



SHIMADZU CORPORATION
IR Group
Corporate Strategy Planning Department
1 Nishinokyo-Kuwabaracho, Nakagyo-ku
Kyoto 604-8511 Japan
<http://www.shimadzu.com/>
Tel: +81 75-823-1128

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Operating Results and Financial Position **(for the Three Months ended June 30, 2009)**

1. Operating Results

Consolidated Overview

During the three months to June 30, 2009, the Japanese economy remained in recession, with private capital spending sharply curtailed, employment conditions rapidly worsening, and corporate earnings deteriorating under the weight of yen appreciation and the global economic downturn. On the upside, production and exports picked up in certain sectors. Overseas, China saw a resurgence in economic growth, largely by virtue of its domestic stimulus measures, but much of the rest of the world, including the US and Europe, remained mired in recession.

Amid such an environment, the Shimadzu Group pursued sustained growth by strengthening its marketing capabilities in the aim of building a globally renowned brand in accord with its three-year medium-term management plan. The Group has also been implementing functional and process reforms to solidify its earnings foundation, coupled with emergency measures launched in the fiscal first quarter to improve its profit structure in response to the economic environment.

However, these efforts failed to fully offset the adverse impact of sharp yen appreciation and the steep downturn in domestic and overseas demand since last year. The Group consequently incurred a consolidated operating loss of ¥485 million and consolidated ordinary loss of ¥359 million on consolidated net sales of ¥45,114 million, a 24.7% year-over-year decrease. On the bottom line, consolidated net income decreased 87.8% year over year to ¥342 million.

The Group's sales tend to be disproportionately concentrated in the fiscal second and

fourth quarters.

Industry Segment Information

I. Analytical and Measuring Instruments

In the domestic market, overall demand was anemic. Although public-sector demand held firm, private capital spending and R&D demand continued their decline dating back to last autumn. While mass analyzer sales increased, sales of chromatographs, surface analysis apparatus, materials testing machines, and other products declined.

Overseas sales decreased amid continuation of the downturn in European and Asian demand since last autumn. In China, sales of high-performance liquid chromatographs, spectrometers, and mass spectrometers increased, driven mainly by continued robust demand related to food safety and environmental monitoring. Chinese sales of environmental measuring instruments and surface analysis apparatus decreased following brisk growth in the previous fiscal year.

The segment earned net income of ¥1,532 million (down 59.7% year over year) on net sales of ¥24,034 million (down 24.8% year over year) in the three months ended June 30, 2009.

II. Medical Systems

Domestic market conditions improved relative to the previous fiscal year, when demand for medical diagnostic imaging equipment was depressed. Domestic sales grew, fueled mainly by demand for diagnostic and other X-ray systems.

Overseas sales declined amid a continued slowdown in North American, Asian and other markets dating back to last autumn.

The segment incurred an operating loss of ¥171 million on net sales of ¥9,767 million (down 7.7% year-over-year) in the three months ended June 30, 2009.

III. Aircraft Equipment and Industrial Machinery

Aircraft equipment sales declined as a result of reduced defense demand in the domestic market and decreased commercial aircraft demand overseas.

In the industrial machinery business, domestic sales fell sharply in the wake of a pronounced trend toward deferral of planned investments in film deposition equipment for solar cell production and continued sluggish demand for turbomolecular pumps, hydraulic equipment, and other products. Overseas sales likewise fell sharply amid continuation of the

demand downturn since last autumn.

Overall, the segment earned operating income of ¥222 million (down 82.2% year over year) on net sales of ¥10,009 million (down 36.5% year over year) in the three months ended June 30, 2009.

IV. Other

The segment earned operating income of ¥297 million (down 35.4% year over year) on net sales of ¥1,302 million (down 19.6% year over year) in the three months ended June 30, 2009.

2. Consolidated Financial Position

At June 30, 2009, consolidated assets totaled ¥274,212 million, a decrease of ¥6,943 million from March 31, 2009. The decrease was attributable to a ¥16,363 million reduction in trade notes and accounts receivable, offset by a ¥4,474 million increase in finished-goods inventories (merchandise and products), ¥1,118 million increase in work-in-process inventories, ¥1,279 million increase in raw materials and supplies inventories, and ¥2,016 million increase in investment securities. Net assets totaled ¥149,236 million at June 30, 2009.

3. Consolidated Outlook

Although inventory destocking has largely run its course and exports and production activity have started to pick up, economic conditions are still adverse. The outlook for the Group's operating environment, including global economic performance and exchange rates, remains murky.

Faced with such an operating environment, the Group will continue to steadily implement functional and process reforms to solidify its earnings foundation while pursuing sustained growth by strengthening its marketing capabilities in the aim of building a globally renowned brand in accord with its three-year medium-term management plan. Having designated the current fiscal year as a period of adaptation to a new economic environment, the Group will also continue to implement emergency measures to improve its profit structure. Through these emergency measures, the Group will proactively conduct its operations to maintain previous sales levels and substantially cut total costs in the aim of ensuring profitability.

