Operating Results and Financial Position
《For fiscal year ended March 31, 2017》

1. Operating Results

(1) Consolidated Overview

In the fiscal year ended March 31, 2017, the North American economy continued its recovery trend due to an improvement in the labor environment and firm consumer spending. The European economy demonstrated a moderate recovery, mainly in Western Europe, despite Britain’s decision to exit the European Union and other issues. China showed signs of economic improvement owing to active government investments. Southeast Asia also showed signs of economic improvement due to improvements in labor and wage environments backed by higher corporate earnings.

In this economic environment, the Shimadzu Group actively promoted growth-oriented measures in accordance with its medium-term management plan. These measures included launching global “Number One/Only One” products; opening innovation centers in North America, China, and Europe as sites for collaborative R&D with leading-edge research institutes, universities, and companies; strengthening our business base in emerging markets through the opening of a new plant in Malaysia and other measures; expanding the aftermarket business; and launching new businesses.

As a result, for the fiscal year, the Shimadzu Group posted consolidated net sales of 342,479 million yen (a year-on-year increase of 0.1%), as the impact of year-on-year yen appreciation outweighed higher sales in and outside Japan. Operating income totaled 37,089 million yen (a year-on-year increase of 3.9%), ordinary income totaled 37,039 million yen (a year-on-year increase of 6.3%), and profit attributable to owners of parent totaled 26,473 million yen (a year-on-year increase of 10.8%). All of these figures represented record-high levels for the Group.

The results for reportable business segments were as follows.

I. Analytical & Measuring Instruments

In Japan, sales increased for mass spectrometers, liquid chromatographs, and non-destructive inspection equipment as demand grew in the pharmaceutical, contract analysis, and electric industries.

In North America, although sales of mass spectrometers declined slightly due to a downturn in healthcare industry demand, sales of liquid chromatographs grew. In Europe, sales grew year on year. While sales to universities and public-sector institutions in Eastern Europe declined, demand for mass spectrometers increased in Western Europe for food safety, environmental, and clinical applications.

In China, sales of liquid chromatographs and mass spectrometers grew as a result of large-scale projects in the food safety and environmental industries, higher demand in the pharmaceutical industry driven by compliance regulations, and new clinical medicine-related demand in the contract analysis industry. In Southeast Asia, sales of liquid chromatographs increased, along with testing machines for a large-scale project with a transportation equipment client. In India, sales of liquid chromatographs and mass spectrometers to pharmaceutical companies increased. Overseas sales declined overall on a yen basis, however, due to yen appreciation.

As a result, the Analytical & Measuring Instruments segment posted sales of 209,237 million yen (a year-on-year increase of 0.4%) for the fiscal year.

II. Medical Systems

In Japan, sales of X-ray diagnosis systems increased strongly, primarily for angiography systems.

In North America, sales increased for high-end X-ray fluoroscopy systems capable of performing multiple types of diagnoses. In Europe, sales decreased overall due to a reactionary decline following large-scale projects in Eastern Europe in the previous year, along with lower sales in some EU member
countries due to delayed budget allocations. In China, although competition with local companies intensified, sales increased steadily on higher demand for angiography systems and other equipment. Overseas sales declined overall due to yen appreciation.

As a result, the Medical Systems segment posted sales of 64,376 million yen (a year-on-year decrease of 0.3%) for the fiscal year.

III. Aircraft Equipment
In Japan, sales of aircraft components to the Ministry of Defense declined slightly compared with the previous year. Overseas, although sales of replacement parts to commercial aircraft companies increased, sales declined overall due to the impact of yen appreciation and lower demand.

Overall, the Aircraft Equipment segment posted sales of 26,728 million yen (a year-on-year decrease of 7.3%) for the fiscal year.

IV. Industrial Machinery
Sales of turbo-molecular pumps grew in Japan, North America, China, and South Korea, mainly on stronger demand from semiconductor manufacturing equipment as well as liquid crystal and organic electroluminescence display manufacturing companies. Sales of hydraulic equipment rose slightly despite overall market stagnation, as demand remained strong in Japan for specially equipped industrial vehicles, while in China, sales rebounded from the second half mainly among construction machinery and industrial vehicle manufacturers.

Overall, the Industrial Machinery segment posted sales of 36,158 million yen (a year-on-year increase of 7.9%) for the fiscal year.

