

Operating Results and Financial Position

FY2005 Results & Forecast for FY2006

This document contains forward-looking statements. Forecasts of future business performance that appear in this document are predictions made by our management personnel and are based on information available when this material was prepared. They incorporate risks and uncertainties. For this reason, please recognize the possibility that 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 overseas, changes in technology markets, and fluctuations in exchange rates. We do not undertake to update our forward-looking statements.

2006.5.22

Shimadzu Corporation

Financial Highlights

Access to your success

¥ billions – except EPS

	2005.3	2006.3	Increase /Decrease	% Change
Net sales	233.6	242.6	+9.1	+3.9
Operating income	20.6	21.1	+0.5	+2.4
Net income	11.9	11.3	-0.6	-4.9

* EPS: ¥39.32

Sales by Industry Segment

Access to **your** success

¥ billions

	2005.3	2006.3	Increase /Decrease	% Change
Analytical and Measuring Instruments	131.6	138.5	+6.8	+5.2
Medical Systems	44.3	46.3	+2.0	+4.5
Aircraft Equipment & Industrial Machinery	52.3	52.5	+0.2	+0.3
Other	5.3	5.4	+0.1	+2.4
Total	233.6	242.6	+9.1	+3.9

Operating Income by Industry Segment

Access to **your** success

¥ billions

	2005.3	2006.3	Increase /Decrease	% Change
Analytical and Measuring Instruments	22.7	21.9	-0.8	-3.6
Medical Systems	2.3	2.1	-0.2	-6.9
Aircraft Equipment & Industrial Machinery	2.8	3.9	+1.1	+37.4
Other	1.6	1.5	-0.1	-9.1
Eliminations/corporate	-8.9	-8.4	+0.5	——
Total	20.6	21.1	+0.5	+2.4

Analytical and Measuring Instrument Sales



¥ billions

	2005.3	2006.3	Increase/ Decrease	% Change
Analytical Instruments Gas/Liquid Chromatographs, Spectrometers, Time-of-Flight Mass Spectrometers, etc.	76.5	80.4	+3.9	+5.1
X-Ray / Surface Analyzers X-Ray Fluorescence Analyzers, etc.	9.3	11.1	+1.8	+19.6
Testing and Non-Destructive Inspection Machines Materials Testing Machines, Non-Destructive X-Ray Inspection Machines, etc.	14.9	14.6	-0.3	-1.7
Environmental Analyzers Total Organic Carbon Analyzers, etc.	8.6	7.3	-1.3	-15.1
Other Contractual Analytical Services and Other Subsidiary Businesses	22.4	25.1	+2.7	+11.9
Total	131.6	138.5	+6.8	+5.2

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Medical Systems Sales



¥ billions

	2005.3	2006.3	Increase/ Decrease	% Change
X-Ray Systems Angiography Systems, X-Ray TV Systems, Medical Information Systems	30.6	34.2	+3.6	+11.9
Other PET Systems, CT Scanners , Ultrasound Diagnostic Systems	13.7	12.0	-1.6	-12.0
Total	44.3	46.3	+2.0	+4.5

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Aircraft Equipment & Industrial Machinery Sales



¥ billions

	2005.3	2006.3	Increase/ Decrease	% Change
Aircraft Equipment	24.7	25.8	+1.1	+4.3
Industrial Machinery	27.6	26.7	-0.9	-3.3
* Semiconductor and LCD Equipment, etc.	20.3	18.4	-1.9	-9.2
* Hydraulic Equipment	7.3	8.3	+1.0	+13.2
Total	52.3	52.5	+2	+0.3

Sales by Region



¥ billions

	2005.3	2006.3	Increase /Decrease	% Change
Japan	160.2	163.5	+3.3	+2.0
North and South America	18.0	20.2	+2.2	+12.2
Europe	13.6	15.3	+1.8	+12.9
Asia-Oceania	41.8	43.6	+1.9	+4.5
Total	233.6	242.6	+9.1	+3.9

North and South America Sales

Access to **your** success

¥ billions

	2005.3	2006.3	Increase /Decrease	% Change
Analytical and Measuring Instruments	10.5	11.4	+0.9	+8.7
	8.9	9.5	+0.6	+6.8
Medical Systems	4.6	4.8	+0.2	+4.5
	2.5	3.2	+0.7	+27.8
Aircraft Equipment & Industrial Machinery	2.9	3.9	+1.1	+37.0
	2.9	3.9	+1.0	+35.0
Total	18.0	20.2	+2.2	+12.2
	14.2	16.5	+2.3	+16.1

