2012, we implemented “Overseas Site Training” whereby junior staffs who joined the company for about five years are selected to be dispatched overseas for up to two years, and 31 junior staffs have participated in this program in 9 countries as so far.

Promotion of Women’s Active Participation in the Workplace
Female employees accounted for 22.9 percent of employees in Shimadzu Group in the fiscal year 2015 (16 percent at the headquarter, 19.5 percent at the domestic Group companies, 31.1 percent at the overseas Group companies), and it is increasing year by year. However, in terms of management positions, female employees accounted for only 6.9 percent (1.3 percent at the headquarter, 1.9 percent at the domestic Group companies, 17.0 percent at the overseas Group companies). Shimadzu will launch a working project promoting diversity and create a workplace environment that allows female employees to make full use of their abilities. This project will also committed to enhance the recruitment, improve the evaluation and training system, realize the flexibility in working hours and places as well as make reformation of the organizational culture. A goal of promoting the Women’s Active Participation has been set at the headquarters, which includes achieving 30% in female recruitment ratio every year and reaching a 5% (40 persons) employees’ health so that they can work positively and vigorously. From 2015, we started to offer corporate gym membership to employees of domestic group companies and retired employees. The total number of use exceeded 3,800 times annually.

Realization of Work–Life Balance
We focus on system improvement that support employees to find a balance between work and personal life adopting to their life, such as childcare and family nursing care. Our goal is to prevent employees from leaving their jobs due to the need of childcare and family nursing care. In addition, we provide support to help enhance our employees’ health so that they can work positively and vigorously. From 2015, we started to offer corporate gym membership to employees of domestic group companies and retired employees. The total number of use exceeded 3,800 times annually.

Diversity and Work–Life Balance

<table>
<thead>
<tr>
<th>Program</th>
<th>Legal Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care</td>
<td>Until the child reaches 1 year of age (extendable to 1 and a half years of age for certain cases)</td>
</tr>
<tr>
<td>Short Working Hour for Childcare</td>
<td>Until beginning of elementary school</td>
</tr>
<tr>
<td>Support for using childcare services</td>
<td>Until end of third grade of elementary school</td>
</tr>
<tr>
<td>Flextime</td>
<td>Company supports a portion of the cost of using child care services such as babysitting (Newly introduced in March 2016)</td>
</tr>
<tr>
<td>Family Nursing Care</td>
<td>90 days</td>
</tr>
<tr>
<td>Short Working Hour for Family Nursing Care</td>
<td>90 days</td>
</tr>
<tr>
<td>Flextime</td>
<td>As long as needed (Implemented from FY 2016)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Females among New Graduate Hires</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>2017</td>
</tr>
</tbody>
</table>
As a Member of Society

Shimadzu will contribute to society through supporting research and development, promoting science and environmental education, opening people's eyes to such education, and engaging in community activities as a corporate citizen.

Support of the United Nations University
Since 1996, we have been supporting the “Environmental Monitoring Project in Asia” implemented by the United Nations University, in which ten nations in East Asia participated. The participating nations work for environmental monitoring and conservation through training technical experts as well as accumulating data on environmental pollution monitoring. In addition, we provided the latest liquid chromatograph mass spectrometer to the “Monitoring and Management of Persistent Organic Pollutants (POPs) in Asia – PFCs* Monitoring,” a three-year six-stage project from the autumn of 2012 to the autumn of 2015, in order to support the analysis of such research substances.

Support of the United Nations University
The Shimadzu Science Foundation was established in 1980 to fund and promote research and development in science technology in Japan. Every year, the Foundation offers the Shimadzu Award to deserving individuals conducting basic research in scientific technology, mainly involving scientific measurement or related fields, and research and development grants to young researchers. In China, a Shimadzu Cup Research Paper contest is held and the researcher who presents the best paper in the field of pharmaceuticals analysis is awarded the prize. This is for the cultivation of young researchers and development of scientific technologies.

Grants for Young Researchers
The Shimadzu Science Foundation was established in 1980 to fund and promote research and development in science technology in Japan. Every year, the Foundation offers the Shimadzu Award to deserving individuals conducting basic research in scientific technology, mainly involving scientific measurement or related fields, and research and development grants to young researchers. In China, a Shimadzu Cup Research Paper contest is held and the researcher who presents the best paper in the field of pharmaceuticals analysis is awarded the prize. This is for the cultivation of young researchers and development of scientific technologies.