V. Other
Sales in the Other businesses segment amounted to 5,978 million yen (a year-on-year decrease of 13.0%) for the fiscal year.

<Consolidated Outlook>
Regarding the future economic outlook, Japan is expected to continue its moderate economic recovery despite risks of downturn stemming from concerns over overseas economic trends and yen appreciation.

Outside Japan, the United States is expected to continue demonstrating steady economic growth following the launch of the new government administration, while Europe is expected to realize moderate expansion buoyed mainly by growth in leading nations. Southeast Asia is expected to post firm growth, and India’s economic growth is also expected to continue. Overall, therefore, the global economic is expected to demonstrate moderate economic recovery.

Uncertainties have increased, however, in the outlooks for some areas of the global economy, namely government policy trends in the United States, Britain’s exit from the European Union and political trends in European countries, along with the moderate decline in China’s economic growth.

In this environment, the Shimadzu Group is launching a new three-year medium-term management plan from April 2017 under the slogan, “Become a Company That Solves Challenges in Society in Collaboration with Partners All Around the World.” The new plan seeks to expand business through three core business fields: (1) Human health, (2) Safe and secure societies, and (3) Industrial development.

In FY 2017, the first year of the new medium-term management plan, the Shimadzu Group will focus its efforts on steadily accomplishing the following initiatives.

1) Business growth through investments in growth fields
   ① We will prioritize healthcare, which is considered an international social issue, by making healthcare our four core field alongside infrastructure, materials, and environment and energy. We will enhance the fusion between analytical & measuring instruments and medical systems to generate new healthcare businesses which leverage our strengths.
   ② We will strengthen collaboration with universities, research institutes, companies, and other external partners, mainly in the four above core fields, to better utilize IoT, AI, robotics and other new technologies for the purpose of solving society’s issues at an even higher level of expertise.
   ③ We will strengthen our capital investments through higher R&D spending in priority products, as well as investments in innovation centers, our R&D sites dedicated to promoting global open innovation.
   ④ We will strengthen our investments in the reagent and consumables businesses and take other measures to expand the aftermarket business.
2) Structural business reforms through strengthened earnings
① Regarding priority products, we will actively make investments aimed at strengthening development capabilities for new products. Regarding unprofitable business and products, we will accelerate restructuring initiatives, including business rebuilding measures and potential business exits. Through these measures, we will strengthen the earnings foundation of each business.
② We will prioritize the improvements of earnings in the aftermarket business, accelerating the use of new IoT-based new services and AI to strengthen earnings power.
③ We will expand earnings by creating highly competitive new products and applications that increase our differentiation from competitors.

3) Establishment of strong business foundations through organization foundation reforms
① We will implement planned training programs to nurture human resources capable of doing business from a global perspective, while also enhancing employee skills by promoting diversity and exchanges in and outside the company. At the same time, we will actively promote work-style reforms, health management, and environmental management.
② We will deepen collaboration between global sites and strengthen company-wide functions required to develop business on a global scale.
③ We will seek to raise productivity by actively promoting the use of IoT, AI and other new technologies throughout all the functions of the company.

(In Million Yen)

<table>
<thead>
<tr>
<th></th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year ended March 31, 2018</td>
</tr>
<tr>
<td>Net sales</td>
<td></td>
</tr>
<tr>
<td>1st half</td>
<td>165,000</td>
</tr>
<tr>
<td>Year</td>
<td>355,000</td>
</tr>
<tr>
<td>Operating income</td>
<td></td>
</tr>
<tr>
<td>1st half</td>
<td>15,500</td>
</tr>
<tr>
<td>Year</td>
<td>38,000</td>
</tr>
<tr>
<td>Ordinary income</td>
<td></td>
</tr>
<tr>
<td>1st half</td>
<td>15,000</td>
</tr>
<tr>
<td>Year</td>
<td>38,000</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td></td>
</tr>
<tr>
<td>1st half</td>
<td>10,500</td>
</tr>
<tr>
<td>Year</td>
<td>27,000</td>
</tr>
</tbody>
</table>
(2) Financial Condition

<Assets at March 31, 2017>
As of March 31, 2017, total assets were 375,354 million yen, an increase of 25,555 million yen compared to the end of the previous fiscal year, reflecting increases of 9,790 million yen in cash and time deposits and 7,447 million yen in trade notes and accounts receivable. Net assets increased by 21,657 million yen compared to the end of the previous fiscal year to 241,629 million yen due to increases of 20,632 million yen in retained earnings and 2,938 million yen in cumulative adjustments to retirement benefits, and a decrease of 2,723 million yen in foreign currency translation adjustments.

