

SHIMADZU REPORT 2016





We wish to make everyone happy, as well as to make society safe and secure, by delivering products and applications that increase your quality of life.

In order to fulfill this wish, we are conducting activities around the world, to reach as many people as possible.

Beautiful nature and clean water bring safe and delicious foods.

Early detection and prompt medical care are available to the infirm.

All clothing, homes, as well as the workplaces are comfortable.

All transportation systems are safe and convenient.

The challenge of our time are highly complex.

We believe that science and technology can address many contemporary challenges.

We are proud of our commitment to science and technology for the past 140 years and have a keen desire to use our knowledge and strength to solve complex problems.

Our wish is that humanity as a whole enjoys a higher quality of life, filled with happiness. It is our aim to ensure the generations to come will benefit from the challenges we will overcome.

We will never stop taking on challenges to achieve our objectives.

For a more convenient, safe, and secure society

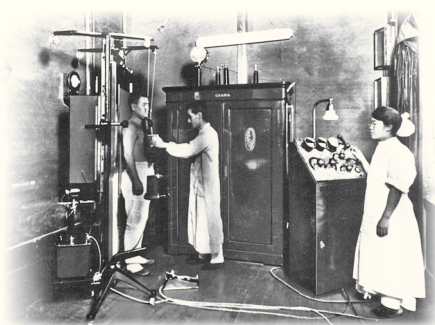
Around 1870, Kyoto City promoted modern industry by constructing state-run industrial laboratories as well as research and educational facilities. Genzo Shimadzu Sr., Company founder, learned about the latest technologies at that time through educators and researchers who had been invited from the U.S. and Europe meanwhile he manufactured educational physical and chemistry instruments that these educators and researchers desired. With this, Shimadzu Corporation was founded in Kyoto about 140 years ago (year 1875).

Since Shimadzu's foundation, its predecessors' intentions to provide what clients needed continues today, as illustrated by our stance to contribute to the realization of a more convenient, safe, and secure society with innovations in science and technology that respond to the needs of society and clients.

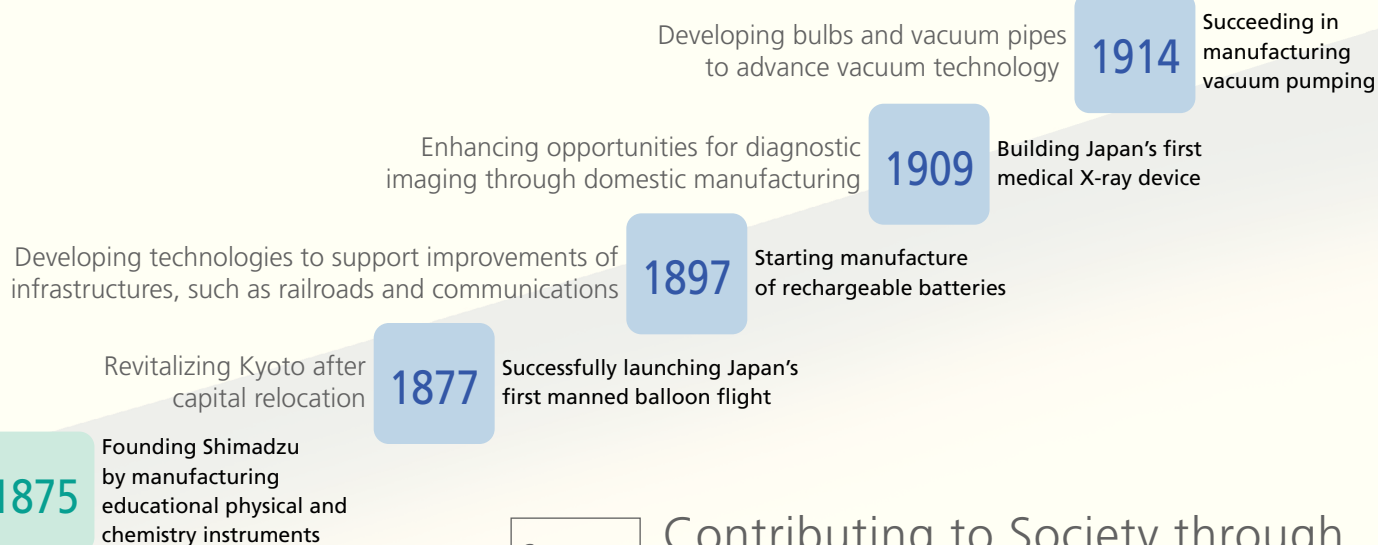
We can say that Shimadzu's history is characterized by social contribution activities.

The science and technology is becoming increasingly important for solving issues facing society, which are becoming more diversified and complex.

We will continue to work tirelessly to acquire new knowledge and skills and contribute to society by proactively providing solutions to problems; thus, we strive to create something new that has not existed before or achieve something that no one has ever accomplished before. Examples include the following:



Medical X-Ray Apparatus DIANA



Corporate
Philosophy

Contributing to Society through Science and Technology



Angiography System Trinius

Promoting early detection and treatment of cancers to reduce the burden and anxiety of patients

2014

Releasing the Elmammo dedicated PET scanner for breast cancer diagnosis

Contributing to the safety and security of people in the fields of the environment and food

2010

Developing and releasing the nation's first high-end liquid chromatography mass spectrometer

Developed mass spectrometric technique working as a cutting-edge platform

2002

Celebrating Koichi Tanaka's recognition as a recipient of the Nobel Prize in Chemistry

Promoting conservation of the environment in Asia by providing people, resources, technologies, and funds

1996

Starting support for the United Nations University's project, "Environmental Monitoring and Analysis in the East Asian Region" (current)

Contributing to urban security and comfortable lifestyles with tall buildings, large bridge piers, et cetera

1975

Developing large-scale structure testing machines

Reducing radiation technologists' exposure to radiation

1961

Developing world's first remote-controlled X-ray TV system

Contributing to the growth of industry and prevention of pollution by supporting technologies in the petrochemical field

1956

Developing Japan's first gas chromatograph

Contributing to Japan's aircraft industry in its early developmental stage

1936

Starting manufacture of aircraft components and instruments

Promoting and developing radiology through the cultivation of human resources

1927

Establishing a Shimadzu X-ray technical training center (currently, Shimadzu Gakuen)



High-speed Liquid Chromatograph Mass Spectrometer LCMS8060



Releasing general-purpose Gas Chromatography GC-1A (year 1956)

Management Principle

Realizing Our Wishes for the Well-being of Both Mankind and the Earth

SHIMADZU serves society with the power of science and technology, contributing to developments in a variety of fields.

Pharmaceutical

- Analysis and evaluation in development processes
- Quality-control support
- Management support for production facilities



Food

- Characteristic evaluation and component analysis of materials
- Safety evaluation
- Measurement tests for flavor and texture



Transport

- Safe operation of aircraft and comfortable environment for passengers
- Evaluation tests for automobile safety and comfort
- Power sources for industrial vehicles and construction machinery
- Measurement of engine combustion and luminescence



Material

- Analysis, measurement, and evaluation of petrochemical products and new materials
- Analysis, measurement, and evaluation of metals, glasses, and ceramics

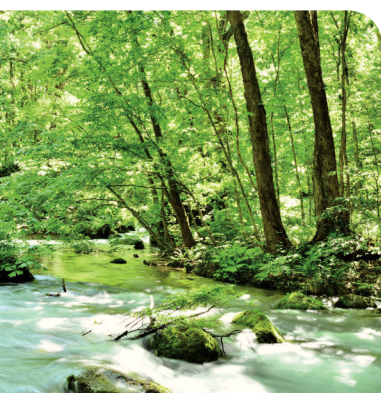




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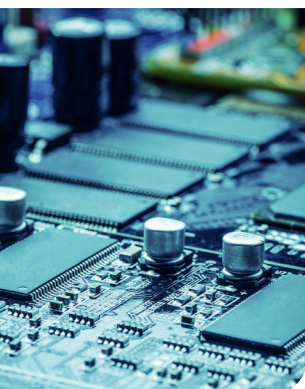
Medical Care

- Support for diagnosis and treatment at medical institutions
- Support for research and development for new drugs



Environment

- Analysis and measurement of air, water, and soil
- Analysis of discharged and waste matter



Energy

- Improvement in efficiency of solar panels
- Analysis and evaluation for development of next-generation cells (solar-power generation, lithium-ion batteries, and fuel cells)

Semiconductors / Electronics

- Manufacturing processes for semiconductors
- Manufacturing processes for display

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We aim for sustainable enhancement of corporate value through social contribution



Representative Director, President and CEO
Teruhisa Ueda

Plentiful diets, early detection of diseases, and a global environment ensuring safe living are the essential elements for the realization of a society where everyone can enjoy a happy life.

For 140 years, we have been providing solutions for that goal through science and technology, and have formed the current four business segments: Analytical and Measuring Instruments, Medical Systems and Equipment, Aircraft Equipment, and Industrial Machinery. We believe that Shimadzu's corporate value encompasses total values for various stakeholders including customers, shareholders, business partners, employees, and local communities, generated as a result of social contributions (resolution of social issues) through these businesses.