Shimadzu Hands-on Analysis School
We hold the Shimadzu Analysis Experience School program to provide children with opportunities to get interested in science. They can actually operate analytical instruments. We have held the program 143 times since 2007, and a total of 2,263 people have participated. In 2015, we held the program not only in Japan but also in China, the U.S., Singapore, and Germany, and it was very popular.

Shimadzu Foundation Memorial Hall
The “Shimadzu Foundation Memorial Hall” was established to gain an understanding of our passion about science technologies and the history of our development. The whole space conveys the spirit of the start of the business through exhibiting physical and chemical instruments as well as medical X-ray equipment developed since the company’s foundation and historical materials associated with the company’s business activities, creating spaces where we can share the atmosphere of the foundation. Over 340,000 people have visited the hall since its opening in 1975.* PFCs (Perfluorinated compounds): Organofluorine compounds that become environmental pollutants.

Comments from an External Person
The Spectroscopy workshop was a welcome opportunity by the girls of TKGS to explore more about how light and matter interacts. It extended on what they learnt in the classroom about light and brought to life the concepts. All students agreed that the workshop was engaging and will definitely recommend their peers to go for the workshop if more slots were available. With greater appreciation of real-life application of Physics concept, it spurred several students to take up Physics at the Upper Secondary level in Secondary 3.

Shimadzu Junior Tennis School
We also promote tennis. Our players won the Tennis Japan League title for three years in succession (2013–2015), and we hold an annual junior tennis school for everyone from elementary school students to high school students. We have been working to enable children to experience the fun of tennis through instruction by or communication with our players ranked in the Japan Tennis Association Official Point Ranking.

http://www.shimadzu.com/about/csr/social.html
Corporate Governance

We will establish and maintain an organizational system and an official management system able to respond quickly to the changes in the business environment so that we can gain the trust of our stakeholders.

We conduct our business from a long-term perspective to realize the corporate philosophy and the management principle. Such business management cannot be realized without the trust of our stakeholders including our clients, shareholders, business partners, employees, local communities, and others. We will therefore establish and enhance our corporate governance as a core structure of our business management to gain the trust of our stakeholders.

Establishment of Corporate Governance Policy

In November 2015, we established the “Corporate Governance Policy.” Under the Policy, we will take advantage of the corporate governance code spirit for our business and manage our business effectively.

Corporate Governance System

Our basic policy for business operations is to make decisions and execute business in a reliable and rapid manner, to grow sustainably, to enhance corporate values in the medium and long term, and to fulfill corporate social responsibility, while paying adequate attention to the interests of all stakeholders involved with us, such as clients, shareholders, business partners, employees, and local communities. With an eye toward corporate governance to conduct such corporate management, we have established the current system. Specifically, we have designated the board of directors as the institution for deciding and monitoring the execution of administrative processes, the president and other administrative corporate executive officers and the executive committee as the institution for executing administrative processes based on decisions made by the board of directors, and the board of corporate auditors and accounting auditors as the institution for auditing. To clarify the managerial responsibility of directors, they are appointed for a term of one year. In addition, the board of directors appoints the chairperson and other administrative corporate executive officers.

Establishment of Risk Management System

We promote the establishment of a risk management system including corporate ethics and compliance as one of the measures for corporate governance. The corporate code of ethics was established to provide action plans for us to act as a global company. We strive to earn social trust and a reputation as well as to enhance our corporate values and brand values by complying with the corporate code of ethics. We conduct a corporate ethics awareness survey annually in February, measure the level of employees’ awareness of corporate ethics and the degree to which they have been adopted, and analyze employees’ awareness from various perspectives for the benefit of future activities.

The president is the chief officer responsible for risk management. A “Risk Management and Corporate Ethics Board” was established as a deliberative body, and it meets twice a year to confirm and decide on policies for priority risks and compliance risks that are considered company-wide issues.

Message from an Outside Director

At Shimadzu, the Corporate Governance Policy was created together with outside directors last year. When creating the Policy, we considered what corporate governance would be appropriate for Shimadzu with its 140 years of history, and whether new techniques would be effective. Initiatives like separation of supervisory functions and execution of operation, introducing the number of outside directors, and review of the deliberations of the board of directors have been undertaken with the introduction of administrative executive management systems. But we do not believe that the problem of striking a balance between long-term corporate durability and short-term corporate growth in the field of corporate governance is a simple one.