<Cash Flows>
Cash and cash equivalents at March 31, 2017 increased 9,253 million yen versus March 31, 2016, to 52,762 million yen. The cash flow status for FY 2016 is described below.

I. Cash Flow from Operating Activities
Cash flow from operating activities resulted in an inflow of 29,608 million yen, which is a 2,739 million yen decrease from the previous year. The primary cash flows from operating activities include a 3,670 million yen outflow due to trade receivable increases/decreases, a 2,454 million yen outflow due to inventories increases/decreases, and a 2,906 million yen inflow due liability for retirement benefits increases/decreases.

II. Cash Flow from Investing Activities
Cash flow from investing activities resulted in an outflow of 12,304 million yen, which is a 797 million yen decrease from the previous year. The primary cash flows from investing activities include a 11,013 million yen outflow from capital investment.

III. Cash Flow from Financing Activities
Cash flow from financing activities resulted in an outflow of 7,294 million yen, which is a 4,395 million yen decrease from the previous year. The primary cash flows from financing activities include a 5,597 million yen outflow from cash dividends paid and a 1,092 million yen outflow from payment of finance lease obligations.

<Trend in Cash Flow Indices>

<table>
<thead>
<tr>
<th></th>
<th>Year ended March 31, 2013</th>
<th>Year ended March 31, 2014</th>
<th>Year ended March 31, 2015</th>
<th>Year ended March 31, 2016</th>
<th>Year ended March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Ratio (%)</td>
<td>57.7</td>
<td>53.4</td>
<td>61.7</td>
<td>62.8</td>
<td>64.3</td>
</tr>
<tr>
<td>Equity Ratio on a Market Value Basis (%)</td>
<td>65.9</td>
<td>79.4</td>
<td>116.4</td>
<td>148.8</td>
<td>138.9</td>
</tr>
<tr>
<td>Years of Debt Redemption (Years)</td>
<td>2.5</td>
<td>—</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Interest Coverage Ratio (times)</td>
<td>33.3</td>
<td>—</td>
<td>142.9</td>
<td>177.0</td>
<td>214.2</td>
</tr>
</tbody>
</table>

Note: Equity Ratio = (net assets – non-controlling interests)/total assets  
Equity ratio on a Market price = market capitalization /total assets  
Years of Debt Redemption = Interest bearing debt/Cash flow from operating cash flow  
Interest Coverage Ratio = Cash flow from operating activities/interest payment  
1: All indices are calculated on a consolidated basis.  
2: Market capitalization is calculated based on market price on last trading day of March each year multiplied by total shares outstanding at end of period (excluding treasury stock).  
3: Operating cash flow is the net cash provided from operating activities in the consolidated statements of cash flows. Interest-bearing debt is the short-term loans, long-term debt, commercial paper and bonds listed among the liabilities on the consolidated balance sheet. Interest payment is the interest paid in the consolidated statements of cash flows.
Shimadzu views the return of profits to shareholders as a key management objective. We aim to maintain a stable dividend while taking into account earnings performance and cash flows. We also maintain sufficient internal reserves to fund capital expenditures, R&D, and strategic investments which can support business growth over the medium to long term and raise earnings. We will continue making every effort to maintain stable financial conditions, while strengthening earnings and raising our return on equity.

Regarding year-end dividends, for the fiscal year ended March 31, 2016, we paid a common dividend of 9 yen per share. For the fiscal year ended March 31, 2017, we plan to pay a year-end dividend of 10 yen per share. Combined with the interim dividend of 10 yen per share, the total annual dividend will be 20 yen per share, an increase of 2 yen from the previous fiscal year.

For the fiscal year ending March 31, 2018, we currently plan to pay an interim dividend of 11 yen and a year-end dividend of 11 yen per share, for a total annual dividend of 22 yen per share, an increase of 2 yen from the previous fiscal year.

2. Basic Stance on Selecting Accounting Standards

The Shimadzu Group currently presents its consolidated financial statements based on Japanese accounting standards to facilitate comparison with results from other years and comparison with the results of other companies.

