

February 10, 2012

Operating Results and Financial Position **(for the Nine Months ended December 31, 2011)**

1. Operating Results

(1) Consolidated Overview

In the nine months ended December 31, 2011, the Japanese economy struggled through difficult conditions following the Great East Japan Earthquake, but due to a recovery in manufacturing activity, the economy is continuing to gradually recover.

Overseas, the Asian economy expanded, primarily in China and India. 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 is gradually recovering.

In the midst of such circumstances, the Shimadzu Group has started a new 3-year medium-term management plan from 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 current nine months, consolidated net sales were 184,505 million yen (year-on-year increase of 7.0%), operating income was 9,851 million yen (year-on-year increase of 52.4%), ordinary income was 8,883 million yen (year-on-year increase of 62.2%), and net income was 2,502 million yen (year-on-year decrease of 31.3%). Due to the announcement of a law that reduces the corporate income tax rate, we reduced the deferred tax assets and recorded an expense of 1,026 million yen in the third quarter, as income taxes adjustment.

Shimadzu Group sales tend to be concentrated in the second and fourth quarters.

The following describes are this period situation by segment.

I. Analytical & Measuring Instruments

In Japan, due to a recovery in capital equipment and R&D investment and also an increase in new products and applications, sales of liquid chromatographs, our strongest product segment, have been strong in the pharmaceutical and chemical fields. Sales of testing machines have been strong for materials analysis applications in the chemical field and sales of mass spectrometers, primarily new products, increased to public and academic customers. Replacement demand for gas chromatographs was very strong in the chemical field.

Overseas, sales of mass spectrometers increased significantly in China, Europe, and North America due to new product offerings and other factors. Demand for liquid chromatographs increased in the pharmaceutical field and for food and agricultural product inspection applications in the food safety field in China. Liquid chromatograph sales were strong due to new product offerings in North America. Sales of gas chromatographs increased primarily due to increased demand in the petrochemical field, as well as for agricultural product inspection applications in the food safety field in China. Sales of non-destructive inspection systems and spectrophotometers increased due to new demand from fields related to lithium ion battery development and expanding production of smart phones in China.

As a result, sales from the Analytical and Measuring Instruments business increased 11.8% year on year, to 103,494 million yen.

II. Medical Systems

In Japan, though there were some delivery delays due to the effect of the Great East Japan Earthquake, sales of radiography systems and FPD-equipped fluoroscopy systems increased steadily. We also received steady orders for the new X-ray fluoroscopy system equipped with Japan's first portable detector capable of both dynamic and still images.

Overseas, sales decreased in Europe due to severe price competition resulting from the strong yen, but in North America, sales were strong for digital mobile X-ray systems and general radiography systems. In China, sales of locally manufactured products tailored to market needs increased in response to targeted government investments in the medical field. Sales increased both in North America and China. Consequently, sales increased overall for overseas markets.

As a result, sales from the Medical Systems business increased 1.8% year on year, to 34,858 million yen.

III. Aircraft Equipment

In Japan, sales of aircraft components for Japan's Ministry of Defense's new patrol plane P-1 and upgrade equipment of the F-15 fighter increased. 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 6.5% year on year, to 18,958 million yen.

IV. Industrial Machinery

Though turbomolecular pump sales increased for semiconductor equipment in North America and other markets, overall sales decreased due to the general market trends staying in a period of correction. Sales of solar cell film deposition systems decreased as well, due to continued caution toward capital investments by solar panel manufacturers. In contrast, hydraulic equipment sales increased significantly for applications

such as industrial vehicles and construction machines and sales of glass winders and gear pumps increased in Asia.

As a result, sales from the Industrial Machinery business increased 0.8% year on year, to 21,727 million yen.

V. Other

The other segment's net sales for the current nine months decreased 13.1% year on year, to 5,465 million yen.

(2) Consolidated Outlook

The current outlook is for positive growth in Japan and a sense of recovery is starting to be felt in the U.S. In contrast, anxiety about credit is a concern in Europe and economic growth is slowing in China. Furthermore, the yen continues to remain strong, so difficult conditions are expected to continue.

