

February 9, 2015

Operating Results and Financial Position **《For The Nine Months ended December 31, 2014》**

1. Operating Results

(1) Consolidated Overview

In the first nine months of the fiscal year, the Japanese economy continued to recover gradually. Although consumer spending remained weak, corporate earnings and employment improved with the support of government economic and financial policies. Overseas, the pace of economic growth in China continued to slow, while the European economy stagnated. The U.S. economy continued to recover stably.

In this economic environment, the Shimadzu Group launched a new three-year medium-term management plan in April 2014. Under this management plan, we are actively promoting a number of measures targeting further corporate growth, including introducing global strategic products, strengthening application development and customer support functions, expanding our business base in emerging markets, and bolstering the aftermarket business.

As a result, in the first nine months of the fiscal year, the Shimadzu Group posted consolidated net sales of 216,073 million yen (a year-on-year increase of 1.8%), operating income of 14,770 million yen (a year-on-year increase of 14.9%), ordinary income of 16,003 million yen (a year-on-year increase of 12.1%), and net income of 10,492 million yen .

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

The results for reportable business segments were as follows.

I. Analytical & Measuring Instruments

In Japan, overall sales increased slightly despite lower demand from universities and other institutions dependent on subsidies from government supplementary budget. Demand for our testing and non-destructive inspection machines from customers in the transportation equipment, electronics, and other industries was strong. We enjoyed firm demand for our liquid chromatographs from customers in the chemicals industry. Sales of mass spectrometers were also solid, mainly to food manufacturers.

Overseas, sales were firm in North America and Europe, mainly for our liquid chromatographs and mass spectrometers. In North America, demand was robust both in the private sector, including the energy and environmental industries, and in the public sector among universities and government agencies. In Europe, sales were strong in the pharmaceutical, healthcare, and food safety industries.

In China, although business was impacted by the prolongation of the bidding process for government projects, sales of liquid chromatographs to the pharmaceutical industry and mass spectrometers for use in food safety industry were both strong. In India, demand for liquid chromatographs from pharmaceutical manufacturers rebounded strongly.

As a result, the Analytical & Measuring Instruments segment posted sales of 131,005 million yen (a year-on-year increase of 6.3%) for the first nine months of the fiscal year.

II. Medical Systems

In Japan, overall sales declined amid a reactionary decline in demand following a spending surge prior to the consumption tax hike. However, we continued to see strong demand for our angiography systems featuring a newly developed image processing engine.

Overseas, sales declined during the period due to tougher competition for our digital mobile X-ray systems in North America and the prolongation of the bidding process in China. However, we increased sales of our angiography systems in Latin America.

As a result, the Medical Systems segment posted sales of 40,818 million yen (a year-on-year decrease of 4.2%) in the first nine months of the fiscal year.

III. Aircraft Equipment

In Japan, sales to Japan's Ministry of Defense declined in the period due to large projects booked in the same period of the previous year. Sales in North America, however, expanded with an increase in sales of passenger aircraft components to the Boeing Company.

Overall, the Aircraft Equipment segment posted sales of 17,097 million yen (a year-on-year decrease of 12.3%) in the first nine months of the fiscal year.

IV. Industrial Machinery

Sales of turbo-molecular pumps to semiconductor manufacturing equipment companies were strong, buoyed by rebounding semiconductor markets in Japan, North America and Korea, but pump sales in Europe and China declined due to weak demand from glass coating equipment manufacturers. While sales of glass winders in China declined from the high levels seen in the previous year, we continued to enjoy brisk sales of our hydraulic equipment for use in industrial vehicles (forklifts), specially equipped vehicles, and other applications.

Overall, the Industrial Machinery segment posted sales of 22,676 million yen (a year-on-year increase of 2.0%) in the first nine months of the fiscal year.

V. Other

Sales in the Other businesses segment amounted to 4,476 million yen (a year-on-year decrease of 5.3%).

(2) Consolidated Outlook

Looking forward, we expect a continued gradual economic recovery in Japan. Overseas, while the outlooks for the European and Chinese economies are clouded with uncertainties, overall we expect the global economy to gradually recover, led by the U.S. and other markets.

In this global economic environment, at the start of this fiscal year the Shimadzu Group launched a new three-year medium-term management plan, during which we will continue to strive toward our long-term vision of being a truly global company. The new plan's fundamental theme is to develop Shimadzu into "An Innovative Company Contributing to the Growth of Customers around the World." Based on this plan, we will continue to pursue growth strategies and reforms of our profit structure that will enhance enterprise value. To help realize those goals, we will strengthen our global organization and network.