Regarding International Financial Reporting Standards (IFRS), we will take appropriate measures based on various circumstances in and outside Japan.
### 3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

<table>
<thead>
<tr>
<th>Assets</th>
<th>As of March 31, 2017</th>
<th>As of March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and time deposits</td>
<td>¥56,698</td>
<td>¥46,907</td>
</tr>
<tr>
<td>Trade notes and accounts receivable</td>
<td>112,877</td>
<td>105,430</td>
</tr>
<tr>
<td>Merchandise and products</td>
<td>40,588</td>
<td>40,497</td>
</tr>
<tr>
<td>Work in process</td>
<td>16,899</td>
<td>15,457</td>
</tr>
<tr>
<td>Raw materials and supplies</td>
<td>19,213</td>
<td>17,715</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>9,603</td>
<td>9,729</td>
</tr>
<tr>
<td>Other</td>
<td>8,342</td>
<td>7,086</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(1,142)</td>
<td>(1,157)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>¥263,080</td>
<td>¥241,666</td>
</tr>
<tr>
<td><strong>Noncurrent assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures, net</td>
<td>¥39,975</td>
<td>¥39,035</td>
</tr>
<tr>
<td>Machinery, equipment and vehicles, net</td>
<td>5,904</td>
<td>5,912</td>
</tr>
<tr>
<td>Land</td>
<td>18,879</td>
<td>18,602</td>
</tr>
<tr>
<td>Leased assets, net</td>
<td>2,510</td>
<td>2,179</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>628</td>
<td>728</td>
</tr>
<tr>
<td>Other, net</td>
<td>10,853</td>
<td>9,699</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>¥78,751</td>
<td>¥76,158</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>¥8,396</td>
<td>¥7,558</td>
</tr>
<tr>
<td>Investments and other assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>13,779</td>
<td>14,654</td>
</tr>
<tr>
<td>Long-term receivables</td>
<td>174</td>
<td>175</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>4,160</td>
<td>6,388</td>
</tr>
<tr>
<td>Other</td>
<td>7,535</td>
<td>3,565</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(523)</td>
<td>(368)</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td>¥25,126</td>
<td>¥24,415</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>¥112,273</td>
<td>¥108,131</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥375,354</td>
<td>¥349,798</td>
</tr>
</tbody>
</table>
(In million yen)

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>As of March 31, 2017</th>
<th>As of March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade notes and accounts payable</td>
<td>¥ 57,263</td>
<td>¥ 52,422</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>2,963</td>
<td>3,056</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>1,007</td>
<td>940</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>11,363</td>
<td>11,523</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>4,870</td>
<td>4,997</td>
</tr>
<tr>
<td>Allowance for employees’ bonuses</td>
<td>8,188</td>
<td>8,093</td>
</tr>
<tr>
<td>Allowance for director’s bonuses</td>
<td>275</td>
<td>284</td>
</tr>
<tr>
<td>Provision for loss on defense equipment</td>
<td>484</td>
<td>374</td>
</tr>
<tr>
<td>Other</td>
<td>17,730</td>
<td>15,893</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>¥ 104,147</td>
<td>¥ 97,587</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsecured bonds</td>
<td>¥ 15,000</td>
<td>¥ 15,000</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>1,758</td>
<td>1,451</td>
</tr>
<tr>
<td>Liability for directors’ retirement benefits</td>
<td>184</td>
<td>182</td>
</tr>
<tr>
<td>Other</td>
<td>1,277</td>
<td>828</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>¥ 29,577</td>
<td>¥ 32,239</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>¥ 133,725</td>
<td>¥ 129,827</td>
</tr>
</tbody>
</table>

| **Net assets**                     |                      |                      |
| **Shareholders’ capital**          |                      |                      |
| Common stock                       | ¥ 26,648             | ¥ 26,648             |
| Additional paid-in capital         | 35,188               | 35,188               |
| Retained earnings                  | 174,391              | 153,758              |
| Treasury stock                     | (885)                | (861)                |
| **Total shareholders’ capital**    | ¥ 235,342            | ¥ 214,734            |
| **Accumulated other comprehensive income** |                  |                      |
| Net unrealized gain on available-for-sale securities | ¥ 5,850 | ¥ 5,036 |
| Foreign currency translation adjustments | (1,429) | 1,293 |
| Cumulative adjustments to retirement benefits | 1,568 | (1,370) |
| **Total accumulated other comprehensive income** | ¥ 5,988 | ¥ 4,959 |
| **Non-controlling interests**      | ¥ 297                | ¥ 277                |
| **Total net assets**               | ¥ 241,629            | ¥ 219,971            |
| **Total liabilities and net assets** | ¥ 375,354            | ¥ 349,798            |
## Consolidated Statements of Operations & of Comprehensive Income