In light of its operating performance in the first quarter of the current fiscal year and the inclement operating environment described above, the Shimadzu Group has revised its

earnings forecast issued on May 12, 2009.

Earnings forecast for the fiscal year ending March 31, 2010

(Millions of yen, except percentages)

	Forecast for the nine months ending September 30, 2009			Forecast for the year ending March 31, 2010		
		Change vs. year-ago period	For reference: Previous forecast		Change vs. previous fiscal year	For reference: Previous forecast
Net sales	115,000	(16.0)%	120,000	250,000	(8.4)%	255,000
Operating income	3,000	(75.1)%	4,000	12,000	(38.8)%	12,000
Ordinary income	2,600	(78.1)%	3,600	10,500	(40.8)%	10,500
Net income	1,900	(75.9)%	2,400	6,900	(19.2)%	6,900

4. Other Information

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

Not applicable

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

Not applicable

(3) Changes in accounting principles, procedures, and methods of presentation used in the preparation of quarterly consolidated financial statements

Not applicable

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of June 30, 2009	As of March 31, 2009
Assets		
Current assets		
Cash and time deposits	25,565	24,494
Trade notes and accounts receivable	62,887	79,250
Merchandise and products	38,218	33,744
Work in process	22,042	20,923
Raw materials and supplies	15,345	14,065
Deferred tax assets	6,890	6,555
Other	3,241	3,196
Allowance for doubtful receivables	(1,008)	(1,007)
Total current assets	173,182	181,224
Noncurrent assets		
Property, plant and equipment:		
Buildings and structures	66,457	65,114
Accumulated depreciation	(33,220)	(32,700)
Buildings and structures, net	33,237	32,413
Machinery, equipment and vehicles	20,006	19,482
Accumulated depreciation	(14,116)	(13,564)
Machinery, equipment and vehicles, net	5,890	5,917
Land	18,834	18,808
Leased assets	5,177	5,323
Accumulated depreciation	(3,089)	(3,132)
Leased assets, net	2,087	2,191
Construction in progress	952	1,321
Other	26,624	26,637
Accumulated depreciation	(20,054)	(19,681)
Other, net	6,569	6,955
Net property, plant and equipment	67,570	67,608
Intangible fixed assets	6,415	6,538
Investments and other assets:		
Investment securities	9,792	7,776
Long-term receivables	1,438	1,465
Deferred tax assets	11,037	11,598
Other	5,002	5,135
Allowance for doubtful receivables	(227)	(190)
Total investments and other assets	27,043	25,784
Total noncurrent assets	101,029	99,931
Total assets	274,212	281,155

(In million yen)

	As of June 30, 2009	As of March 31, 2009
Liabilities		
Current liabilities		
Trade notes and accounts payable	37,447	45,754
Short-term loans	13,508	12,520
Current portion of unsecured bonds	-	10,000
Lease obligations	992	1,039
Accounts payable, other	8,346	9,442
Income taxes payable	639	2,239
Allowance for employees' bonuses	1,894	5,186
Allowance for director's bonuses	117	309
Other	14,969	9,939
Total current liabilities	77,916	96,429
Long-term liabilities		
Unsecured bonds	10,000	10,000
Long-term debt	12,044	2,120
Lease obligations	1,256	1,328
Liability for employees' retirement benefits	16,844	16,827
Liability for directors' retirement benefits	266	264
Other	6,648	6,879
Total long-term liabilities	47,059	37,419
Total liabilities	124,976	133,849
Net assets		
Shareholders' capital		
Common stock	26,648	26,648
Additional paid-in capital	35,188	35,188
Retained earnings	92,656	93,641
Treasury stock	(630)	(623)
Total shareholders' capital	153,862	154,855
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	2,809	1,586
Foreign currency translation adjustments	(7,849)	(9,530)
Total valuation and translation adjustments	(5,039)	(7,944)
Minority interests	412	395
Total net assets	149,236	147,306
Total liabilities and net assets	274,212	281,155

(2) Consolidated Statements of Operations

	(In million yen)	
	Three months ended June 30, 2009	Three months ended June 30, 2008
Net sales	45,114	59,944
Cost of sales	27,444	36,466
Gross profit	17,670	23,477
Selling, general and administrative expenses	18,155	20,209
Operating income (loss)	(485)	3,268
Other income:		
Interest income	22	55
Dividend income	67	115
Insurance payments received	25	82
Rent received	50	38
Foreign exchange gain, net	-	676
Other	340	180
Total other income	506	1,148
Other expenses:		
Interest expense	167	123
Foreign exchange loss, net	43	-
Other	169	476
Total other expenses	381	599
Ordinary income (loss)	(359)	3,817
Extraordinary income:		
Gain on sale of property, plant and equipment	7	1
Gain on contribution of securities to employees' retirement benefit trust	-	1,450
Total extraordinary income	7	1,452
Extraordinary losses:		
Loss on write-down of investment securities	10	1
Loss on disposal of property, plant and equipment	6	5
Loss on write-down of inventories	-	1,752
Total extraordinary losses	17	1,760
Income (loss) before income taxes and minority interests	(369)	3,510
Income taxes	191	414
Refund of income taxes for past fiscal years	(389)	-
Income taxes adjustments	(514)	292
Total income taxes and income taxes adjustments	(712)	706
Net income	342	2,803

