



# Operating Results and Financial Position FY 2007 First Half Results & Full Year Outlook

This document contains forward-looking statements. Forecasts of future business performance that appear in this document are predictions made by our management team and are based on information available when these materials were prepared; they are subject to risks and uncertainties. For this reason, actual results may differ significantly from the forecasts made here. Factors that may influence actual business performance include, but are not limited to, economic conditions in Japan and abroad, changes in technology markets, and fluctuations in exchange rates. We do not undertake to update our forward-looking statements.

**Nov. 13, 2007**  
**Shigehiko Hattori**  
**President & CEO**  
**Shimadzu Corporation**

# Financial Highlights

Access to **your** success

Billion yen

First half ended:

	Sep. 2006	Sep. 2007	Change	% change
Net sales	120.0	138.3	+18.3	+15.3%
Operating income	11.3	12.4	+1.2	+10.3%
Ordinary income	10.0	11.3	+1.3	+13.2%
Net income	5.8	6.6	+0.8	+13.7%

## Major Factors Behind Changes in Profit

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Item	Change
<b>Gross profit: Up</b>	<b>+5.4</b>
Impact of sales increase	+7.4
Impact of deteriorating cost-to-sales ratio	-2.0
<b>SG&amp;A: Up</b>	<b>-4.2</b>
<b>Operating income: Up</b>	<b>+1.2</b>
Non-operating balance: Up	+0.2
<b>Ordinary income: Up</b>	<b>+1.3</b>

# SG&A Expenses Ratio

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## • Selling, general and administrative expenses ratio (vs. net sales)

	H1 ended Sep. 2004	FY ended Mar. 2005	H1 ended Sep. 2005	FY ended Mar. 2006	H1 ended Sep. 2006	FY ended Mar. 2007	H1 ended Sep. 2007
<b>SG&amp;A expenses ratio</b>	<b>30.7%</b>	<b>30.1%</b>	<b>29.5%</b>	<b>29.0%</b>	<b>30.9%</b>	<b>29.8%</b>	<b>29.8%</b>

Medium-term management plan (Mar. 2006 – Mar. 2008)

- Implementing aggressive, forward-looking (preemptive) investments towards achieving the objectives of "global growth" and a "structural reform of business operations" set out in the current medium-term management plan.
- Increases in selling, general and administrative (SG&A) expenses related to efforts to bolster our sales frameworks overseas (setting up sales subsidiaries, increasing staff, etc.)
- Effects of investment: Global growth has accelerated; Target of 35% for the ratio of overseas sales to total sales achieved ahead of schedule
- Ratio of overseas sales to total sales: FY 2004 31.4%; FY 2005 32.6%; FY 2006 36.0%, Interim period ended Sep. 2007 40.3%

(\* Fiscal years run from April 1 to March 31. FY 2004 refers to the year beginning on April 1, 2004.)

# Sales by Industry Segment

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Billion yen

First half ended:

	Sep. 2006	Sep. 2007	Change	% change
Analytical and Measuring Instruments	69.4	75.4	+6.0	+8.6%
Medical Systems	23.5	25.6	+2.1	+8.8%
Aircraft Equipment & Industrial Machinery	24.7	33.8	+9.1	+37.0%
Other	2.4	3.5	+1.1	+47.4%
<b>Total</b>	<b>120.0</b>	<b>138.3</b>	<b>+18.3</b>	<b>+15.3%</b>

## Operating Income by Industry Segment

Access to **your** success

Billion yen

	First half ended:		Change	% change
	Sep. 2006	Sep. 2007		
Analytical and Measuring Instruments	11.7	11.8	+0.0	+0.2%
Medical Systems	1.2	0.9	-0.3	-22.5%
Aircraft Equipment & Industrial Machinery	1.8	3.6	+1.9	+2.1 fold
Other	1.0	0.8	-0.1	-15.2%
Eliminations / Corporate	-4.4	-4.7	-0.3	---
<b>Total</b>	<b>11.3</b>	<b>12.4</b>	<b>+1.2</b>	<b>+10.3%</b>