We expect this fiscal year income below, which is not changed outlook at 13th May, 2014.

<Consolidated outlook of this fiscal year>

	(In million yen except EPS)	
	Outlook	
	Year ended March 31, 2015	Year on Year increase or decrease
Net sales	¥312,000	1.5%
Operating income	¥26,000	8.2%
Ordinary income	¥25,000	0.8%
Net income	¥15,500	59.4%
Earnings Per Share Year	¥52.56	59.4%

Notice: This outlook is based on information available when Shimadzu is prepared. They are subject to risks and uncertainties. Factors that may influence are fluctuation of economic conditions change mainly in Japan, US, Europe and Asia, products demand, and foreign exchange rates.

2. 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 policy, changes in accounting estimates, and retrospective restatement

(Changes in accounting policy not easily distinguished from changes in accounting estimates)

Effective the first three months for the fiscal year ending March 31, 2015, the depreciation method for property, plant and equipment (excluding leased assets) of Shimadzu Corporation and consolidated subsidiaries in Japan was changed to the straight line method from the declining balance method except for buildings, which were depreciated by the straight line method.

This change was decided as a result of reviewing the depreciation methods when we were rebuilding the head office building and manufacturing plants and acquiring associated production equipment as part of production reforms entitled the Sanjo Works in Kyoto city rearrangement plan, which were primarily aimed at promoting in-house manufacturing within the Group. The new depreciation method is more consistent with how noncurrent assets are used in the future.

Due to this change, in the third quarter, operating income, ordinary income, and income before income taxes and minority interests were each 745 million yen higher than what would have been under the previous accounting method.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of December 31, 2014	As of March 31, 2014
Assets		
Current assets:		
Cash and time deposits	¥41,486	¥46,028
Trade notes and accounts receivable	92,177	112,193
Marketable securities	0	20
Merchandise and products	43,202	36,273
Work in process	20,600	16,934
Raw materials and supplies	18,625	17,509
Deferred tax assets	7,451	7,973
Other	6,990	5,624
Allowance for doubtful receivables	(1,124)	(1,218)
Total current assets	¥229,411	¥241,338
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	¥38,917	¥32,133
Machinery, equipment and vehicles	4,994	4,470
Land	18,262	18,195
Leased assets	2,367	2,365
Construction in progress	1,234	4,817
Other	8,763	7,423
Net property, plant and equipment	¥74,541	¥69,405
Intangible fixed assets	¥7,423	¥6,958
Investments and other assets:		
Investment securities	11,739	10,345
Long-term receivables	178	171
Deferred tax assets	8,362	9,462
Other	3,606	3,482
Allowance for doubtful receivables	(457)	(449)
Total investments and other assets	¥23,429	¥23,012
Total noncurrent assets	¥105,213	¥99,376
Total assets	¥334,624	¥340,715

(In million yen)

	As of December 31, 2014	As of March 31, 2014
Liabilities		
Current liabilities		
Trade notes and accounts payable	¥48,241	¥51,662
Short-term loans	11,917	37,055
Commercial papers	7,000	16,000
Lease obligations	883	842
Accounts payable	11,601	12,074
Income taxes payable	1,167	1,715
Allowance for employees' bonuses	2,848	6,770
Allowance for director's bonuses	211	265
Other	16,548	12,272
Total current liabilities	¥100,420	¥138,659
Long-term liabilities		
Unsecured bonds	¥15,000	¥0
Long-term debt	1,043	805
Lease obligations	1,678	1,688
Liability for directors' retirement benefits	178	174
Liability for retirement benefits	15,884	16,699
Other	751	693
Total long-term liabilities	¥34,536	¥20,061
Total liabilities	¥134,956	¥158,720
Net assets		
Shareholders' capital		
Common stock	¥26,648	¥26,648
Additional paid-in capital	35,188	35,188
Retained earnings	126,918	119,367
Treasury stock	(781)	(755)
Total shareholders' capital	¥187,974	¥180,449
Valuation and translation adjustments		
Net unrealized gain on available-for-sale securities	4,296	2,994
Foreign currency translation adjustments	8,664	85
Cumulative adjustments to retirement benefits	(1,498)	(1,714)
Total valuation and translation adjustments	¥11,462	¥1,365
Minority interests	¥231	¥180
Total net assets	¥199,668	¥181,994
Total liabilities and net assets	¥334,624	¥340,715