### Consolidated Statements of Operations

<table>
<thead>
<tr>
<th>Year ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2017</td>
<td>March 31, 2016</td>
</tr>
</tbody>
</table>

- **Net sales** | ¥ 342,479 | ¥ 342,236 |
- **Cost of sales** | 206,070 | 201,850 |
- **Gross profit** | ¥ 136,409 | ¥ 140,385 |
- **Selling, general and administrative expenses** | 99,319 | 104,683 |
- **Operating income** | ¥ 37,089 | ¥ 35,701 |

**Other income:**

- **Interest income** | ¥ 224 | ¥ 197 |
- **Dividend income** | 211 | 199 |
- **Insurance payments received** | 228 | 242 |
- **Subsidy received** | 493 | 419 |
- **Other** | 654 | 780 |
- **Total other income** | ¥ 1,812 | ¥ 1,839 |

**Other expenses:**

- **Interest expenses** | ¥ 138 | ¥ 182 |
- **Foreign exchange loss** | 72 | 1,045 |
- **Other** | 1,651 | 1,472 |
- **Total other expenses** | ¥ 1,862 | ¥ 2,700 |

**Ordinary income** | ¥ 37,039 | ¥ 34,840 |

**Extraordinary income:**

- **Gain on sale of property, plant and equipment** | ¥ 32 | ¥ 37 |
- **Total extraordinary income** | ¥ 32 | ¥ 37 |

**Extraordinary losses:**

- **Impairment loss** | ¥ 780 | — |
- **Loss on disposal of property, plant and equipment** | 176 | ¥ 209 |
- **Loss on write-down of investment securities** | 1 | 273 |
- **Provision for loss on defense equipment** | — | 374 |
- **Total extraordinary losses** | ¥ 958 | ¥ 856 |

**Income before income taxes** | ¥ 36,113 | ¥ 34,021 |

**Income taxes** | 8,763 | 9,018 |

**Income taxes adjustments** | 819 | 436 |

**Total income taxes and income taxes adjustments** | ¥ 9,582 | ¥ 10,454 |

**Profit** | ¥ 26,530 | ¥ 23,966 |

**Profit attributable to non-controlling interests** | 57 | 66 |

**Profit attributable to owners of parent** | ¥ 26,473 | ¥ 23,899 |

### Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th>Year ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2017</td>
<td>March 31, 2016</td>
</tr>
</tbody>
</table>

- **Profit** | ¥ 26,530 | ¥ 23,966 |

**Other Comprehensive income**

- **Unrealized gain/loss on available-for-sale securities** | ¥ 813 | ¥ (163) |
- **Foreign currency translation adjustments** | (2,451) | (5,535) |
- **Retirement benefit adjustments** | 2,938 | (3,210) |
- **Total other comprehensive income** | ¥ 1,301 | ¥ (8,910) |

**Comprehensive income** | ¥ 27,832 | ¥ 15,056 |

**< Break down >**

- **Comprehensive income attribute to owners of parent** | ¥ 27,787 | ¥ 15,002 |
- **Comprehensive income attribute to non-controlling interests** | ¥ 45 | ¥ 53 |
### (3) Consolidated Statements of Changes in Equity