(3) Consolidated Statements of Cash Flows

	Three months ended June 30, 2009	(In million yen) Three months ended June 30, 2008
I. Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	(369)	3,510
Depreciation and amortization	1,990	2,022
Increase (decrease) in allowance for doubtful receivables	21	103
Increase (decrease) in allowance for employees' bonuses	(3,291)	(3,356)
Increase (decrease) in allowance for director's bonuses	(191)	(202)
Provision for (reversal of) accrued retirement benefits for employees	(5)	(138)
(Gain) loss on contribution of securities to employees' retirement benefit trust	-	(1,450)
Interest and dividends income	(90)	(171)
Interest expense	167	123
Foreign exchange (gain) loss, net	8	(23)
Net (gain) loss on sale and valuation of investment securities	10	1
Net (gain) loss on sale and disposal of property, plant and equipment	-	3
(Increase) decrease in trade receivables	17,228	9,451
(Increase) decrease in inventories	(5,531)	(8,345)
Increase (decrease) in trade payables	(9,134)	(198)
Other, net	(250)	750
Subtotal	561	2,079
Interest and dividends received	92	173
Interest paid	(160)	(229)
Income taxes paid	(1,531)	(1,380)
Net cash provided by (used in) operating activities	(1,038)	642
II. Cash flows from investing activities:		
Proceeds from sale of marketable securities	-	52
Purchase of property, plant and equipment	(1,489)	(3,357)
Proceeds from sale of property, plant and equipment	48	174
Purchase of investment securities	-	(101)
Increase in long term receivables	(3)	(494)
Decrease in long term receivables	33	20
Other, net	(42)	(97)
Net cash provided by (used in) investing activities	(1,453)	(3,802)
III. Cash flows from financing activities:		
Borrowing of short-term loans	1,292	5,287
Repayment of short-term loans	(431)	(427)
Borrowing of long-term debt	10,000	90
Repayment of long-term debt	(222)	(702)
Issuance of commercial paper	4,000	4,000
Redemption of unsecured bonds	(10,000)	(15,000)
Cash dividends paid	(1,330)	(1,419)
Dividends payments to minority shareholders	(11)	(4)
Payment of finance lease obligations	(286)	(318)
Other, net	(7)	(16)
Net cash provided by (used in) financing activities	3,003	(8,510)
IV. Foreign currency translation adjustments on cash and cash equivalents	514	(992)
V. Net increase (decrease) in cash and cash equivalents	1,025	(12,661)
VI. Cash and cash equivalents, beginning of period	23,673	35,077
VII. Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	-	503
VIII. Cash and cash equivalents, end of period	24,699	22,918

(4) Notes on the Going-concern Assumption:

Not applicable

(5) Segment Information**1) Industry Segment Information**

Three months ended June 30, 2009 (April 1, 2009 – June 30, 2009)

(In million yen)

	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment & Industrial Machinery	Other	Total	Eliminations/corporate	Consolidated total
I. Net sales							
(1) Sales to customers	24,034	9,767	10,009	1,302	45,114	-	45,114
(2) Inter-segment sales	110	-	20	189	319	(319)	-
Total	24,144	9,767	10,029	1,491	45,433	(319)	45,114
Operating income (loss)	1,532	(171)	222	297	1,880	(2,365)	(485)

Three months ended June 30, 2008 (April 1, 2008 – June 30, 2008)

(In million yen)

	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment & Industrial Machinery	Other	Total	Eliminations/corporate	Consolidated total
I. Net sales							
(1) Sales to customers	31,963	10,586	15,773	1,620	59,944	-	59,944
(2) Inter-segment sales	17	-	14	237	269	(269)	-
Total	31,980	10,587	15,787	1,857	60,213	(269)	59,944
Operating income	3,803	271	1,248	459	5,782	(2,514)	3,268

2) Overseas sales

Three months ended June 30, 2009 (April 1, 2009 – June 30, 2009)

(In million yen)

	The Americas	Europe	Asia and Oceania	Total
I. Overseas sales	4,630	3,635	11,117	19,382
II. Consolidated sales				45,114
III. Ratio of overseas sales to total consolidated sales	10.3%	8.1%	24.6%	43.0%

Three months ended June 30, 2008 (April 1, 2008 – June 30, 2008)

(In million yen)

	The Americas	Europe	Asia and Oceania	Total
I. Overseas sales	6,359	5,215	16,415	27,990
II. Consolidated sales				59,944
III. Ratio of overseas sales to total consolidated sales	10.6%	8.7%	27.4%	46.7%

(6) Note on Significant Changes in the Amount of Shareholders' Capital

Not applicable