For the sustainable enhancement of this corporate value, we are currently promoting the medium-term management plan (from FY2014 to FY2016) with the basic policy of aiming to "Become an Innovative Company Contributing to the Growth of Customers Globally," under the vision of becoming a "True Global Business."

We define "Innovative Company" as a company that generates new values bringing transformative changes to customers' markets, and develops and provides solutions to realize such situations, thereby contributing to the growth of the customers' markets. To achieve the basic policy, we are striving to generate values for each stakeholder while focusing on the (1) growth strategy, (2) improvement of the profit structure and (3) strengthening of the global organization and system. Specifically, we are working on the following four efforts:

Growth Strategy

- 1 Providing products catering to potential needs of customers by means of sophisticated technology.
- 2 Acquiring advanced technologies and solving problems in each region by expanding joint research projects with forward-thinking customers in the region.

- 3 Building a global manufacturing and sales system to steadily take advantage of emerging market growth.
- 4 Providing services optimal for customers with a focus on product lifecycle.

Achievements in FY2015

In 2015, when there was still a concern about the future of the world economy, we actively promoted measures for growth, including (1) the launch of the world's best "Number One / Only One" products, (2) acquisition of advanced technologies through joint research projects with forward-thinking customers in each region via innovation centers established in the U.S. and China, and promotion of efforts to attract needs in each region, (3) sales expansion with products that cater to local needs in China, (4) strengthening of the aftermarket business by establishing service bases in emerging countries, and (5) creation of new businesses, in line with the medium-term management plan. These measures have successfully met the globally increasing demands for human health, safety, and security, allowing us to provide products and services for a wide range of industrial fields, such as pharmaceutical, food, and chemical, which,

also due to the effect of the yen's depreciation, resulted in net sales of 342.2 billion yen (8.7% increase from the previous year), operating income of 35.7 billion yen (31.3% increase from the previous year), ordinary income of 34.8 billion yen (22.8% increase from the previous year), and profit attributable to owners of parent of 23.9 billion yen (29.6% increase from the previous year), all of which achieved record highs. As a result, the operating income margin exceeded the medium-term management plan target a year ahead of schedule.

We place first priority on investment for growth that contributes to enhanced corporate value, and continue paying stable cash dividends regardless of the business performance. We paid a dividend applicable to the year of 18 yen per share for FY2015, an increase of 5 yen from the previous fiscal year.

Topics for FY2015

April 2015	<ul style="list-style-type: none">• Released the "Trinias series MiX package," an angiography system supporting minimally invasive treatment with various applications.• Opened the Osaka University Shimadzu Analytical Innovation Research Laboratory with the aim of developing cutting-edge technology to comprehensively investigate a cell's life activities.
May 2015	<ul style="list-style-type: none">• Released the high-speed liquid chromatograph mass spectrometer LCMS-8060, a flagship model achieving the world's highest sensitivity and highest speed.
July 2015	<ul style="list-style-type: none">• Established the Innovation Center at its wholly-owned U.S. subsidiary to further promote joint research and development projects in the U.S.
October 2015	<ul style="list-style-type: none">• "BLUE IMPACT," a fiber-coupled blue direct diode laser, received the Cho-Monodzukuri Nippon Grand Award.• Established the Shimadzu China Mass Spectrometry Center to strengthen responsiveness to the needs of the Chinese market and promote joint research and development.
November 2015	<ul style="list-style-type: none">• Started manufacturing of three components to be fitted on aircraft made by Boeing to expand the commercial airplane equipment business.
March 2016	<ul style="list-style-type: none">• Demonstrated two types of RGB laser light source modules, including a world-class high-brightness model and an ultra-miniaturized model.

Activities in FY2016

In 2016, the final fiscal year of the medium-term management plan, the slowdown of the Chinese economy and Britain's national referendum that determined to exit the EU created a trend whereby the yen appreciated and the prospects for the world economy appeared bleak. Even in Japan, where a gradual increase in corporate capital investment was predicted, there are concerns regarding the downturn of global markets and a deteriorating corporate mindset toward capital investment due to the yen's appreciation.

Under these circumstances, we will steadily take the following measures and actively expand business operations:

1) Accomplishing and materializing growth strategies to enhance corporate value

We will quickly and accurately grasp changes in market structures unique to each region and continue striving to provide innovative solutions that lead to customer growth and develop entirely new markets.

- (1) We will practice open innovation by combining our strength with that of external partners for business expansion, so that we can enhance our responsiveness to the specific needs of customers in each region and further differentiate ourselves from competitors.
- (2) We will strive to further develop "Number One / Only One" products and propose solutions by accurately understanding the issues and needs of society and combining our technologies with those of external partners.
- (3) We will strengthen collaboration between the Analytical and Measuring Instruments business and the Medical Systems and Equipment business in cutting-edge medical fields. Through this collaboration, we will strive to provide products and solutions that differentiate us from competitors and enable us to launch business in new fields. For this purpose, we are establishing innovation centers in the U.S., Europe, China, and Asia with an aim to "acquire cutting-edge technologies," "respond to customer needs in each region," and "create a market catering to potential needs." (The centers were built in the U.S. and China in 2015, and additional ones are scheduled to be built in Europe and Asia in 2016.)

- (4) We will utilize IoT technologies, and accelerate the growth of our aftermarket business in global networks through the provision of remote inspection and maintenance, asset management, and operational status management, as well as through efforts to implement multi-vendor services.

2) Reforming the profit structure and strengthening the global organization and structure

- (1) We will expand the scale of production outside Japan, raise the ratio of local procurement, increase in-house manufacturing, and promote design-related cost reductions by standardizing and unifying parts among different products. At the same time, we will reduce inventory assets.
- (2) We will strengthen personnel development measures to ensure that our employees can thrive in a global environment, while actively making optimal personnel assignments.

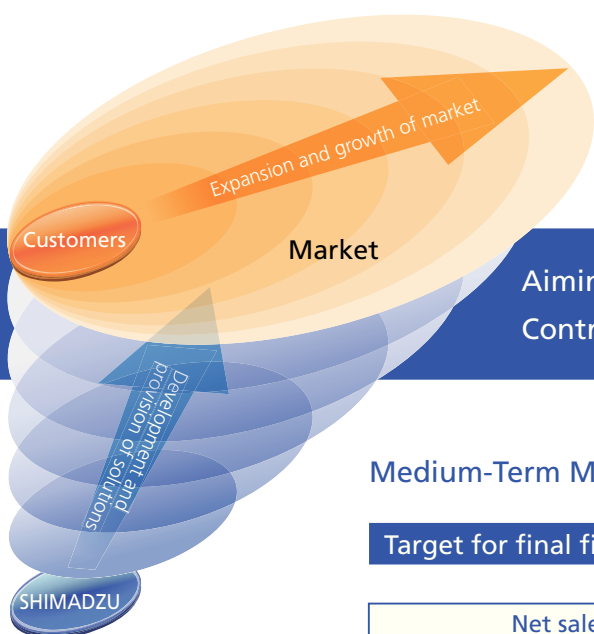
"Environment," "Society," and "Corporate Governance" are the important items that support long-term growth, and how these are evaluated by society is a critical factor for the enhancement of corporate value.

We are making efforts to realize a low-carbon society and a sustainable society for "Environment," and to establish systems to ensure that women, senior citizens, and non-Japanese employees can take active roles in the company in various working styles for "Society." As for "Corporate Governance," we strive to establish a fairer and more transparent system with an aim to achieve a sustainable and stable growth and realize a corporate philosophy and management principles.

While steadily implementing these measures, we will draw up a new medium-term management plan for the period starting from FY2017 to make more contributions to society in the future, in order to realize our sustainable growth and improve corporate value in the medium- and long-term.

In the future, we will continuously strive to gain the understanding of stakeholders with regard to our efforts in various fields including business activities, and to receive appropriate evaluation.

We sincerely appreciate your continuous support.



Becoming a True Global Business

Aiming to "Become an Innovative Company
Contributing to the Growth of Customers Globally"

Medium-Term Management Plan (from FY2014 to FY2016)

Target for final fiscal year (FY2016)

Net sales

350 billion yen

Operating income

35 billion yen

Operating income margin

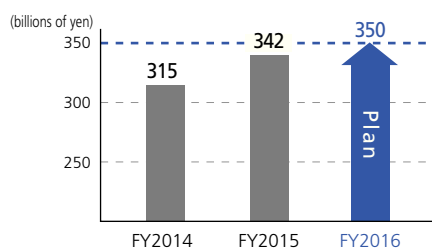
10%

Overseas sales ratio

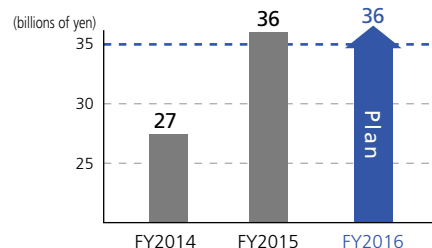
50% or more

Achievements for FY2014 and FY2015 and plan for FY2016 (as of November 2016)

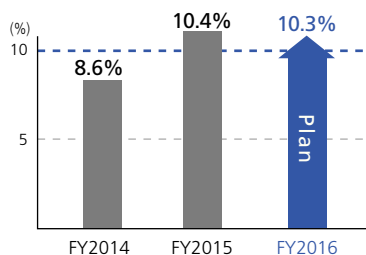
Net sales



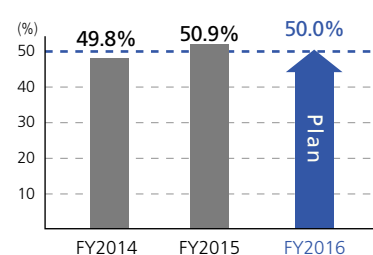
Operating income



Operating income margin



Overseas sales ratio



Technology that assists toward opening a new future

Shimadzu conducts business in four segments with an aim to contribute to the realization of a more convenient, safe, and secure society with innovations in science and technology developed in response to the needs of society and clients.