(2) Consolidated Statements of Operations & of Comprehensive Income

Consolidated Statements of Operations

(In million yen)

	Nine months December 31, 2014	Nine months December 31, 2013
Net sales	¥216,073	¥212,291
Cost of sales	128,506	130,515
Gross profit	¥87,566	¥81,776
Selling, general and administrative expenses	72,975	68,919
Operating income	¥14,770	¥12,856
Other income:		
Interest income	¥135	¥128
Dividend income	188	175
Insurance payments received	164	125
Foreign exchange profit	1,020	842
Other	895	1,192
Total other income	¥2,404	¥2,464
Other expenses:		
Interest expense	¥159	¥270
Other	1,012	778
Total other expenses	¥1,172	¥1,049
Ordinary income	¥16,003	¥14,272
Extraordinary income:		
Gain on sale of property, plant and equipment	¥31	¥22
Gain on sales of investment securities	9	0
Total extraordinary income	¥41	¥22
Extraordinary losses:		
Settlement of contract amendment	¥915	¥0
Loss on disposal of property, plant and equipment	132	68
Loss on allowance related to the delivery of defense equipment	0	22,000
Retirement benefit cost	0	343
Impairment loss	0	263
Loss on sales of investment securities	0	110
Other	0	208
Total extraordinary losses	¥1,047	¥22,994
Income before income taxes and minority interests	¥14,997	¥(8,699)
Income taxes	¥3,425	¥3,549
Refund of income taxes for past fiscal years		(1,317)
Income taxes adjustments	1,025	(5,769)
Total income taxes and income taxes adjustments	¥4,451	¥(3,537)
Income before minority interests	¥10,546	¥(5,162)
Minority interests in net income	¥54	¥37
Net income	¥10,492	¥(5,200)

Consolidated Statements of Comprehensive Income

	(In million yen)	
	Nine months December 31, 2014	Nine months December 31, 2013
Net income before minority	¥10,546	¥(5,162)
Other Comprehensive income		
Unrealized loss on available-for-sale securities	¥1,301	¥2,182
Foreign currency translation adjustments	8,549	6,936
Retirement benefit adjustments	215	165
Total other comprehensive income	¥10,066	¥9,284
Comprehensive income	¥20,613	¥4,122
Total comprehensive income attribute to		
Owners of the parent	¥20,550	¥4,075
Minority interests	¥62	¥46

5. Segment Information

Segment information for the nine months ended December 31, 2014

(1) Income by Business Segment

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

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment	Industrial Machinery	Total				
Net Sales									
(1) Sales to customers	¥ 131,005	¥ 40,818	¥ 17,097	¥ 22,676	¥ 211,597	¥ 4,476	¥ 216,073	¥ 0	¥ 216,073
(2) Inter-segment sales	26	26	47	60	161	960	1,122	(1,122)	0
Total Sales	¥ 131,032	¥ 40,845	¥ 17,144	¥ 22,736	¥ 211,759	¥ 5,436	¥ 217,195	¥ (1,122)	¥ 216,073
Operating income (loss)	¥ 15,578	¥ 226	¥ (1,640)	¥ 1,362	¥ 15,525	¥ 918	¥ 16,444	¥ (1,673)	¥ 14,770

From April 1st to December 31st of Fiscal year ended March 31, 2014

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment	Industrial Machinery	Total				
Net Sales									
(1) Sales to customers	¥ 123,211	¥ 42,621	¥ 19,490	¥ 22,240	¥ 207,563	¥ 4,727	¥ 212,291	¥ 0	¥ 212,291
(2) Inter-segment sales	31	6	49	44	132	939	1,071	(1,071)	
Total Sales	¥ 123,243	¥ 42,627	¥ 19,540	¥ 22,285	¥ 207,696	¥ 5,667	¥ 213,363	¥ (1,071)	¥ 212,291
Operating income (loss)	¥ 11,957	¥ 1,005	¥ (808)	¥ 1,720	¥ 13,875	¥ 1,209	¥ 15,085	¥ (2,228)	¥ 12,856

(2) Income by Geographic Segment

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

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥ 103,488	30,067	19,100	37,043	18,261	8,112	¥ 216,073

From April 1st to December 31st of Fiscal year ended March 31, 2014

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥ 106,045	27,112	17,707	37,220	16,301	7,905	¥ 212,291