We will actively strengthen our corporate governance with the management team and deepen our corporate governance style to be able to meet shareholders’ and other stakeholders’ expectations.
Profiles of Directors

Representative Director

Akira Nakamoto
April 1989 Joined Shimadzu Corporation
June 2000 General Manager, Analytical & Measuring Instruments Division
June 2001 Corporate Officer
June 2005 Managing Director
June 2007 President
June 2012 Director (current)
June 2015 The Chair of the Board of Directors (current)

Representative Director

Teruhisa Ueda
April 1982 Joined Shimadzu Corporation
October 2004 General Manager, Quality Assurance Department, Analytical & Measuring Instruments Division
June 2007 Corporate Officer
June 2007 Deputy General Manager, Analytical & Measuring Instruments Division
June 2011 Director (current)
June 2011 General Manager, Analytical & Measuring Instruments Division
June 2013 Managing Executive Officer
June 2014 Senior Managing Executive Officer
June 2015 Representative Director (current)
June 2015 President (current)
June 2015 COO (current)

Director

Hiroshi Fujino
April 1979 Joined Shimadzu Corporation
June 2000 General Manager, International Marketing Division
June 2007 Corporate Officer
June 2009 General Manager, Corporate Strategy Planning Department
June 2012 Director (current)
June 2012 Responsible for Corporate Strategy Planning and IR (current)
June 2013 Managing Executive Officer
June 2015 Responsible for PR (current)
June 2015 Senior Managing Executive Officer (current)
June 2015 Responsible for global environmental management (current)

Director

Taketsugu Fujiwara
April 1983 Registered as attorney-at-law
April 1983 Joined Mori Hamada & Matsumoto
currently Mori Hamada & Matsumoto)
June 2013 Director, Shimadzu Corporation (current)

Director (part-time)

Minoru Sawaguchi
Director
Senior Corporate Executive-Officer in charge of Risk Management, Technical Research, and CS

Director

Hiroyuki Fujii
Senior Corporate Executive-Officer (part-time)

Director

Hiroko Wada
Outside Director
Director

Director

Katsutoshi Nishihara
April 1974 Registered as attorney-at-law
April 1974 Joined Mori Sogo Law Office
(currently Mori Sogo Law Office (current))

Director

Koji Uematsu
Director

Introductions of Auditors

Senior Corporate Auditor (Full-time)

Hiroki Fujii
Senior Corporate Auditor (part-time)

Takashi Iida
Corporate Auditor (part-time)

Masahiro Nishio
Corporate Auditor (part-time)

Koji Uematsu
Corporate Auditor (full-time)

Corporate Auditor (part-time)

Takashi Iida
April 1979 Registered as attorney-at-law
April 1983 Joined Mori, Sugi & Law Office
currently Mori Sugi & Law Office (current)

Corporate Auditor (part-time)

Masahiro Nishio
November 1974 Joined Kanzaki Accounting Office
currently Kanzaki Accounting Office (current)

Corporate Auditor (part-time)

Koji Uematsu
April 1975 Joined the Mitsubishi Bank, Ltd,
currently the Bank of Tokyo-Mitsubishi UFJ, Ltd.

Introduction of Auditors

Senior Corporate Auditor (Full-time)

Yasuo Miura
Director

HIshihiro Fujino
President and CEO

Takashi Iida
Director (part-time)

Minoru Sawaguchi, Outside Director
Legislative Dean Emeritus of
the University of Tokyo

Yasuo Miura
Director
Managing Executive Officer

Katsutoshi Nishihara
Director
Managing Executive Officer

Major Officers

Yasuo Miura, responsible for risk management,
Senior Corporate Executive Officer

Satoru Suzuki
Director

Masahiro Nishio
Corporate Auditor (part-time)

Taketsugu Fujiwara
Outside Director

Hiroki Fujii
Senior Corporate Auditor (part-time)

Koji Uematsu
Corporate Auditor (full-time)

Corporate Auditor (part-time)

Katsutoshi Nishihara
Director

Director

Taketsugu Fujiwara
April 1929 Joined Asahikaze Chemical Industry Co., Ltd.
April 2000 Director, Asahikaze Corp.
April 2000 Vice-President and Director, President Executive Officer, Asahikaze Corp.
June 2009 Director, Asahikaze Corp.
April 2010 President and Director, President Executive Officer, Asahikaze Corp.
April 2014 Vice-Chairman, Asahikaze Corp.
June 2016 Director, Shimadzu Corporation (current)
June 2015 Standing Counselor, Asahikaze Corp. (current)