Industrial Machinery

We contribute to industrial progress by supporting front-line manufacturing with our high-performance key components.

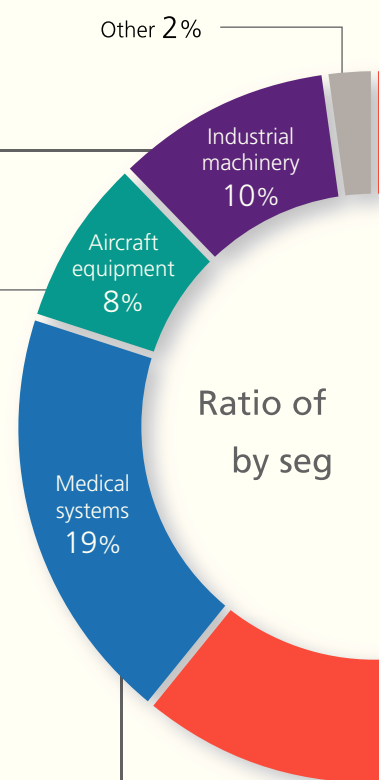
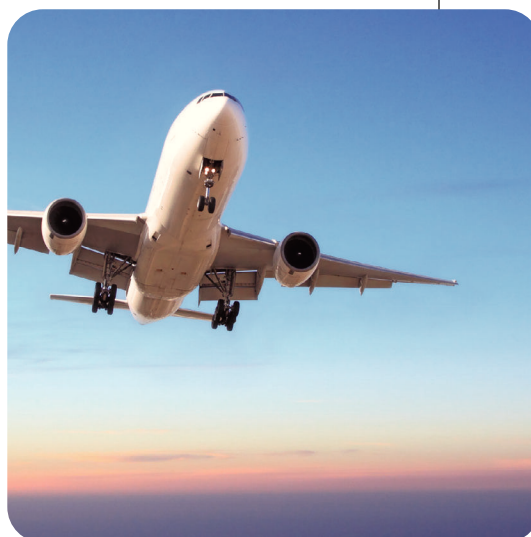
Main fields of contributions



Aircraft Equipment

We contribute to security, comfort, and load reduction by providing our cutting-edge aircraft components.

Main fields of contributions



net sales
ments

Analytical
and
Measuring
instruments
61%



Analytical and Measuring Instruments

We contribute to research, technological development, and quality management in a broad range of fields including medicine, food, and materials by providing our high-performance analytical instruments.

Main fields of contributions

Medical Care	Pharmaceutical	Food
Environment	Energy	Semiconductor / Electronics
Material	Transport	



Medical Systems

We contribute to maintenance and improvement of human health by providing our medical devices that help with accurate diagnoses.

Main fields of contributions

Medical Care	Pharmaceutical	Food
Environment	Energy	Semiconductor / Electronics
Material	Transport	

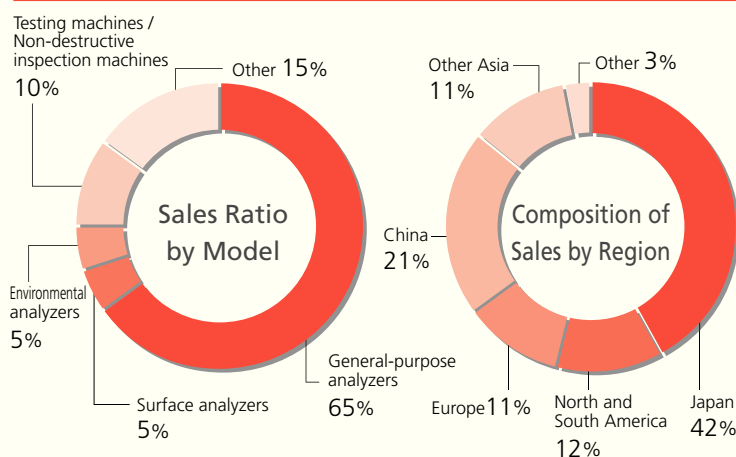
Analytical and Measuring Instruments

General Manager, Analytical & Measuring Instruments Division
Shuzo Maruyama

We contribute to social innovation by supporting manufacturing including food and medicines, environmental analysis of water quality and air pollution, and cutting-edge research such as life sciences.

	FY2014 actual result		FY2015 actual result		FY2016 plan
Net sales	192,607 million yen	8.2%	208,402 million yen		218,000 million yen
Operating Income	26,795 million yen	23%	32,959 million yen		33,500 million yen
					(As of November 2016)

Business Overview



General-Purpose Analyzers

Mass Spectrometers / chromatographic analyzers / photometric analyzers / bio-related analyzers / balances and scales

Surface Analyzers

Surface analysis and observation equipment

Environmental Analyzers

Water-quality measuring equipment / exhaust-gas measuring equipment

Testing machines / Non-Destructive Inspection Machines

Material testing machines / fatigue testing machines / structure testing machines / non-destructive inspection equipment / high-speed video cameras / particulate measuring equipment



High-speed Liquid Chromatograph (Nexera-i)

The Nexera-i is used in a wide range of fields including development and quality control in the food, environmental, biochemical, and pharmaceutical industries.



High-Speed Liquid Chromatograph Mass Spectrometer (LCMS-8060)

The LCMS-8060 is used in cutting-edge life science fields and is a response to the need for analyzing agricultural chemical residues in foods.

Pharmaceutical

With pharmaceutical products shifting from low molecular drugs produced by traditional chemical syntheses to bio-pharmaceutical products produced by bio-technology, we developed a method to measure the amount of bio-pharmaceutical drugs absorbed by the human body by applying a mass spectrometer. This is contributing to the development of effective bio-pharmaceutical products.



Chemical

"Lightweight" is essential point for the spread of solar cells and the improvement of automobile fuel efficiency, and there are high hopes for the development of polymers. The use of measuring equipment to analyze the cause of deteriorating polymers is contributing to the development of polymers that can remain stable while in use for a long period of time.



Food

In the food field, development of functional foods with high added value is attracting much attention. Long-believed effects are now being confirmed by analyzing the components of foods using analyzers.



Message from a Researcher

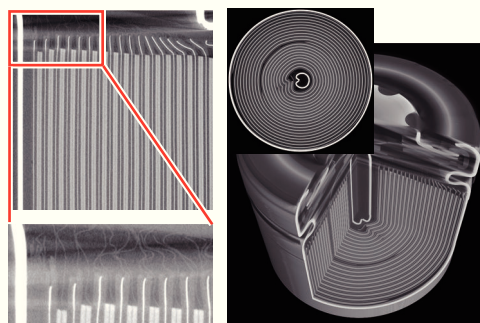
President,
Food Safety Analysis Center in Miyazaki
Masahito Suiko

Just to prove the old saying, "you should eat kumquats when you have a cold," it has been found from a scientific study that kumquats can activate NK-cells, a type of immune cell.

Mobility

As technological innovations take place daily for the improvement of safety and comfort and the reduction of environmental effects, analyzers, inspection machines, and testing equipment have been supporting the progress of technologies for many years.

In developmental efforts for the realization of clean energy, which has gained in importance in recent years, these machines are helping improvements in safety, efficiency, durability, and weight reduction.



The interior of a lithium secondary battery observed by an industrial X-ray CT scanner

Clinical

Mass spectrometers can be used for newborn screening in order to identify a wide range of congenital metabolic disorders and suspected cases of such conditions. This will allow doctors to propose a lifestyle that would be suitable for patients' physical constitutions, thus making it possible to prevent the onset or aggravation of such diseases.



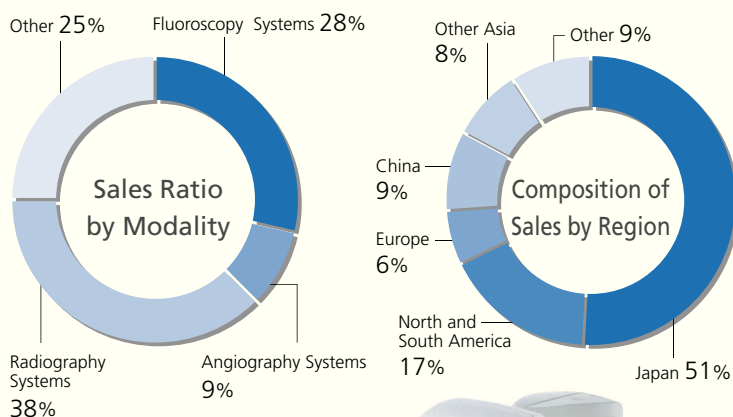
Medical Systems

General Manager, Medical
Systems Division
Kunimasa Ito

By state-of-the-art image processing technology, we provide easy-to-use medical systems with less burden on patients, contributing to early detection and early treatment of diseases, including cancer, at medical facilities around the world.