Given this operating environment, we aim to improve our business results by engaging in measures to expand business and strengthen profitability from a global perspective, such as by expanding overseas production and procurement and further reducing costs

The Shimadzu Group has now started a new 3-year medium-term management plan, based on our long term vision "Toward Becoming a True Global Business." This plan aims to achieve significant growth of the Shimadzu Group, even in the face of changing business conditions, based on a fundamental policy of aiming to "Become the No. 1 Partner Selected by Customers Globally." This is based on a strategy of achieving growth in both developed and newly emerging economies by introducing globally strategic products and providing solutions, and steadily implementing measures to (1) pursue global growth, (2) provide solutions that customers will choose, (3) focus on growth markets and strong businesses, and (4) improve profitability.

Due to the announcement of a law that reduces the corporate income tax rate, deferred tax assets were reduced. Consequently, the consolidated results forecast announced on November 10, 2011, has been readjusted.

Year ended March 31, 2012

	Newly forecast	Previous forecast
Net sales	265,000	265,000
Operating income	19,000	19,000
Ordinary income	17,500	17,500
Net income	8,500	10,000

Note: The forecasted results above were calculated based on information available on the date this report was released. Actual results may vary from forecast values, due to various factors in the future. Some of the more significant factors include, the economic circumstances in major markets (Japan, Europe, U.S., and Asia), fluctuations in product demand, and fluctuations in the foreign exchange rates.

2. Other Information

(1) Significant changes in subsidiaries during this quarter:

None

(2) Use of specialized accounting practices in creating financial statements for this quarter:

None

(3) Changes in accounting policy, changes in accounting estimates, or restatement:

None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of December 31, 2011	As of March 31, 2011
Assets		
Current assets		
Cash and time deposits	28,052	35,455
Trade notes and accounts receivable	75,215	79,669
Merchandise and products	37,145	31,032
Work in process	20,730	16,573
Raw materials and supplies	18,097	15,076
Deferred tax assets	6,634	7,335
Other	5,369	3,749
Allowance for doubtful receivables	(1,040)	(982)
Total current assets	190,205	187,909
Noncurrent assets		
Property, plant and equipment:		
Buildings and structures	70,259	70,926
Accumulated depreciation	(35,870)	(35,346)
Buildings and structures, net	34,389	35,579
Machinery, equipment and vehicles	17,909	17,784
Accumulated depreciation	(14,322)	(14,103)
Machinery, equipment and vehicles, net	3,586	3,680
Land	18,729	18,749
Leased assets	3,203	3,389
Accumulated depreciation	(1,634)	(1,847)
Leased assets, net	1,568	1,541
Construction in progress	523	15
Other	26,986	26,600
Accumulated depreciation	(21,190)	(20,522)
Other, net	5,796	6,078
Net property, plant and equipment	64,593	65,644
Intangible fixed assets	7,025	6,794
Investments and other assets:		
Investment securities	8,076	9,489
Long-term receivables	652	876
Deferred tax assets	8,984	9,738
Other	4,098	4,571
Allowance for doubtful receivables	(414)	(180)
Total investments and other assets	21,397	24,494
Total noncurrent assets	93,016	96,933
Total assets	283,222	284,843

(In million yen)

	As of December 30, 2011	As of March 31, 2011
Liabilities		
Current liabilities		
Trade notes and accounts payable	48,145	48,278
Short-term loans	5,627	9,754
Lease obligations	610	637
Accounts payable, other	9,029	8,541
Income taxes payable	1,298	2,990
Allowance for employees' bonuses	2,237	5,884
Allowance for director's bonuses	124	193
Other	18,490	8,453
Total current liabilities	<u>85,563</u>	<u>84,733</u>
Long-term liabilities		
Unsecured bonds	10,000	10,000
Long-term debt	11,460	10,974
Lease obligations	1,078	1,017
Liability for employees' retirement benefits	14,839	15,155
Liability for directors' retirement benefits	247	302
Other	5,763	6,006
Total long-term liabilities	<u>43,390</u>	<u>43,456</u>
Total liabilities	<u>128,953</u>	<u>128,190</u>
Net assets		
Shareholders' capital		
Common stock	26,648	26,648
Additional paid-in capital	35,188	35,188
Retained earnings	105,387	105,244
Treasury stock	(693)	(680)
Total shareholders' capital	<u>166,530</u>	<u>166,401</u>
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	1,612	2,334
Foreign currency translation adjustments	(14,103)	(12,305)
Total valuation and translation adjustments	<u>(12,490)</u>	<u>(9,970)</u>
Minority interests	228	222
Total net assets	<u>154,268</u>	<u>156,653</u>
Total liabilities and net assets	<u>283,222</u>	<u>284,843</u>