**Second (lower) figure indicates North American results.*

Europe Sales

Access to **your** success

¥ billions

	2005.3	2006.3	Increase /Decrease	% Change
Analytical and Measuring Instruments	10.5	11.7	+1.2	+11.5
Medical Systems	2.8	3.2	+0.4	+13.0
Aircraft Equipment & Industrial Machinery	0.3	0.5	+0.2	+65.2
Total	13.6	15.3	+1.8	+12.9

Asia-Oceania Sales

Access to **your** success

¥ billions

	2005.3	2006.3	Increase /Decrease	% Change
Analytical and Measuring instruments	25.0	28.4	+3.3	+13.4
	11.8	13.4	+1.5	+13.0
Medical systems	8.6	10.1	+1.5	+17.4
	2.9	3.0	+0.1	+2.8
Aircraft Equipment & Industrial Machinery	8.1	5.2	-3.0	-36.3
	4.7	2.7	-2.0	-42.5
Total	41.8	43.6	+1.9	+4.5
	19.5	19.1	-0.4	-2.1

** Second (lower) figure indicates China results.*

Consolidated Balance Sheets - Assets

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¥ billions – except turnover

	2005.3	2006.3	Increase /Decrease	% Change
Trade notes and accounts receivable	76.7	79.4	+2.8	+3.6
	3.9 months	3.9 months		
Inventories	56.5	60.1	+3.6	+6.4
	2.9 months	3.0 months		

** Second (lower) figure indicates turnover period in months.*

Consolidated Balance Sheets - Liabilities and Shareholders' Equity

Access to your success

	2005.3	2006.3	¥ billions – except equity ratio	
			Increase /Decrease	% Change
Short-term loans	12.7	15.6	+2.8	+22.3
Long-term debt	6.7	2.0	-4.6	-69.5
Bonds	45.0	25.0	-20.0	-44.4
Total debt	64.4	42.6	-21.8	-33.8
	2005.3	2006.3	Increase /Decrease	% Change
Shareholders' equity	96.4	129.7	+33.3	+34.5
Total	262.8	277.1	+14.2	+5.4
Equity ratio %	36.7	46.8	+10.1point	—

• As of September 29, 2005, ¥19,619M. of convertible bonds were converted into equity.
(Turnover ratio 98.1%)

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Business Segment Highlights (1)

Access to your success

Analytical & Measuring Instruments

- Sales of our mainstay chromatograph systems grew domestically and overseas. In Japan, a large number of gas chromatograph (GC) systems and other products were delivered to the National Petroleum Dealers Association. Overseas, liquid chromatograph (LC) systems are selling well to pharmaceutical industry companies in India.
- Domestic and overseas sales of liquid chromatograph mass spectrometer systems (LCMS-IT-TOF) increased significantly over the previous term and are selling well for use in cutting-edge research at companies and universities in fields such as pharmaceuticals and life sciences.
- Strong demand related to strengthened environmental regulations continues. Sales of x-ray fluorescence spectrometer systems (EDX) that meet European Regulations on Hazardous Substances (RoHS Directives) have increased significantly in Asia. In addition, sales of x-ray diffractometers for asbestos measurement continue to increase, while sales of systems related to the Japanese Waterworks Law have started to decline after peaking last term.



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Business Segment Highlights (2)

Access to **your** success

Medical Systems

- Sales of x-ray systems equipped with FPDs for cardiovascular and digestive systems are growing steadily in Japan.
- Exports of FPD-equipped cardiovascular x-ray systems began and 13 units have been sold in the United States, China and Australia.
- The new Iraqi government purchased a large number of Shimadzu x-ray systems to rebuild Iraq's medical infrastructure.
- Shimadzu's late entry into the PET-CT market resulted in a significant decline in sales of PET systems over the previous term.



Cardiovascular X-Ray System Equipped with FPD

Aircraft and Industrial Machinery

- **Aircraft Equipment:** Deliveries began for equipment related to new prototype aircraft (transport (C-X) and patrol (P-X)) for the Japanese Ministry of Defense.
- **Industrial Machinery:** Orders received from a major Japanese electrical goods manufacturer for an 8th-generation liquid crystal array inspection system.