	FY2014 actual result		FY2015 actual result	FY2016 plan
Net sales	59,411 million yen	↗ 8.7%	64,597 million yen	65,300 million yen
Operating Income	1,438 million yen	↘ -27.3%	1,045 million yen	2,000 million yen
				(As of November 2016)

Business Overview



Fluoroscopy Systems

Radiography & Fluoroscopy(R/F) systems / Mobile C-arm systems

Angiography Systems

Cardiovascular & Angiography systems

Radiography Systems

General radiography systems / Mobile X-ray systems

Other

Positron Emission Tomography(PET) systems / Real-time Tumor tracking systems for Radio Therapy system / Functional near-infrared imaging systems / Fluorescence imaging systems / Medical information systems

Fluoroscopy System (SONIALVISION G4)

In addition to the ultra-high image quality and radiation dose reduction features realized by the cutting-edge image processing technologies. Its enhanced clinical applications make it useful in a variety of clinical applications, including gastro-intestinal examinations, spine examinations, urological examinations and/or orthopedic examinations.



Angiography System (Trinias)

With sophisticated applications supporting minimally invasive interventional treatment, the Trinias realizes patient-comfort, high-definition images at possible lowest radiation dose, and is in operational in a variety of medical institutions.



High-Definition Imaging Obtained from Angiography System Supports Catheter Treatment

As a minimally invasive¹ treatment method for heart disease or stroke, catheterization treatment² has spread rapidly and become prevalent, and a succession of new treatment methods with a variety of medical devices are being established. We are further improving medical imaging system to produce clear images in real time as opposed to hard-to-see devices, with less burden on patients and users, including physicians and technologists, to ensure more accurate and safer treatment.

- *1. Minimally invasive treatment : Treatment minimizing burden on patient body including pain, fever, and/or bleeding.
- *2. Catheterization treatment: A treatment method to insert a thin tube called a catheter in a blood vessel from the wrist or groin, and typically to broaden the narrowed blood vessel.



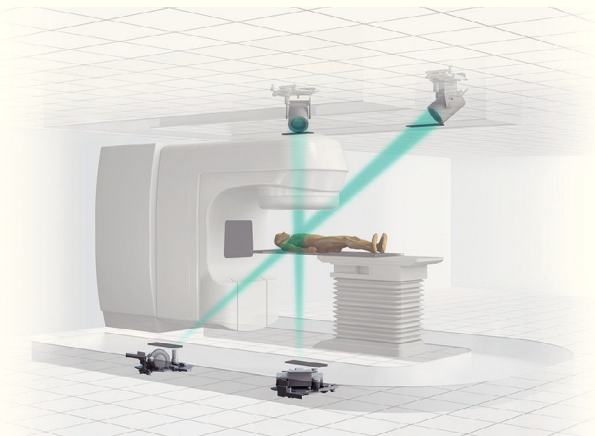
Improving the QOL (Quality of Life) of elderly patients in aging society

While the aging of society progresses, we are working on the early detection of functional disorders, which are caused by aging, such as mobility impairment or eating disorders to improve the QOL (Quality of life) of elderly. For example, we offer products that support the diagnosis of osteoporosis or eating disorders as well as pre/post evaluation of implant operations for artificial joints.



Supporting for Effective Radiation Therapy

We have developed a real-time tumor tracking system that supports radiation therapy for tumors in organs, which had been considered difficult due to the patient's motion such as in breathing. This makes it possible to apply radiation beam accurately to the target area, thereby achieving more effective radiation therapy.



Aircraft Equipment

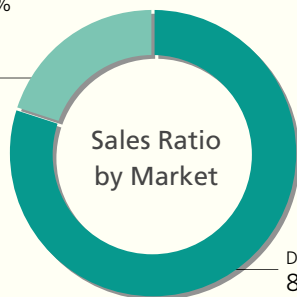
General Manager,
Aircraft Equipment Division
Osamu Ando

We provide systems and components for passenger aircraft that integrate our accumulated high-precision processing technology with cutting-edge technologies such as electronics, thereby contributing to ensuring safe and comfortable flights for passengers.

	FY2014 actual result		FY2015 actual result	FY2016 plan
Net sales	24,848 million yen	↗ 16.1%	28,848 million yen	25,900 million yen
Operating Income	-2,289 million yen	↗	346 million yen	300 million yen
				(As of November 2016)

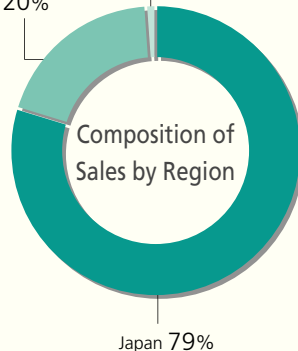
Business Overview

Commercial aircraft
20%



North America
20%

Europe 1%



On-Board Equipment

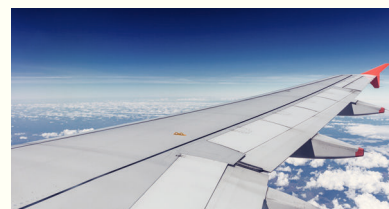
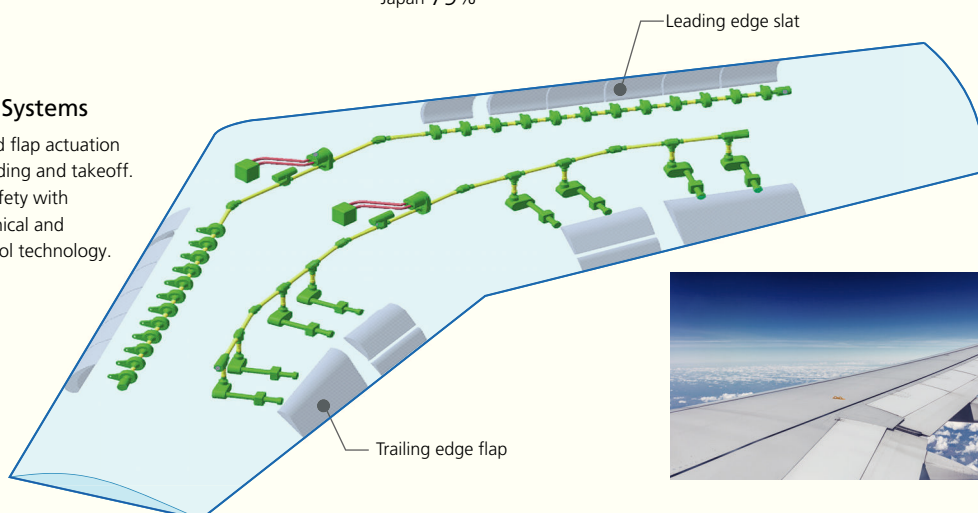
Flight control systems /
air management systems /
cockpit display systems and others

Ground Support Equipment

Aviation equipment functional testers /
aviation medicine training equipment

Flight Control Systems

We produce slat and flap actuation systems for safe landing and takeoff. We contribute to safety with high-quality mechanical and high-reliability control technology.



Medical Care

Pharmaceutical

Food

Environment

Energy

Semiconductor
/ Electronics

Material

Transport

Support for Safe Landing, Takeoff, and Flight of Aircrafts

For about half a century, we have been developing and producing various aircraft equipment. Due to this successful achievements, our products are used in Boeing 737, 747, 777, 787 and other aircrafts, and also in the MRJ which is Japan's first jet airliner developed and produced by the Mitsubishi Aircraft Corporation.

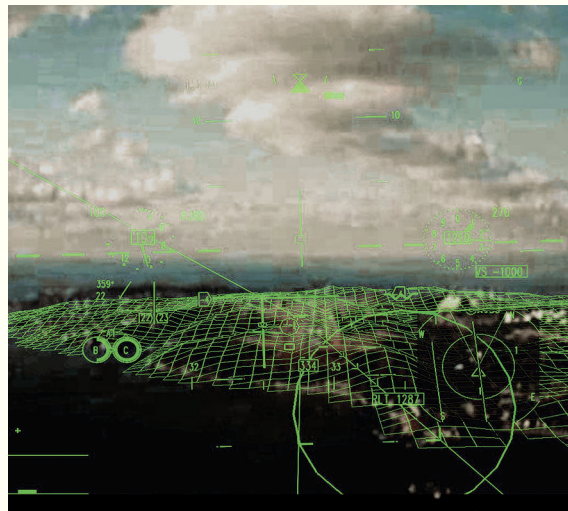


provided by Mitsubishi Aircraft Corporation

Commitment Towards Safe Flight of Helicopters

In low visibility¹ flight conditions such as night-time and bad weather, HMD² is expected to be used as equipment that enhances the pilot's situation awareness. As a joint research project with JAXA³, we are conducting research into the provision of effective visual information by means of HMD² to a helicopter pilot engaged in search and rescue. In specific terms, for a helicopter to reach the destination safely in such low visibility flight conditions so that rescuers can carry out search-and-rescue operations, we are developing technologies to display infra-red images, a 3D synthetic topography map generated from a terrain database, and a flight path tunnel guidance, on the helmet's visor in real time overlapping the pilot's field of view of its line of sight.