(2) Consolidated Statements of Operations

(In million yen)

	Year ended December 31, 2011	Year ended December 31, 2010
Net sales	184,505	172,453
Cost of sales	115,506	108,008
Gross profit	68,998	64,444
Selling, general and administrative expenses	59,146	57,981
Operating income	9,851	6,462
Other income:		
Interest income	116	95
Dividend income	145	137
Insurance payments received	196	194
Rent received	96	134
Other	487	743
Total other income	1,042	1,305
Other expenses:		
Interest expense	315	322
Foreign exchange loss, net	797	1,003
Other	897	965
Total other expenses	2,010	2,291
Ordinary income	8,883	5,476
Extraordinary income:		
Gain on sale of property, plant and equipment	15	9
Total extraordinary income	15	9
Extraordinary losses:		
Loss on disposal of property, plant and equipment	309	81
Loss on write-down of investment securities	226	85
Effect of adoption of new accounting standards for asset retirement obligations	—	258
Total extraordinary losses	535	425
Income before income taxes and minority interests	8,363	5,060
Income taxes	2,088	1,640
Refund of income taxes for past fiscal years	1,709	—
Income taxes adjustments	2,050	(238)
Total income taxes and income taxes adjustments	5,848	1,420
Income before minority interests	2,515	3,657
Minority interests in net income	12	17
Net income	2,502	3,640

(3) Consolidated Statements of Comprehensive Income

	Year ended December 31, 2011	Year ended December 31, 2010
Net income before minority interest	2,515	3,657
Other Comprehensive income:		
Unrealized loss on available-for-sale securities	(722)	(641)
Foreign currency translation adjustments	(1,803)	(2,884)
Total other comprehensive income	(2,525)	(3,526)
Comprehensive income	(10)	131
Total comprehensive income attribute to:		
Owners of the parent	(17)	132
Minority interests	6	(1)

(4) Notes on Going Concern

Not applicable

(5) Segment Information

1) Sales and income (loss) by reportable segment

Nine months ended December 31, 2011 (April 1, 2011 – December 31, 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	103,494	34,858	18,958	21,727	179,039	5,465	184,505	—	184,505
(2) Inter-segment sales	39	3	51	38	133	824	957	(957)	—
Total	103,534	34,862	19,009	21,766	179,173	6,289	185,462	(957)	184,505
Segment income (loss)	7,595	(386)	383	1,314	8,906	942	9,848	3	9,851

Nine months ended December 31, 2010 (April 1, 2010– December 30, 2010)

(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	92,560	34,230	17,806	21,564	166,161	6,291	172,453	—	172,453
(2) Inter-segment sales	67	1	54	32	156	786	942	(942)	—
Total	92,628	34,231	17,861	21,596	166,317	7,078	173,395	(942)	172,453
Segment income (loss)	5,867	(874)	(648)	802	5,147	1,311	6,459	3	6,462

2) For reference

Sales by geographic segment

Nine months ended December 31, 2011 (April 1, 2011 – December 31, 2011)

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
105,754	18,225	12,993	27,811	13,750	5,970	184,505

Nine months ended December 31, 2010 (April 1, 2010– December 31, 2010)

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
101,372	16,918	12,253	22,495	13,528	5,884	172,453

(6) Notes on Significant Changes in Shareholders' Capital

Not applicable