**Fiscal year ended Mar. 31 2017 (Apr. 1, 2016 to Mar. 31, 2017)**

*(In million yen)*

<table>
<thead>
<tr>
<th>Shareholders' equity</th>
<th>Capital stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury shares</th>
<th>Total shareholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>26,648</td>
<td>35,188</td>
<td>153,758</td>
<td>△861</td>
<td>214,734</td>
</tr>
<tr>
<td>Changes of items during period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td></td>
<td>△5,601</td>
<td></td>
<td></td>
<td>△5,601</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td></td>
<td></td>
<td>26,473</td>
<td></td>
<td>26,473</td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td></td>
<td></td>
<td>△238</td>
<td></td>
<td>△238</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td></td>
<td></td>
<td></td>
<td>△24</td>
<td>△24</td>
</tr>
<tr>
<td>Net changes of items other than shareholders' equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total changes of items during period</td>
<td></td>
<td></td>
<td>20,632</td>
<td>△24</td>
<td>20,607</td>
</tr>
<tr>
<td>Balance at end of current period</td>
<td>26,648</td>
<td>35,188</td>
<td>174,391</td>
<td>△885</td>
<td>235,342</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated other comprehensive income</th>
<th>Valuation difference on available-for-sale securities</th>
<th>Foreign currency translation adjustment</th>
<th>Remeasurements of defined benefit plans</th>
<th>Total accumulated other comprehensive income</th>
<th>Non-controlling interests</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of current period</td>
<td>5,036</td>
<td>1,293</td>
<td>△1,370</td>
<td>4,959</td>
<td>277</td>
<td>219,971</td>
</tr>
<tr>
<td>Changes of items during period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>△5,601</td>
<td></td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>26,473</td>
<td></td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>△238</td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>△24</td>
<td></td>
</tr>
<tr>
<td>Net changes of items other than shareholders' equity</td>
<td>813</td>
<td>△2,723</td>
<td>2,938</td>
<td>1,029</td>
<td>19</td>
<td>1,049</td>
</tr>
<tr>
<td>Total changes of items during period</td>
<td>813</td>
<td>△2,723</td>
<td>2,938</td>
<td>1,029</td>
<td>19</td>
<td>21,657</td>
</tr>
<tr>
<td>Balance at end of current period</td>
<td>5,850</td>
<td>△1,429</td>
<td>1,568</td>
<td>5,988</td>
<td>297</td>
<td>241,629</td>
</tr>
</tbody>
</table>
### Fiscal year ended Mar. 31 2016 (Apr. 1, 2015 to Mar. 31, 2016) (In million yen)

#### Shareholders' equity

<table>
<thead>
<tr>
<th></th>
<th>Capital stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury shares</th>
<th>Total shareholders' equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at beginning of current period</strong></td>
<td>26,648</td>
<td>35,188</td>
<td>134,781</td>
<td>△796</td>
<td>195,912</td>
</tr>
<tr>
<td><strong>Changes of items during period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td></td>
<td>△5,012</td>
<td></td>
<td></td>
<td>△5,012</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>23,899</td>
<td></td>
<td></td>
<td></td>
<td>23,899</td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td></td>
<td></td>
<td>△64</td>
<td>△64</td>
<td></td>
</tr>
<tr>
<td>Net changes of items other than shareholders' equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total changes of items during period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>△18,886</td>
</tr>
<tr>
<td><strong>Balance at end of current period</strong></td>
<td>26,648</td>
<td>35,188</td>
<td>153,758</td>
<td>△861</td>
<td>214,734</td>
</tr>
</tbody>
</table>