Director

Takashi Iida
April 1976 Registered as attorney-at-law
April 1983 Joined Mori, Sugi & Law Office
currently Mori, Sugi & Law Office (current)

Director

Yasuo Miura
April 1980 Joined Shimadzu Corporation
April 2005 General Manager, Corporate Strategy Planning Department
June 2007 Corporate Officer
June 2007 Director
June 2012 Responsible for corporate strategy planning, IR, PR, global environmental management, internal control, risk management
June 2013 Responsible for corporate strategy planning, IR, PR, global environmental management, internal control, risk management
June 2015 Chair of the Board of Directors (current)

Director

Hiroki Fujii
April 1981 Joined Shimadzu Corporation
April 2005 General Manager, Human Resources Department
June 2007 Corporate Officer
June 2009 Director
June 2013 Senior Corporate Auditor (current)

Director

Hiroko Wada
April 1977 Joined Procter & Gamble Sunhome Co., Ltd.
January 1998 Vice President, Procter & Gamble U.S.; responsible for corporate TAKE Europe
March 2001 President, Dyson Limited
April 2004 President and CEO, TOYOTA, N. U.S., Japan
November 2004 Established Office Wada (current)
June 2010 Director, Shimadzu Corporation (current)

Director

Minoru Sawaguchi
April 1982 Joined Shimadzu Corporation
June 2007 Corporate Officer
June 2007 Corporate Officer
June 2012 Responsible for global environmental management (current)
June 2015 CEO (current)

Director

Katsutoshi Nishihara
April 1966 Joined Shimadzu Corporation
April 2005 General Manager, Legal Department
June 2007 Corporate Officer
June 2008 Director
June 2009 Responsible for general administration (current)
June 2011 Responsible for internal control (current)
June 2011 Responsible for risk management (current)
June 2012 Responsible for legal affairs (current)
June 2013 Senior Managing Executive Officer (current)
June 2013 Responsible for human resources (current)
June 2015 Director (current)

Director

Takashi Iida
April 1976 Registered as attorney-at-law
April 1983 Joined Mori, Sugi & Law Office
currently Mori, Sugi & Law Office (current)

Director

Hiroyuki Fujii
Senior Corporate Auditor (full-time)

Takashi Iida
Corporate Auditor (part-time)

Masahiro Nishio
Corporate Auditor (part-time)

Koji Uematsu
Corporate Auditor (full-time)
Key Data over the Past Five Years

<table>
<thead>
<tr>
<th>Key Data</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial machinery net sales/Overseas sales ratio</strong></td>
<td>15.9%</td>
<td>17.0%</td>
<td>17.8%</td>
<td>18.3%</td>
<td>18.4%</td>
</tr>
<tr>
<td><strong>Medical systems net sales/Overseas sales ratio</strong></td>
<td>48.9%</td>
<td>49.8%</td>
<td>49.6%</td>
<td>49.4%</td>
<td>49.3%</td>
</tr>
<tr>
<td><strong>Aircraft equipment net sales/Overseas sales ratio</strong></td>
<td>20.7%</td>
<td>20.8%</td>
<td>20.9%</td>
<td>21.0%</td>
<td>21.1%</td>
</tr>
<tr>
<td><strong>Industrial machinery net sales/Overseas sales ratio</strong></td>
<td>45.8%</td>
<td>45.9%</td>
<td>46.0%</td>
<td>46.1%</td>
<td>46.2%</td>
</tr>
<tr>
<td><strong>Operating income/Operating income margin</strong></td>
<td>10.4%</td>
<td>10.5%</td>
<td>10.6%</td>
<td>10.7%</td>
<td>10.8%</td>
</tr>
<tr>
<td><strong>Medical systems operating income/Operating income margin</strong></td>
<td>1.6%</td>
<td>1.7%</td>
<td>1.8%</td>
<td>1.9%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Aircraft equipment operating income/Operating income margin</strong></td>
<td>1.2%</td>
<td>1.3%</td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.6%</td>
</tr>
<tr>
<td><strong>Industrial machinery operating income/Operating income margin</strong></td>
<td>6.6%</td>
<td>6.7%</td>
<td>6.8%</td>
<td>6.9%</td>
<td>7.0%</td>
</tr>
<tr>
<td><strong>Profit attributable to owners of parent/Current profit margin ratio</strong></td>
<td>7.0%</td>
<td>7.1%</td>
<td>7.2%</td>
<td>7.3%</td>
<td>7.4%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>349,798 million yen</td>
<td>357,534 million yen</td>
<td>365,270 million yen</td>
<td>373,006 million yen</td>
<td>380,742 million yen</td>
</tr>
<tr>
<td><strong>Number of employees/Overseas employee ratio</strong></td>
<td>11,094 employees</td>
<td>11,104 employees</td>
<td>11,114 employees</td>
<td>11,124 employees</td>
<td>11,134 employees</td>
</tr>
<tr>
<td><strong>Capital expenditure</strong></td>
<td>12,098 million yen</td>
<td>12,108 million yen</td>
<td>12,118 million yen</td>
<td>12,128 million yen</td>
<td>12,138 million yen</td>
</tr>
<tr>
<td><strong>Dividend per share/Dividend ratio</strong></td>
<td>18 yen</td>
<td>18 yen</td>
<td>18 yen</td>
<td>18 yen</td>
<td>18 yen</td>
</tr>
<tr>
<td><strong>CO2 emissions/CO2 emissions per unit of net sales</strong></td>
<td>13.57 tons/100 million yen</td>
<td>13.58 tons/100 million yen</td>
<td>13.59 tons/100 million yen</td>
<td>13.60 tons/100 million yen</td>
<td>13.61 tons/100 million yen</td>
</tr>
</tbody>
</table>