- *1. Visibility: The greatest distance at which an object can be clearly seen with the naked eye
- *2. HMD: An acronym for Helmet-Mounted Display, referring to a system that uses the helmet's visor to display character and image information in the user's far field of view
- *3. JAXA: Japan Aerospace Exploration Agency



Industrial Machinery

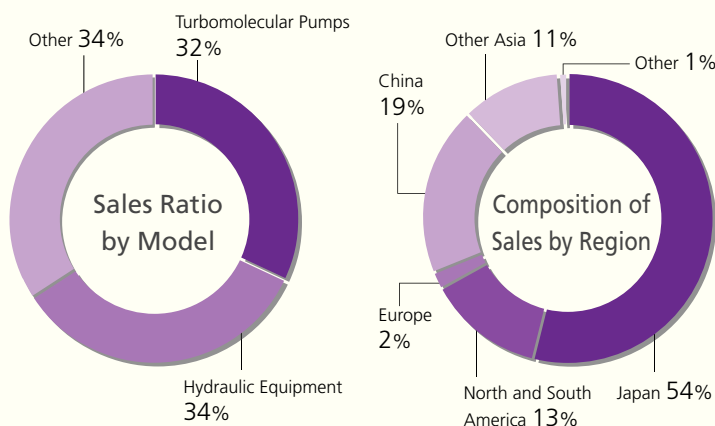
General Manager,
Fluidics Systems Division
Yasunori Tokumasu

General Manager,
Industrial Machinery Division
Akira Watanabe

We provide high-performance key components such as industrial machinery related to manufacturing and quality-control processes for semiconductors and thin displays, and high-quality equipment making use of sophisticated hydraulic technology, thereby contributing to the development of industries.

	FY2014 actual result		FY2015 actual result	FY2016 plan
Net sales	30,966 million yen	8.2%	33,517 million yen	34,200 million yen
Operating Income	1,966 million yen	12.5%	2,206 million yen	2,000 million yen
				(As of November 2016)

Business Overview



Turbomolecular Pumps

Turbomolecular pumps

Hydraulic Equipment

Hydraulic gear pumps / multi-control valves / power packages

Other

High-speed sputtering equipment / anti-reflective coating systems for solar cells / vacuum furnaces / glass winders / gear pumps



Turbomolecular Pumps

These pumps create a vacuum environment that is essential in manufacturing semiconductors and liquid crystals. We have commercialized turbomolecular pumps with the world's highest evacuation capability.



Hydraulic Gear Pumps

Widely used as a hydraulic power source for various types of equipment including industrial vehicles such as forklifts, construction machinery, special-design vehicles, and agricultural machinery.

Turbomolecular Pumps

Nano-size processing is carried out in a vacuum environment, which is required for manufacturing semiconductors exemplified by flash memory, liquid crystal panels, and solar cells.

To create a clean vacuum environment allowing such fine and special processing, a turbomolecular pump is necessary.

We are the world's leading manufacturer, with a consistent production system from mechanical processing through assembly to inspection, having gained customers' trust with our global service system.

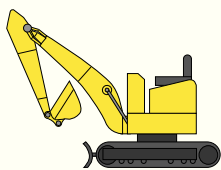


Hydraulic Gear Pumps

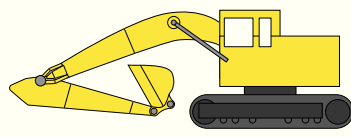
Hydraulic gear pumps are a type of pump most generally used for driving hydraulic machinery. Due to fewer failures, compact size, and light weight, the pumps are used in a wide range of applications such as industrial vehicles, construction machinery, agricultural machinery, and special-design vehicles. In terms of manufacturing systems, we have established factory automation, manufacturing technologies for mass production, and quality control, realizing just-in-time delivery.



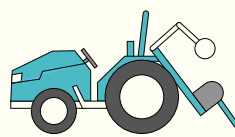
Forklift



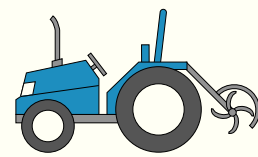
Mini-shovel



Hydraulic shovel



Rice transplanter



Tractor

Research, Development, and Manufacture

Research and development costs* in FY 2015

14,000
million yen

Ratio of research and development costs to net sales in FY 2015

4.1 %

*The research and development costs are the total amount of experiment and research expenses (sales, general, and administrative expenses) and developmental research spending.

We will solve problems of society through continuing cutting-edge research and development as well as providing products that satisfy our clients.

Research and Development

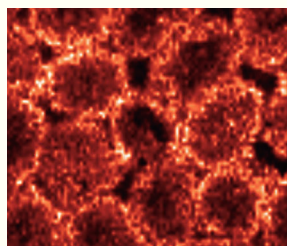
We work on development of new products and services aimed at meeting our clients' needs by strengthening collaboration with external institutions such as advanced companies, universities, and research institutions as well as promoting research and development that utilize the characteristics of the global market. In addition, we strive to establish a global management system of intellectual properties, integrate intellectual property information, and improve its quality to acquire rights in research and development outcomes.

Major Element Technology

We will proactively promote cutting-edge research and development through consistently understanding the needs and trends of the times such as what is needed and beneficial for our clients, and create new values.

Mass spectrometry techniques

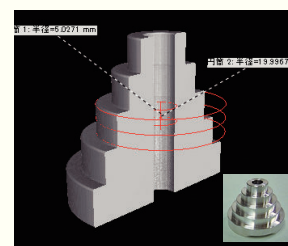
We carry out research and development of mass spectrometry techniques as well as mass spectrometry microscopy capable of mass spectrometry imaging of minute fraction.



Mass spectrometry imaging of physiological tissue

Data processing technology

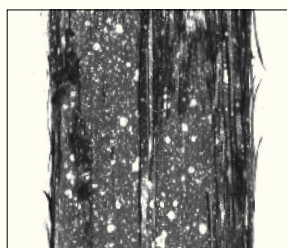
We carry out research and development of imaging technology and signal processing technology that are useful for diagnostic imaging, measurement, and data analysis.



Measurement by highly accurate X-ray CT

Optical measurement technology

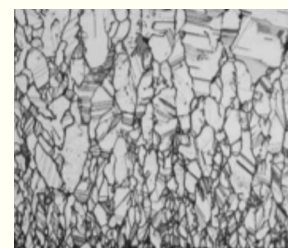
We carry out research and development of high-speed and sensitive devices as well as optical application measurement technology that can be applied to non-destructive visualization measurement, industrial measurement, and others.



The moment of fiber-reinforced plastic fracture captured by a ultrahigh-speed video

Radiological Technology

We are conducting research and development of next-generation X-ray sources for medical diagnosis, nondestructive inspections, and composition analysis, as well as γ -ray detectors with high sensitivity and fineness.

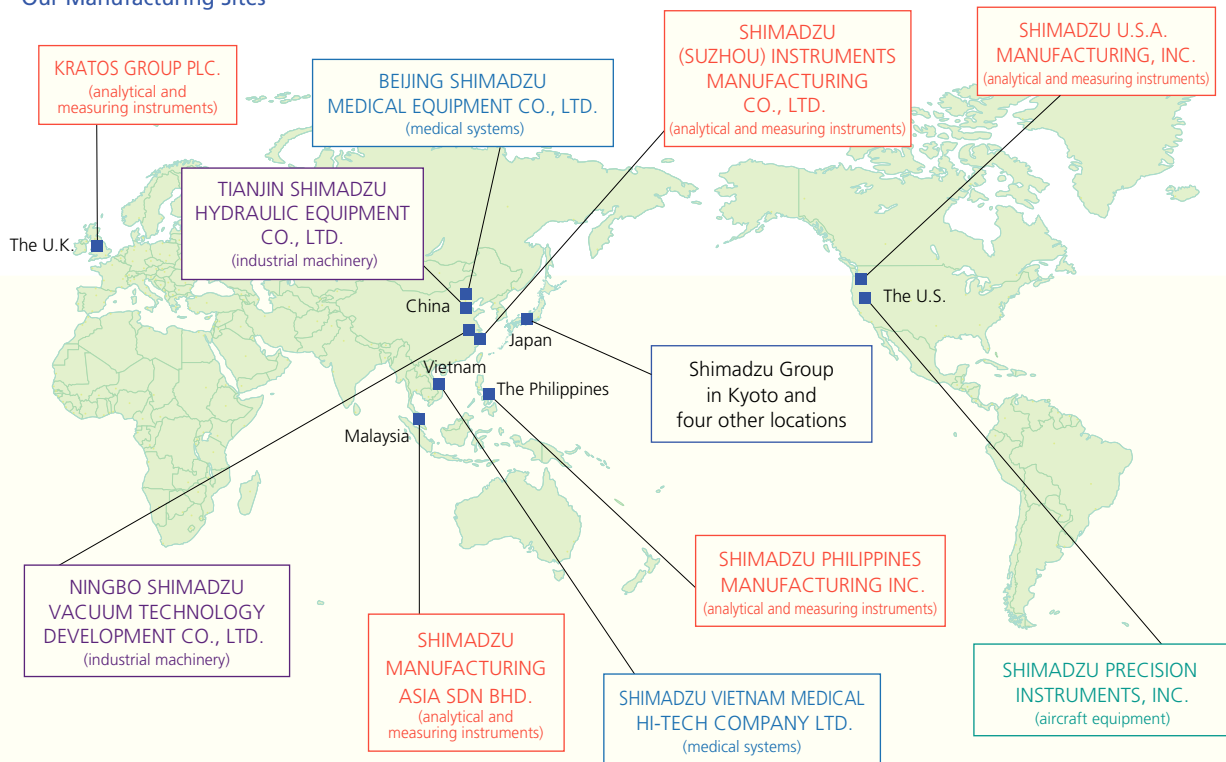


X-ray detector for PET that boasts high sensitivity and resolution

Local Production for Local Consumption

Our manufacturing sites are in Japan, the U.S., the U.K., China, the Philippines, Vietnam, and Malaysia so that we can establish our production system to deliver competitive products to the market and our clients on a timely basis.