## Sales Breakdown by Industry Segment (1)

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### • Measuring Instruments

	First half ended:		Change	% change
	Sep. 2006	Sep. 2007		
<b>General Analytical Instruments</b> → R&D and quality management for pharmaceuticals, food, (petro) chemicals, paper and pulp, etc. Main products: Chromatographs (LC, GC, MS), spectrometers, time-of-flight mass spectrometers, Life science-related equipment.	39.2	43.0	+3.8	+9.6%
<b>Surface Analyzers</b> → R&D and quality management for semiconductors, electronics, etc. Main products: X-ray fluorescence analyzers (EDX)	6.8	7.0	+0.2	+3.4%
<b>Environmental Analyzers</b> → Water and atmospheric observations Main products: Total organic carbon analyzers (TOC)	3.7	4.6	+0.9	+25.6%
<b>Testing and Non-Destructive Inspection Machines</b> → R&D and quality management for steel/nonferrous, machinery, and automobile applications, etc. Main products: Materials testing machines, non-destructive X-ray inspection machines, etc.	7.6	8.2	+0.6	+7.7%
<b>Other</b> Contractual analytical services and other businesses at subsidiaries	12.1	12.5	+0.4	+3.5%
<b>Total</b>	69.4	75.4	+6.0	+8.6%

## Sales Breakdown by Industry Segment (2)

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- Medical Systems

Billion yen

	First half ended:		Change	% change
	Sep. 2006	Sep. 2007		
<b>X-Ray Systems</b> Main products: Angiography systems, X-ray TV systems, general radiographic systems	18.1	20.1	+2.0	+11.5%
<b>Other</b> Main products: PET/CT, CT, ultrasound diagnostic systems	5.4	5.4	-0.0	-0.1%
<b>Total</b>	23.5	25.6	+2.1	+8.8%



## Sales Breakdown by Industry Segment (3)

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### • Aircraft Equipment & Industrial Machinery

Billion yen

	First half ended:			
	Sep. 2006	Sep. 2007	Change	% change
<b>Aircraft Equipment</b> Main products: Flight control systems, air conditioning equipment, head-up displays	11.1	16.9	+5.8	+51.8%
<b>Industrial Machinery</b>	13.5	16.9	+3.4	+24.8%
Turbo-molecular pumps, coating/CVD equipment, glass winders	9.1	12.3	+3.2	+35.5%
Hydraulic equipment	4.4	4.4	+0.1	+2.9%
<b>Total</b>	24.7	33.8	+9.1	+37.0%

## Sales by Region

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Billion yen

First half ended:

	Sep. 2006	Sep. 2007	Change	% change
Japan	75.8	82.5	+6.7	+8.9%
Overseas	44.2	55.8	+11.6	+26.2%
North and south America	11.6	14.7	+3.1	+26.6%
Europe	7.8	10.1	+2.3	+29.0%
Asia-Oceania	24.8	31.0	+6.2	+25.1%
<b>Total</b>	<b>120.0</b>	<b>138.3</b>	<b>+18.3</b>	<b>+15.3%</b>

## Overseas Sales Breakdown (1)

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- North and South America (North America)

Billion yen

\* Figures in ( ) relate to net sales for North America only.

	First half ended:		Change	% change
	Sep. 2006	Sep. 2007		
Analytical and Measuring Instruments	6.3 (4.9)	7.5 (5.7)	+1.2 (+0.8)	+18.7% (+15.7%)
Medical Systems	2.8 (2.0)	3.8 (2.5)	+0.9 (+0.5)	+33.4% (+24.4%)
Aircraft Equipment & Industrial Machinery	2.5 (2.5)	3.5 (3.5)	+1.0 (+1.0)	+38.7% (+39.4%)
<b>Total</b>	<b>11.6 (9.4)</b>	<b>14.7 (11.7)</b>	<b>+3.1 (+2.3)</b>	<b>+26.6% (+23.9%)</b>

## Overseas Sales Breakdown (2)

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- Europe

Billion yen

	First half ended:		Change	% change
	Sep. 2006	Sep. 2007		
Analytical and Measuring Instruments	6.6	8.0	+1.4	+21.3%
Medical Systems	1.0	1.7	+0.7	+67.2%
Aircraft Equipment & Industrial Machinery	0.2	0.4	+0.2	+85.9%
Total	7.8	10.1	+2.3	+29.0%

## Overseas Sales Breakdown (3)

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Billion yen

- Asia-Oceania (China)

\* Figures in ( ) relate to net sales for China only.

First half ended:

	Sep. 2006	Sep. 2007	Change	% change
Analytical and Measuring Instruments	16.2 (7.8)	18.9 (8.5)	+2.7 (+0.7)	+16.8% (+9.6%)
Medical Systems	5.7 (1.8)	6.0 (1.6)	+0.3 (-0.2)	+6.1% (-13.2%)
Aircraft Equipment & Industrial Machinery	2.9 (1.5)	6.0 (4.0)	+3.1 (+2.5)	+2.1 fold (+2.7 fold)
<b>Total</b>	<b>24.8 (11.1)</b>	<b>31.0 (14.1)</b>	<b>+6.2 (+3.0)</b>	<b>+25.1% (+27.0%)</b>