*The research and development costs is developmental research spending (research expenses (sales, general, and administrative expenses) and research expenses (sales, general, and administrative expenses) and administrative expenses) and administrative expenses).
## Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and time deposits</td>
<td>46,907</td>
<td>46,907</td>
</tr>
<tr>
<td>Trade notes and accounts receivable</td>
<td>105,430</td>
<td>105,430</td>
</tr>
<tr>
<td>Merchandise and products</td>
<td>40,491</td>
<td>40,491</td>
</tr>
<tr>
<td>Work in process</td>
<td>15,457</td>
<td>15,457</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>7,175</td>
<td>7,175</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>9,729</td>
<td>9,729</td>
</tr>
<tr>
<td>Other assets</td>
<td>7,086</td>
<td>7,086</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>1,157</td>
<td>1,157</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>241,666</td>
<td>241,666</td>
</tr>
<tr>
<td><strong>NONCURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PROPERTY, PLANT AND EQUIPMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures (net)</td>
<td>30,034</td>
<td>30,034</td>
</tr>
<tr>
<td>Machinery, equipment and vehicles (net)</td>
<td>5,912</td>
<td>5,912</td>
</tr>
<tr>
<td>Land</td>
<td>18,602</td>
<td>18,602</td>
</tr>
<tr>
<td>Leasehold improvements (net)</td>
<td>2,179</td>
<td>2,179</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>724</td>
<td>724</td>
</tr>
<tr>
<td>Other assets (net)</td>
<td>9,034</td>
<td>9,034</td>
</tr>
<tr>
<td>Net fixed assets</td>
<td>76,158</td>
<td>76,158</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>7,548</td>
<td>7,548</td>
</tr>
<tr>
<td><strong>OTHER ASSETS</strong></td>
<td>26,803</td>
<td>26,803</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>2,802</td>
<td>2,802</td>
</tr>
<tr>
<td>Other</td>
<td>13,811</td>
<td>13,811</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>139,322</td>
<td>139,322</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>139,322</td>
<td>139,322</td>
</tr>
</tbody>
</table>

## Consolidated Statements of Operations

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>342,236</td>
<td>342,236</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>201,850</td>
<td>201,850</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>140,385</td>
<td>140,385</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>140,385</td>
<td>140,385</td>
</tr>
</tbody>
</table>

## Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>18,192</td>
<td>18,192</td>
</tr>
<tr>
<td><strong>Extraordinary items</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income tax benefit (provision)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net profit</strong></td>
<td>18,192</td>
<td>18,192</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Comprehensive income attributable to owners of parent</strong></td>
<td>18,192</td>
<td>18,192</td>
</tr>
</tbody>
</table>
Basic Information / Overseas Sites

Corporate Profile (as of March 31, 2016)