#### Accumulated other comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>Valuation difference on available-for-sale securities</th>
<th>Foreign currency translation adjustment</th>
<th>Remeasurements of defined benefit plans</th>
<th>Total accumulated other comprehensive income</th>
<th>Non-controlling interests</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at beginning of current period</strong></td>
<td>5,200</td>
<td>6,816</td>
<td>1,839</td>
<td>13,856</td>
<td>248</td>
<td>210,017</td>
</tr>
<tr>
<td><strong>Changes of items during period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td></td>
<td></td>
<td></td>
<td>△5,012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23,899</td>
<td></td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td></td>
<td></td>
<td></td>
<td>△64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes of items other than shareholders' equity</td>
<td>△163</td>
<td>△5,522</td>
<td>△3,210</td>
<td>△8,866</td>
<td>28</td>
<td>△8,868</td>
</tr>
<tr>
<td><strong>Total changes of items during period</strong></td>
<td>△163</td>
<td>△5,522</td>
<td>△3,210</td>
<td>△8,866</td>
<td>28</td>
<td>9,954</td>
</tr>
<tr>
<td><strong>Balance at end of current period</strong></td>
<td>5,036</td>
<td>1,293</td>
<td>△1,370</td>
<td>4,959</td>
<td>277</td>
<td>219,971</td>
</tr>
</tbody>
</table>
### (4) Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>Year ended March 31, 2017</th>
<th>Year ended March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>¥36,113</td>
<td>¥34,021</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>9,546</td>
<td>9,425</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>780</td>
<td>—</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for doubtful receivables</td>
<td>144</td>
<td>21</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for employees' bonuses</td>
<td>103</td>
<td>847</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for director's bonuses</td>
<td>(5)</td>
<td>(20)</td>
</tr>
<tr>
<td>Increase (decrease) in liability for retirement benefits</td>
<td>1,189</td>
<td>(1,716)</td>
</tr>
<tr>
<td>Interest and dividends income</td>
<td>(435)</td>
<td>(396)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>138</td>
<td>182</td>
</tr>
<tr>
<td>Foreign exchange (gain) loss, net</td>
<td>(2)</td>
<td>29</td>
</tr>
<tr>
<td>Net (gain) loss on sale and valuation of investment securities</td>
<td>—</td>
<td>273</td>
</tr>
<tr>
<td>Net (gain) loss on sale and disposal of property, plant and equipment</td>
<td>144</td>
<td>172</td>
</tr>
<tr>
<td>(Increase) decrease in trade receivables</td>
<td>(7,911)</td>
<td>(4,241)</td>
</tr>
<tr>
<td>(Increase) decrease in inventories</td>
<td>(3,816)</td>
<td>(1,361)</td>
</tr>
<tr>
<td>Increase (decrease) in trade payables</td>
<td>5,182</td>
<td>2,305</td>
</tr>
<tr>
<td>Other, net</td>
<td>(2,676)</td>
<td>2,087</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>¥38,495</strong></td>
<td><strong>¥41,629</strong></td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>433</td>
<td>398</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(138)</td>
<td>(182)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(9,183)</td>
<td>(9,496)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>¥28,608</strong></td>
<td><strong>¥32,348</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities</th>
<th>Year ended March 31, 2017</th>
<th>Year ended March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>¥(11,013)</td>
<td>¥(11,333)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>212</td>
<td>413</td>
</tr>
<tr>
<td>Purchase of investment securities</td>
<td>(5)</td>
<td>(1,573)</td>
</tr>
<tr>
<td>Increase in long term receivables</td>
<td>(41)</td>
<td>(45)</td>
</tr>
<tr>
<td>Decrease in long term receivables</td>
<td>36</td>
<td>82</td>
</tr>
<tr>
<td>Purchase of subsidiary</td>
<td>(886)</td>
<td>—</td>
</tr>
<tr>
<td>Other, net</td>
<td>(605)</td>
<td>(642)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td><strong>¥(12,304)</strong></td>
<td><strong>¥(13,101)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities</th>
<th>Year ended March 31, 2017</th>
<th>Year ended March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing of short-term loans</td>
<td>¥495</td>
<td>¥310</td>
</tr>
<tr>
<td>Repayment of short-term loans</td>
<td>(550)</td>
<td>(6,031)</td>
</tr>
<tr>
<td>Borrowing of long-term debt</td>
<td>50</td>
<td>880</td>
</tr>
<tr>
<td>Repayment of long-term debt</td>
<td>(540)</td>
<td>(666)</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(5,597)</td>
<td>(5,088)</td>
</tr>
<tr>
<td>Dividends payments to non-controlling interests</td>
<td>(14)</td>
<td>(25)</td>
</tr>
<tr>
<td>Repayment of guarantee deposits received</td>
<td>(21)</td>
<td>(21)</td>
</tr>
<tr>
<td>Payment of finance lease obligations</td>
<td>(1,092)</td>
<td>(1,061)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(24)</td>
<td>(64)</td>
</tr>
<tr>
<td><strong>Net cash (used in) financing activities</strong></td>
<td><strong>¥(7,294)</strong></td>
<td><strong>¥(11,689)</strong></td>
</tr>
</tbody>
</table>

| Foreign currency translation adjustments on cash and cash equivalents | ¥(1,222) | ¥(2,471) |
| Net increase (decrease) in cash and cash equivalents | ¥8,787 | ¥5,086 |
| Cash and cash equivalents, beginning of period | ¥43,508 | ¥38,422 |

| Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation | 466 | — |
| Cash and cash equivalents, end of period | ¥52,762 | ¥43,508 |

(5) Note on the going-concern assumption

Not applicable.
(6) Segment Information

1) Income by Business Segment
From April 1st to March 31th of Fiscal year ended March 31, 2017