## Balance Sheet — Current assets



Billion yen

\* Change and % change figures are with respect to the same period last year (H1 ended Sep. 2006)

	H1 ended: Sep. 2006	FY ended: Mar. 2007	H1 ended: Sep 2007	Change	% change
Trade notes and accounts receivable (turnover in months)	77.3 (3.9)	89.2 (4.1)	88.9 (3.9)	+11.5	+14.9%
Inventories (turnover in months)	65.0 (3.3)	64.0 (2.9)	67.3 (2.9)	+2.3	+3.5%

## Balance Sheet — Liabilities and Net Assets

Access to **your** success

\* Change and % change figures are with respect to last year (FY ended Mar. 2007)

Billion yen

	H1 ended: Sep. 2006	FY ended: Mar. 2007	H1 ended: Sep. 2007	Change	% change
Short-term loans	9.4	7.5	6.9	-0.6	-7.8%
Long-term loans	2.1	3.1	2.7	-0.4	-13.0%
Bonds	25.0	25.0	25.0	0.0	0%
<b>Total debt</b>	<b>36.6</b>	<b>35.6</b>	<b>34.5</b>	<b>-1.0</b>	<b>-2.8%</b>
	H1 ended: Sep. 2006	FY ended: Mar. 2007	H1 ended: Sep. 2007	Change	% change
Net assets	134.1	142.2	148.4	+6.2	+4.4%
<b>Total</b>	<b>277.5</b>	<b>295.1</b>	<b>297.0</b>	<b>+1.9</b>	<b>+0.7%</b>
<b>Equity ratio</b>	<b>48.5%</b>	<b>48.0%</b>	<b>49.8%</b>	<b>+1.8 pp</b>	<b>---</b>

## Highlights for Analytical and Measuring Instruments



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### Global expansion in chromatographs

- Solid growth for pharmaceutical applications in North America and Europe—our two largest markets
- Agreement complete with Waters Corporation for linking between Shimadzu products and their systems; Full-scale rollout of products during the second half of the year
- Growth in sales of high-precision, highly specialized liquid chromatograph mass spectrometers (LCMS-IT-TOF), mainly to research institutes overseas
- Set up a sales company in China to sell consumables such as columns



Columns for liquid chromatographs (consumables)

重要性を増すラボ分析業務の負荷軽減は  
機器メーカーにとっても課題です  
LC分析の高速化を 分析精度・信頼性と共に  
**Prominence® UFLC**

UFLC: Ultra-Fast Liquid Chromatograph



# Highlights for Medical Systems



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## Growth in sales of FPD X-ray systems

FPD: Flat panel detector (digital X-ray imaging device)

- Introduced 3 new FPD X-ray imaging systems to the market:

April: Mammography equipment

July: General imaging equipment

October: Vascular imaging equipment



- The advanced general imaging equipment launched in July is equipped with image processing systems from Fujifilm. Combining Shimadzu's high-performance direct-conversion FPD with Fujifilm's advanced image processing systems yields unprecedented clarity in digital images.

- This device is also supplied to Fujifilm as an OEM product, further increasing sales



FPD X-ray imaging system  
(general imaging model)

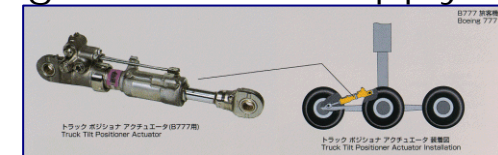
## Highlights for Aircraft Equipment and Industrial Machinery



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### Aircraft equipment

- Increased production of passenger aircraft by Boeing resulting in increased supply of on-board equipment from Shimadzu
- Shimadzu supplied actuators and valves, etc., for use on B737, B747, B757, B767, and B777 models
- Defense industry: Expect to begin mass production from 2010 of key devices for the flight control system aboard the Defense Ministry's new XP-1 (maritime patrol aircraft)



Actuator used on B777s

### Industrial machinery

- Significant growth in exports to China, to levels 2.7 times those for the same period last year, reflecting vibrant capital investment activity in the country
- Strong sales to China of, in particular, glass winders (production equipment for glass fibers used to reinforce materials) and CVD equipment for solar panels
- Growth of the turbo-molecular pumps business accelerating (see p. 22)



Glass winder  
(used to wind glass fibers)

## FY 2007 Full-Year Forecast (1)

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Billion yen

FY ended:

	Mar. 2007	Mar. 2008 Forecast	Change	% change
Net sales	262.4	<b>283.0</b>	+20.6	+7.8%
Operating income	25.3	<b>27.5</b>	+2.2	+8.8%
Ordinary income	23.2	<b>25.0</b>	+1.8	+7.7%
Net income	13.4	<b>14.8</b>	+1.4	+10.6%