Our Manufacturing Sites



Materials Procurement

Setting maximum priorities to ensure fair and equitable transactions as well as compliance with laws and regulations, we conduct our transactions in line with the basic policy that is symbiosis and environment (E), quality (Q), cost (C), and delivery time (D). We will strive to deepen mutual understanding with suppliers inside and outside Japan through our strong partnerships with them and to develop a relationship where both parties can grow and develop through our transactions.

Green Procurement

In an effort to embody our management principle of "Realizing Our Wishes for the Well-being of both Mankind and the Earth," we take a proactive stance in "Green Procurement," which means we preferentially purchase environmentally friendly materials.

Measures for Conflict Minerals

We established an internal organization to ensure in terms of social responsibility that we do not use any conflict minerals that involve inhumane activities as raw materials in our products, and also set in place the "Shimadzu Group Policy Regarding Conflict Minerals."

*Regulation of Conflict Minerals

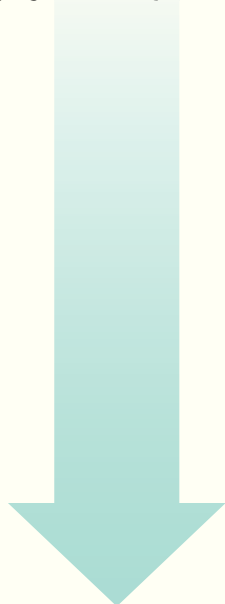
To prevent sales of conflict minerals from becoming a capital source for armed groups that commit inhumane acts, companies listed in the U.S. must report to the Securities and Exchange Commission (SEC) about the use of conflict minerals (gold, tin, tantalum, and tungsten) mined in the Democratic Republic of the Congo (DRC) and nine surrounding countries for achieving products' functions or manufacturing them.



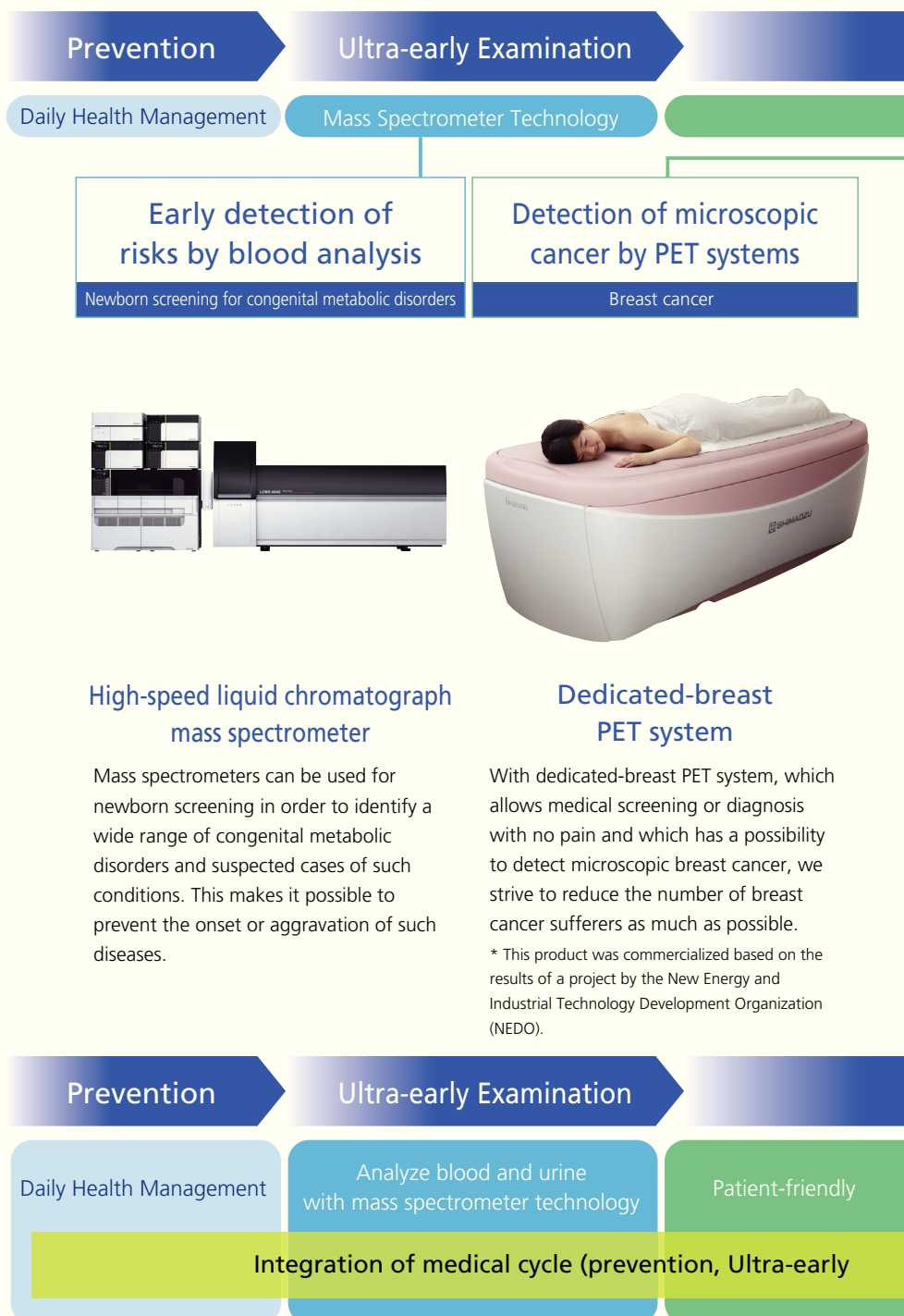
For details, click here. <http://www.shimadzu.com/about/procurement/index.html>

Next Challenge

Besides our long-accumulated X-ray image processing technology, we are taking advantage of new image processing technology using near-infrared light, which has a high permeability for living organisms, and mass spectrometer technology that can find out what substances are contained in what amount, so that we can propose new solutions for the areas of prevention, Ultra-early Examination, diagnosis, treatment, and prognostic management.