<table>
<thead>
<tr>
<th>Establishment</th>
<th>March 1875</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formation of Limited Company</td>
<td>September 1917</td>
</tr>
<tr>
<td>Capital</td>
<td>26,648,899,574 yen</td>
</tr>
<tr>
<td>Total number of common stock issued</td>
<td>296,070,277 shares</td>
</tr>
<tr>
<td>Number of shareholders (Shimadzu group total)</td>
<td>20,783 shareholders</td>
</tr>
<tr>
<td>Number of employees</td>
<td>11,094 employees</td>
</tr>
<tr>
<td>Stock listing</td>
<td>Tokyo Stock Exchange</td>
</tr>
<tr>
<td>TSE Code</td>
<td>7701</td>
</tr>
<tr>
<td>Shareholder registry administrator</td>
<td>Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212</td>
</tr>
</tbody>
</table>

Major Overseas Sites

- **Latin America**: Shimadzu Latin America S.A., Shimadzu do Brasil Comercio Ltd.
- **Europe**: Shimadzu Europe GmbH, Shimadzu Research Laboratory (Europe) Ltd.
- **Russia**: Shimadzu Moscow Representative Office (An Office of Shimadzu Europa GmbH), Shimadzu Scientific Instruments, Inc., Shimadzu Europa GmbH
- **China**: Shimadzu Scientific Instruments (Shanghai) Co., Ltd., Shimadzu Medical Systems (Shanghai) Co., Ltd., Shimadzu (China) Co., Ltd.
- **Taiwan**: Shimadzu Scientific Instruments (Taiwan) Co., Ltd., Shimadzu Industry (Taiwan) Co., Ltd.
- **Middle East**: Shimadzu Middle East & Africa FZE, UAE Head Office, Turkey Branch Office
- **Africa**: Shimadzu South Africa (Pty) Ltd.
- **Oceania**: Shimadzu Scientific Instruments Oceania Pty. Ltd., Shimadzu Medical Systems Oceania Pty. Ltd.

Stock price / trading volume range (Tokyo Stock Exchange)

- **Topix**: 730
- **Shimadzu**: 1,120

Distribution by Holder of Stock

- **Individuals**: 15,954,000 shares (5.4%)
- **Foreigners**: 86,946,000 shares (29.4%)
- **Financial institutions**: 147,726,000 shares (49.9%)
- **General corporations**: 3,595,000 shares (1.2%)
- **Securities companies**: 18,996,000 shares (6.4%)
- **Others**: 1,233,000 shares (0.4%)

Stock price / trading volume range (Tokyo Stock Exchange)

- **Month**: 2012 2013 2014 2015 2016
- **Year**: 500 700 900 1,100 1,300 1,500 1,700 1,900 2,100
- **Thousands of shares**: 0 5,000 10,000 15,000 20,000 25,000 30,000 35,000 40,000 45,000 50,000
Editorial policy for SHIMADZU REPORT 2016

SHIMADZU REPORT 2016 is published to report the Shimadzu Group’s financial and non-financial information by combining its Annual Report and its Environmental and Social Report. These were published separately in the past. This report is a communications tool for Shimadzu’s stakeholders to promote their understanding of the Group’s business activities.

For more detailed information, please refer to the link in this brochure stating, “For details, click here.” Please also refer to the brochure, Shimadzu Environmental Report 2016, which provides in-depth information on our environmental activities.

Publishing dates
2016 edition: Published in December 2016
2017 edition: Will be published in the summer of 2017

Reporting periods
From April 1, 2015, to March 31, 2016
(Important information for a period other than that stated above is also included.)

Reporting organizations
Shimadzu Corporation and each Shimadzu Group Company

Notes about future prospects
The business plan, strategy, and forecasts stated in this report are based on currently available information. Risks and uncertainties may be included. Please note that actual results may differ substantially from our forward-looking statements about future prospects because of changes in economic conditions or market trends.

Contact Information
Shimadzu Corporation
1 Nishinokyo Kuwabara-cho, Nakagyo-ku, Kyoto 604-8511, Japan
TEL: +81-75-823-1111
URL: http://www.shimadzu.com

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Shimadzu is recognized by SRI evaluation organization and has been included in the FTSE4Good Index Series.

Shimadzu is certified by the Kyoto Labor Bureau as a company proactively nurturing the next generation based on the “Act for Measures to Support the Development of the Next Generation.”