EPS: ¥50.13

## FY 2007 Full-Year Forecast (2)

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### • Sales Forecast by Industry Segment

Billion yen

	FY ended:			
	Mar. 2007	Mar. 2008 Forecast	Change	% change
Analytical and Measuring Instruments	149.4	160.0	+10.6	+7.1%
Medical Systems	50.1	52.5	+2.4	+4.8%
Aircraft Equipment & Industrial Machinery	57.0	63.5	+6.5	+11.3%
Other	5.9	7.0	+1.1	+19.1%
<b>Total</b>	<b>262.4</b>	<b>283.0</b>	<b>+20.6</b>	<b>+7.8%</b>

## FY 2007 Full Year Forecast (3)

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### • Operating Income Forecast by Industry Segment

Billions yen

	FY ended:		Change	% change
	Mar. 2007	Mar. 2008 Forecast		
Analytical and Measuring Instruments	26.1	27.4	+1.3	+4.9%
Medical Systems	2.1	1.9	-0.2	-11.1%
Aircraft Equipment & Industrial Machinery	4.2	5.9	+1.7	+40.1%
Other	1.8	1.8	-0.0	-1.5%
Elimination/Corp orate	-9.0	-9.5	-0.5	---
<b>Total</b>	<b>25.3</b>	<b>27.5</b>	<b>+2.2</b>	<b>+8.8%</b>

## Key Topics (1)

### Growth Strategy for the Turbo-Molecular Pumps (TMP) Business

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- Further accelerate business growth through *expanded volume* (acquisition) and *greater quality* (more efficient production)

- Net TMP sales

Billions yen

	FY 2004	FY 2005	FY 2006	FY 2007 forecast	FY 2010 target
Net sales	4.1	4.4	6.2	7.5	15.0
% change	+ 58%	+ 7%	+ 41%	+ 21%	2 fold (vs. FY 2007)



- Growth strategy for the TMP business

#### Acquisition

Acquire TMP business of Mitsubishi Heavy Industries (contract was concluded on October 31)

- Acquisition price: 3.0 billion yen
- In addition to current semiconductor equipment markets, **opens up new customer markets for production equipment for LCD displays and solar cells, etc.**

#### Enhance production capacity and efficiency

Construction of new plant

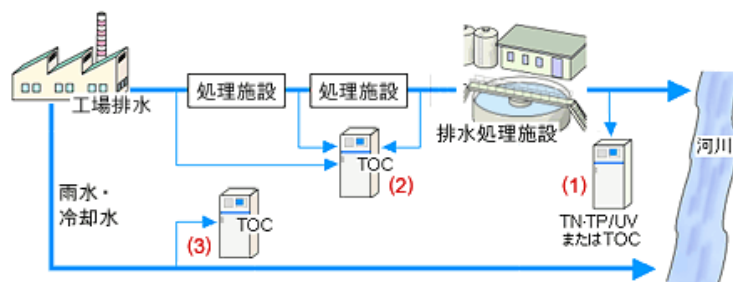
- Constructing an integrated TMP production plant within Shimadzu's main plant in Kyoto in anticipation of future increased production volumes (completed by end-2007, scheduled to begin operating between April and June 2008)
- Will facilitate stable, high-volume supply to semiconductor, LCD display, and solar cell production equipment manufacturers

## Key Topics (2)

### Expand Use of Environmental Analysis Equipment in China

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- Rapid economic growth in China has led to the emergence of environmental pollution problems in recent years
- Hu Jintao, China's General Secretary, announced rigorous policies aimed at resolving these serious environmental pollution issues (at the 17th Communist Party Congress in October 2007)
- Building on excellent track record in Japan and Europe, aggressively expand sales of water and atmospheric analysis equipment in China
- Receiving high-volume orders for online TOC analyzers for water discharge monitors for plants and factories, etc., in the Zhejiang Province, with delivery to begin during the second half of the current fiscal year
- Plans are in place for the control of domestic wastewater and sewage in an effort to combat the eutrophication of Lake Tai (Jiangsu Province and elsewhere), and Shimadzu is working hard to secure high-volume orders for TNP analyzers and other products



Example of industrial water discharge monitor installation



Online TOC analyzer

#### TOC: Total Organic Carbon

The absolute amount of carbon contained in organic substances and a measure of water pollution. Used in water monitors for discharge and environmental water, boiler water, ultrapure water for semiconductors, and pharmaceutical water, etc.

#### TNP: Total Nitrogen and Phosphorus

Also a measure of water pollution; the total amount of organic and inorganic nitrogen and phosphorous compounds. Used in water monitors for domestic wastewater.



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