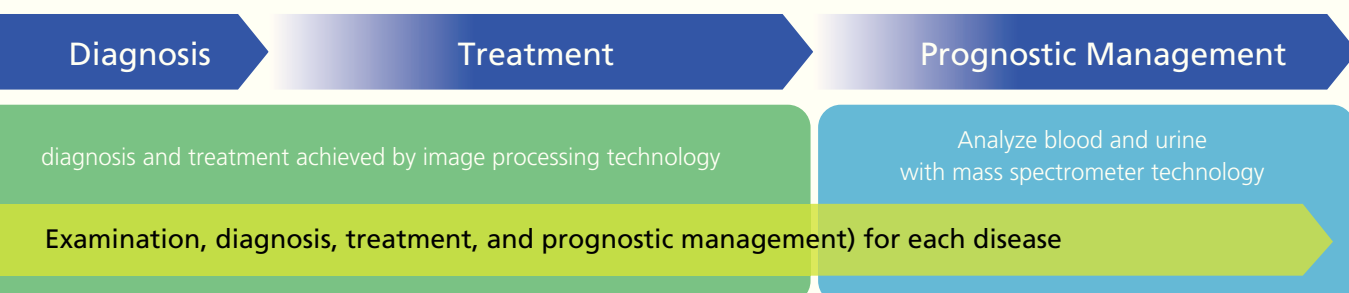
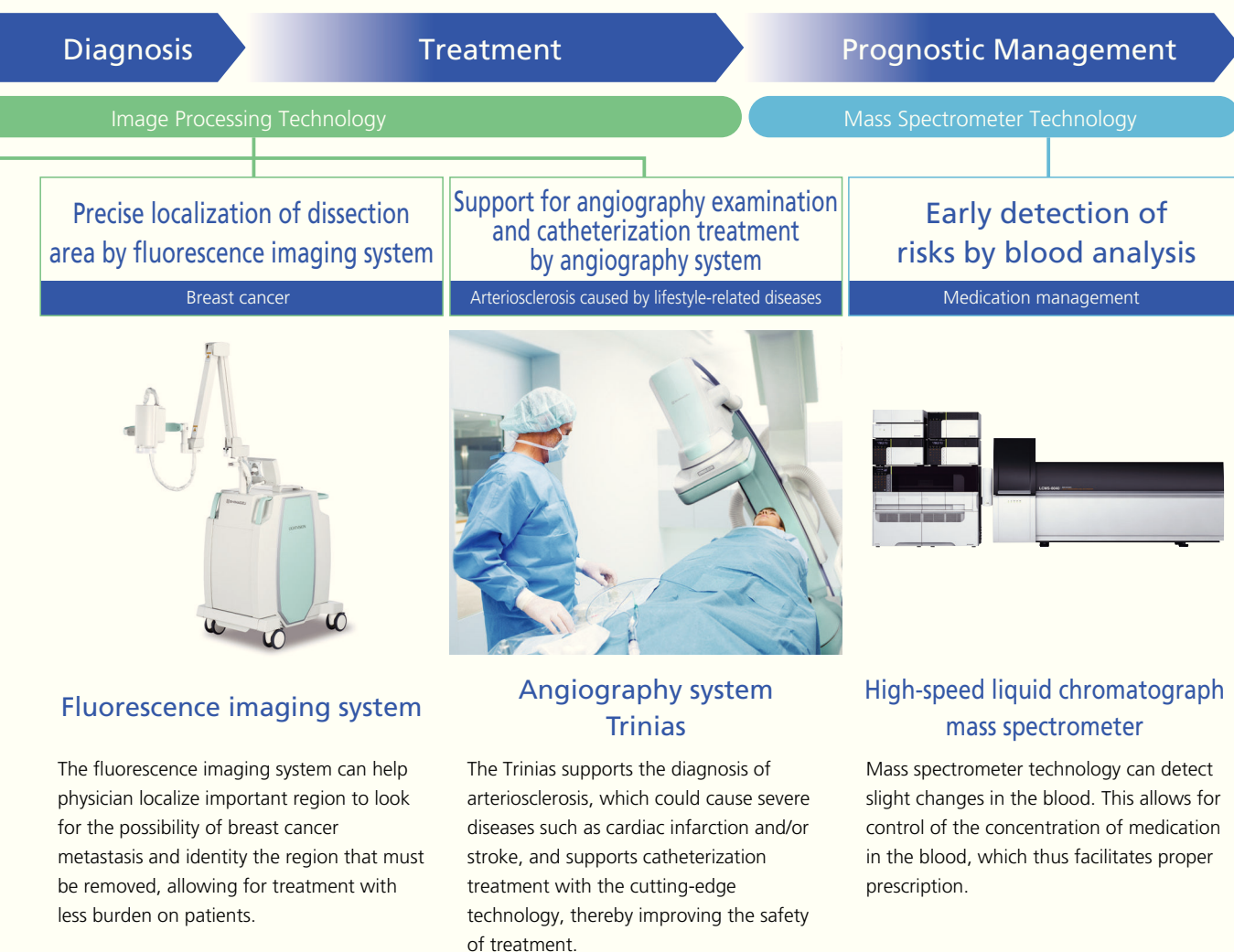
In the future, we will enhance "Ultra-early Examination" using mass spectrometer technology while making use of image processing technology, and integrate prevention, Ultra-early Examination, diagnosis, treatment, and prognostic management for each disease, aiming to propose new systemized solutions.



Taking Up the Challenge of Improving Quality of Life (QOL) with Science and Technology

In societies with increasing ageing populations, there are accumulating issues such as nursing care and social security. We believe that the first step toward solving these issues is to stay healthy and respond quickly to any risk of injury or disease.

With the help of science and technology, we are working on measures for the improvement of people's QOL by reducing the risks of injuries and diseases, and the creation of treatment methods that are less burdensome for patients, should any injury or disease occur.



Environmental Initiatives

We intend to reduce the environmental load associated with technological development and business activities and contribute to our clients' and society's environmental activities.



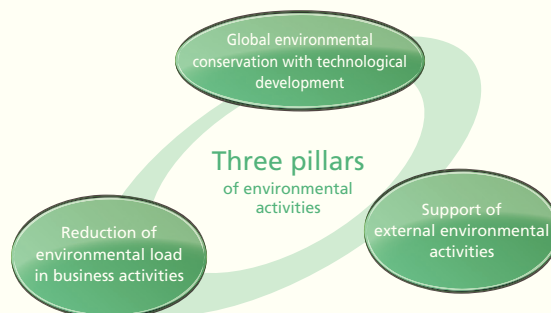
Acquired AAA rating, the highest grade under the "Japan Habitat Evaluation and Certification Program (JHEP)."

Basic Policy of Environmental Activities

We promote environmental activities comprising three pillars so that we can share the natural environment, such as resources and ecosystem, with future generations. The first pillar is to contribute to global environmental conservation with technological development, including our products and services. We will actively provide society with "environment-conscious products" designed to have low environmental impacts throughout their lifecycle, such as energy-saving products and "environmentally beneficial products" with functionality or applications that contribute to environmental improvement, such as effluent monitoring systems.

The second pillar is to prevent environmental pollution through reduction of environmental loads in various business activities such as development of products and manufacturing. Conservation of biodiversity, which has been a global challenge in recent years, is part of this activity.

The third pillar is to support external stakeholders' environmental activities using our knowledge and know-how. We carry out positive activities including visiting lectures on the environment at schools, conducting factory tours, giving lectures, preserving local environment around our sites, and others.



Environmental Activities Promotion System

We have established "environmental meetings" chaired by the president as the ultimate deliberative body for environmental issues, and deal with the issues as one of our business challenges. In addition, an Environmental Committee chaired by executive management has been established in accordance with ISO 14001*1 to promote the environmental management system on company-wide basis. Led by the environmental technical committee sections established across different departments and dealing with company-wide environmental issues, Shimadzu, its manufacturing, research, and sales sites, and its major group companies nationwide are currently promoting company-wide environmental activities.

*1 ISO 14001: an international standard for environmental management systems



Our Major Activities for FY 2015

Contribution to Global Environmental Conservation with Technological Development

Of our products, energy-saving products that use at least 25 percent less energy compared to their predecessor models and those that do not contain certain toxic substances are certified as "Eco-labeled products," which is our own recognition system. In particular, we contributed to the reduction of costs and CO₂ emissions through reduction of energy consumption when our clients use our energy-saving products. We have reduced CO₂ emissions by over 25,000 tons with our products sold since FY 2010. In addition, we also provide our clients with systems to monitor or measure wastewater and exhaust gas, and to detect toxic substances in products or parts. In this respect, we contribute to their environmental activities. Moreover, our products are used in many different situations including new energy business such

as fuel cells and solar panels, development and quality control of highly efficient automobiles, and energy-saving home appliances.

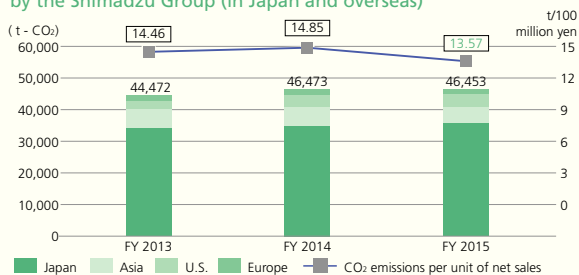
Amount Contributed to Reducing CO₂ Emissions with Environmentally Conscious Products



Reduction of Environmental Load in Business Activities

The Shimadzu Group in Japan emits approximately 80 percent of the CO₂ within the entire Group. In this respect, under the environmental management system in accordance with ISO 14001, we continuously make efforts to reduce environmental loads in manufacturing, research and development, and sales sites; and in major group companies in Japan. In addition, we have established our own voluntary standard, which is stricter than the relevant law, to manage waste, chemical substances, effluent, and we promote reduction of such materials and their risks.

Amount of Energy oriented CO₂ Emissions by the Shimadzu Group (in Japan and overseas)



Support of External Environmental Activities

Using our information and know-how obtained through our environmental activities, we support external stakeholders' environmental activities such as enhancement of capacities to deal with the environment, environmental consciousness, and environmental contributions in the region. As a characteristic activity, "E-co Club," which is an ecological activity group composed of mostly female members, created educational tools featuring biodiversity, waste, etc., and visits elementary schools to give lectures. In addition, we grow futaba-aoi, used at the Aoi Festival in Kyoto, in the head office/Sanjiyo Works' green space, where it has earned an AAA score from the JHEP*, and provide support for the continuation of existing ecosystems and traditional culture. Furthermore, we pursue forest conservation activities at our overseas sites.



*2 JHEP (Japan Habitat Evaluation and Certification Program): A system whereby the Ecosystem Conservation Society-Japan makes an objective quantitative evaluation of activities contributing to conservation or recovery of biodiversity and certifies it.