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FY2006 Forecast (1)

Access to **your** success

¥ billions – except EPS

	2006.3	2007.3 Forecast	Increase /Decrease	% Change
Net sales	242.6	250.0	+7.4	+3.0
Operating income	21.1	23.0	+1.9	+9.1
Net income	11.3	11.5	+0.2	+1.6

* EPS: ¥38.93

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FY2006 Forecast (2)



Sales by Industry Segment

¥ billions

	2006.3	2007.3 Forecast	Increase /Decrease	% Change
Analytical and Measuring Instruments	138.5	144.0	+5.5	+4.0
Medical Systems	46.3	48.0	+1.7	+3.7
Aircraft Equipment & Industrial Machinery	52.5	52.5	+0	+0.1
Other	5.4	5.5	+1.0	+1.0
Total	242.6	250.0	+7.4	+3.0

FY2006 Forecast (3)



Operating Income by Industry Segment

¥ billions

	2006.3	2007.3 Forecast	Increase /Decrease	% Change
Analytical and Measuring Instruments	21.9	24.2	+2.3	+10.5
Medical Systems	2.1	2.6	+0.5	+21.5
Aircraft Equipment & Industrial Machinery	3.9	3.2	-0.7	-18.1
Other	1.5	1.6	+0.1	+7.2
Eliminations/corporate	-8.4	-8.6	-0.2	---
Total	21.1	23.0	+1.9	+9.1

Key Issues for FY2006 (1)

Access to your success

Analytical & Measuring Instruments

- Strong domestic market due to aggressive investment in equipment in a wide range of industries, such as chemicals, steel, machinery and electrical goods.
- Acceleration of global expansion of our mainstay chromatograph systems.
- Aggressively provide products to meet domestic and overseas demand resulting from environment regulations.

In Japan, new pesticide residue regulations (positive list system) and volatile organic compound (VOC) regulations were enacted in fiscal 2006. In China, Chinese versions of the EU's RoHS Directive and REACH (Registration, Evaluation and Authorization of Chemicals) system are now being considered.

- Launch of subsidiary in July 2006 to perform contractual analytical services in Guangzhou, China. Strengthen measurement-related consulting capability in China and further expand measuring instruments business.



New Model EDX (launched Nov. 2005)

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Key Issues for FY2006 (2)

Access to your success

Medical Systems

- Strengthen measures to improve the production yield of FPD panels for FPD x-ray systems. The yield problem is gradually improving, however the process of dramatic cost reductions must start.
- New model FPD x-ray system will soon be introduced that offers substantially improved image quality and faster response speed. A digestive system model will be introduced for export, which follows the introduction of the cardiovascular system model last term. This should significantly increase sales of FPD x-ray systems.

Aircraft Equipment and Industrial Machinery

- **Aircraft Equipment:** Finish technology verification tests for new prototype aircraft (Cargo:C-X and Patrol :P-X) for the Japanese Defense Agency and push to establish production readiness.
- **Industrial Machinery:** Continue to expand sales of turbomolecular pumps and hydraulic units for semiconductor production equipment.



Rendering of Completed P-X
(first flight scheduled July 2007)

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First Year (FY2005): Progress is As Planned

¥ billions

	FY2005	FY2006 Forecast	FY2007 Target
Net sales	242.6	250.0	270.0
Operating income	21.1	23.0	27.0
Operating margin	8.7%	9.2%	10% or more
Overseas sales	79.1	84.7	94.0
Overseas sales ratio	32.6%	33.9%	35% or more

Key Areas of Progress in First Year (FY2005)

Global Growth

- Strengthened and expanded overseas sales capabilities – Established 3 new sales subsidiaries in Europe, established new sales subsidiary in India.
- Turbomolecular pump operations expanded in North America.

Structural Reform of Business Operations

- Started construction of new plant (in Kyoto – see photo) to improve analytical & measuring instrument production efficiency. Pilot plant already operating 5 lines in advance of plant completion scheduled for October 2006. This will allow the accumulation of new production know-how and ensure the smooth launch of the new plant.

Capital Expenditure (¥7.1 billion)

- Start of construction for new analytical & measuring instrument plant, reconstruction of computer network systems.



As of April 2006

Key Issues for Second Year (FY2006)

Global Growth

- Steady growth of newly established sales subsidiaries in Europe and India
- North America: Improve sales to mid-western area food, biotech, and fuel sectors
- China: Continue to expand by increasing product supply capacity and launching contractual analytical services

Structural Reform of Business Operations

- Make new analytical & measuring instrument plant operational by October 2006 and use pilot plant experience to quickly implement an in-house build-to-order production system. Steadily push to achieve major improvements in production efficiency.

Capital Expenditure (¥9.3 billion)

- Construct new analytical & measuring instrument plant, reconstruct computer network systems, expand research subsidiaries in Europe and manufacturing subsidiaries in China.