<table>
<thead>
<tr>
<th>Reportable segment</th>
<th>Analytical &amp; Measuring Instruments</th>
<th>Medical Systems</th>
<th>Aircraft Equipment</th>
<th>Industrial Machinery</th>
<th>Total</th>
<th>Other</th>
<th>Total</th>
<th>Adjustments</th>
<th>Amounts reported on the quarterly statements of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Sales to customers</td>
<td>¥ 209,237</td>
<td>¥ 64,376</td>
<td>¥ 26,728</td>
<td>¥ 36,158</td>
<td>¥ 336,501</td>
<td>¥ 5,978</td>
<td>¥ 342,479</td>
<td></td>
<td>¥ 342,479</td>
</tr>
<tr>
<td>(2) Inter-segment sales</td>
<td>84</td>
<td>11</td>
<td>84</td>
<td>82</td>
<td>263</td>
<td>1,497</td>
<td>1,760</td>
<td></td>
<td>¥ (1,760)</td>
</tr>
<tr>
<td>Total Sales</td>
<td>¥ 209,321</td>
<td>¥ 64,387</td>
<td>¥ 26,813</td>
<td>¥ 336,764</td>
<td>¥ 7,476</td>
<td>¥ 344,240</td>
<td></td>
<td>¥ (1,760)</td>
<td>¥ 342,479</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>¥ 33,052</td>
<td>¥ 1,922</td>
<td>¥ 775</td>
<td>¥ 2,670</td>
<td>¥ 882</td>
<td>¥ 39,504</td>
<td></td>
<td>¥ (2,214)</td>
<td>¥ 37,289</td>
</tr>
</tbody>
</table>

From April 1st to March 31th of Fiscal year ended March 31, 2016

<table>
<thead>
<tr>
<th>Reportable segment</th>
<th>Analytical &amp; Measuring Instruments</th>
<th>Medical Systems</th>
<th>Aircraft Equipment</th>
<th>Industrial Machinery</th>
<th>Total</th>
<th>Other</th>
<th>Total</th>
<th>Adjustments</th>
<th>Amounts reported on the quarterly statements of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Sales to customers</td>
<td>¥ 208,402</td>
<td>¥ 64,597</td>
<td>¥ 28,848</td>
<td>¥ 33,517</td>
<td>¥ 335,365</td>
<td>¥ 6,870</td>
<td>¥ 342,236</td>
<td></td>
<td>¥ 342,236</td>
</tr>
<tr>
<td>(2) Inter-segment sales</td>
<td>77</td>
<td>14</td>
<td>81</td>
<td>72</td>
<td>246</td>
<td>1,325</td>
<td>1,572</td>
<td></td>
<td>¥ (1,572)</td>
</tr>
<tr>
<td>Total Sales</td>
<td>¥ 208,480</td>
<td>¥ 64,612</td>
<td>¥ 28,930</td>
<td>¥ 33,589</td>
<td>¥ 8,196</td>
<td>¥ 343,808</td>
<td></td>
<td>¥ (1,572)</td>
<td>¥ 342,236</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>¥ 32,959</td>
<td>¥ 1,045</td>
<td>¥ 346</td>
<td>¥ 2,206</td>
<td>¥ 1,265</td>
<td>¥ 37,624</td>
<td></td>
<td>¥ (2,122)</td>
<td>¥ 35,701</td>
</tr>
</tbody>
</table>

2) Income by Geographic Segment
From April 1st to March 31th of Fiscal year ended March 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>The Americas</th>
<th>Europe</th>
<th>China</th>
<th>Other Asian countries</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥ 175,905</td>
<td>42,507</td>
<td>24,894</td>
<td>56,149</td>
<td>32,951</td>
<td>10,070</td>
<td>¥ 342,479</td>
</tr>
</tbody>
</table>

From April 1st to March 31th of Fiscal year ended March 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>The Americas</th>
<th>Europe</th>
<th>China</th>
<th>Other Asian countries</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥ 167,940</td>
<td>46,003</td>
<td>27,322</td>
<td>56,135</td>
<td>32,328</td>
<td>12,506</td>
<td>¥ 342,236</td>
</tr>
</tbody>
</table>

Note. Major countries or regions belonging to segments other than Japan are as follows:

- **Americas**: United States of America
- **Europe**: Great Britain, Germany
- **China**:
- **Other Asian countries**: India, Southeast Asia, Republic of Korea, Taiwan
- **Other**: Australia, Middle East, Africa