Comments from an Outside Expert



Professor
Shizue Hattori,
Department of Humanities,
Faculty of Humanities,
Kyoto Seika University

In line with the Paris Agreement reached at the 21st session of the Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change, it can be said that the world has shifted the emphasis from a low-carbon society to decarbonizing society. Given the situation in which backcasting, in other words, defining a desirable future and then working to create short- and medium-term objectives as required, I am paying attention to your future initiatives, such as how your company will create objectives and how you will promote them. I believe that you will contribute significantly to reduction of CO₂ emissions through measures based on the perspectives of the value chain including your clients and business partners, and business continuity plans (BCPs) dealing with the risk of energy supply. I hope your corporate spirit, which has been making tremendous contributions to local communities for a long time, will continue with an eye to the future.

Diversity and Work–Life Balance

Shimadzu is committed to striving to improve the work environment to make employees work positively and vigorously in order to ensure the continued growth.

Policy

We will respect the human rights, personality, and individuality of all employees and diversity in the workplace, and will strive to create a workplace in a manner that fully utilizes the abilities of all employees and achieves a healthy balance between work and personal life (work–life balance).

Human Resources Development Supporting Global Growth

Out of about 11,100 employees of Shimadzu group, there are about 4,000 local employees (national staff) working for overseas group companies. To sustain the global growth, we started “Business Leader’s Training” and “Global Manager Training” programs in 2015. The Business Leader’s Training is designed to enhance the talent development for the candidates of future leaders engaged in the global business, while Global Manager Training is targeted at newly promoted managers of overseas group companies to develop the management skills of the national staffs. The number of non-Japanese employees hired as headquarters staff to support global growth has reached 17 in total; they are playing active roles in a variety of fields including product development, sales, and administration, by making use of

their diverse values and language skills. Furthermore, as a program for headquarters staff starting from 2012, we implemented “Overseas Site Training” whereby junior staffs who joined the company for about five years are selected to be dispatched overseas for up to two years, and 31 junior staffs have participated in this program in 9 countries as so far.

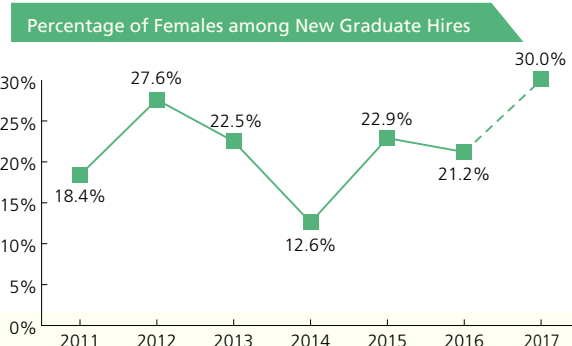


Training name	Business Leader’s Training	Global manager training	Overseas training program
Target	Managers at Shimadzu headquarters (selected candidates)	Newly promoted managers of overseas Shimadzu Group companies	Junior staffs who joined the company for about five years
Purpose	Fostering candidates for executive personnel	Fostering overseas personnel	Fostering global personnel
Total number of participants	44 employees	40 employees	31 employees
Content	After taking the courses in an external management school, participants also improved the knowledge of the company’s management through an internal training program and received a lecture from the top management. Moreover, they considered the company’s management issues as well as their own vision and mission and at last they gave a presentation to the executive team.	In addition to improving the understanding of the company including its management philosophy, history and business, the training program also include the management and leadership training as well as the lectures by the top management	Sending junior staffs to Shimadzu overseas Group companies for a two-year assignment to improve cross-cultural communication ability through experiencing the overseas business, as well as to face challenges and gain the experience by taking the initiative in solving problems involving national staffs around.

Promotion of Women's Active Participation in the Workplace

Female employees accounted for 22.9 percent of employees in Shimadzu Group in the fiscal year 2015 (16 percent at the headquarter, 19.5 percent at the domestic Group companies, 31.1 percent at the overseas Group companies,) and it is increasing year by year. However, in terms of management positions, female employees accounted for only than 6.9 percent (1.3 percent at the headquarter, 1.9 percent at the domestic Group companies, 17.0 percent at the overseas Group companies). Shimadzu will launch a working project promoting diversity and create a workplace environment that allows female employees to make full use of their abilities. This project will also committed to enhance the recruitment, improve the evaluation and training system, realize the flexibility in working hours and places as well as make reformation of the organizational culture. A goal of promoting the Women's Active Participation has been set at the headquarters, which includes achieving 30% in female recruitment ratio every year and reaching a 5% (40 persons)

in proportion of female employees in management positions by the fiscal year 2020.



Realization of Work-Life Balance

We focus on system improvement that support employees to find a balance between work and personal life adopting to their life, such as childcare and family nursing care. Our goal is to prevent employees from leaving their jobs due to the need of childcare and family nursing care.

In addition, we provide support to help enhance our

employees' health so that they can work positively and vigorously. From 2015, we started to offer corporate gym membership to employees of domestic group companies and retired employees. The total number of use exceeded 3,800 times annually.

Various Child Care and Nursing Care Programs

Program		Legal Requirement	Shimadzu
Child Care	Child care leave	Until the child reaches 1 year of age (extendable to 1 and a half years of age for certain cases)	12 months after maternity leave (extendable until child is eligible for daycare)
	Short working hour for childcare	Until beginning of elementary school	Until end of third grade of elementary school
	Support for using childcare services		Company supports a portion of the cost of using child care services such as babysitting. * Newly introduced in March 2015
	Flextime		Until end of third grade of elementary school (implemented from FY 2016)
Nursing Care	Family nursing care leave	93 days	1 year
	Short working hour for family nursing care	93 days	As long as needed
	Flextime		As long as needed (implemented from FY 2016)



As a Member of Society

Shimadzu will contribute to society through supporting research and development, promoting science and environmental education, opening people's eyes to such education, and engaging in community activities as a corporate citizen.

Support of the United Nations University

Since 1996, we have been supporting the "Environmental Monitoring Project in Asia" implemented by the United Nations University, in which ten nations in East Asia participated. The participating nations work for environmental monitoring and conservation through training technical experts as well as accumulating data on environmental pollution monitoring. In addition, we provided the latest liquid chromatograph mass spectrometer to the "Monitoring and Management of Persistent Organic Pollutants (POPs) in Asia – PFCs* Monitoring," a three-year six-stage project from the autumn of 2012 to the autumn of 2015, in order to support the analysis of such research substances.

* PFCs (Perfluorinated compounds): Organofluorine compounds that become environmental pollutants



Grants for Young Researchers

The Shimadzu Science Foundation was established in 1980 to fund and promote research and development in science technology in Japan. Every year, the Foundation offers the Shimadzu Award to deserving individuals conducting basic research in scientific technology, mainly involving scientific measurement or related fields, and research and development grants to young researchers.

In China, a Shimadzu Cup Research Paper contest is held and the researcher who presents the best paper in the field of pharmaceuticals analysis is awarded the prize. This is for the cultivation of young researchers and development of scientific technologies.



On the right in the photo
Mr. Atsushi Miyawaki, team leader, RIKEN,
who was awarded the Shimadzu Award in FY 2015

Shimadzu Hands-on Analysis School

We hold the Shimadzu Analysis Experience School program to provide children with opportunities to get interested in science. They can actually operate analytical instruments. We have held the program 143 times since 2007, and a total of 2,263 people have participated. In 2015, we held the program not only in Japan but also in China, the U.S., Singapore, and Germany, and it was very popular.



Comments from an External Person

The Spectroscopy workshop was a welcome opportunity by the girls of TKGS to explore more about how light and matter interacts. It extended on what they learnt in the classroom about light and brought to life the concepts. All students agreed that the workshop was engaging and will definitely recommend their peers to go for the workshop if more slots were available. With greater appreciation of real-life application of Physics concept, it spurred several students to take up Physics at the Upper Secondary Level in Secondary 3.

Mr. Low Bing Ying
Lower Secondary Physics Coordinator,
Tanjong Katong Girl's School, Singapore



Shimadzu Foundation Memorial Hall

The "Shimadzu Foundation Memorial Hall" was established to gain an understanding of our passion about science technologies and the history of our development. The whole space conveys the spirit of the start of the business through exhibiting physical and chemical instruments as well as medical X-ray equipment developed since the company's foundation and historical materials associated with the company's business activities, creating spaces where we can share the atmosphere of the foundation. Over 340,000 people have visited the hall since its opening in 1975.



Shimadzu Junior Tennis School

We also promote tennis. Our players won the Tennis Japan League title for three years in succession (2013–2015), and we hold an annual junior tennis school for everyone from elementary school students to high school students. We have been working to enable children to experience the fun of tennis through instruction by or communication with our players ranked in the Japan Tennis Association Official Point Ranking.



Shimadzu tennis team that won the Tennis Japan League title for three years in succession



Corporate Governance

We will establish and maintain an organizational system and an official management system able to respond quickly to the changes in the business environment so that we can gain the trust of our stakeholders.

We conduct our business from a long-term perspective to realize the corporate philosophy and the management principle. Such business management cannot be realized without the trust of our stakeholders including our clients, shareholders, business partners, employees, local communities, and others. We will therefore establish and enhance our corporate governance as a core structure of our business management to gain the trust of our stakeholders.

Establishment of Corporate Governance Policy

In November 2015, we established the “Corporate Governance Policy.” Under the Policy, we will take advantage of the corporate governance code spirit for our business

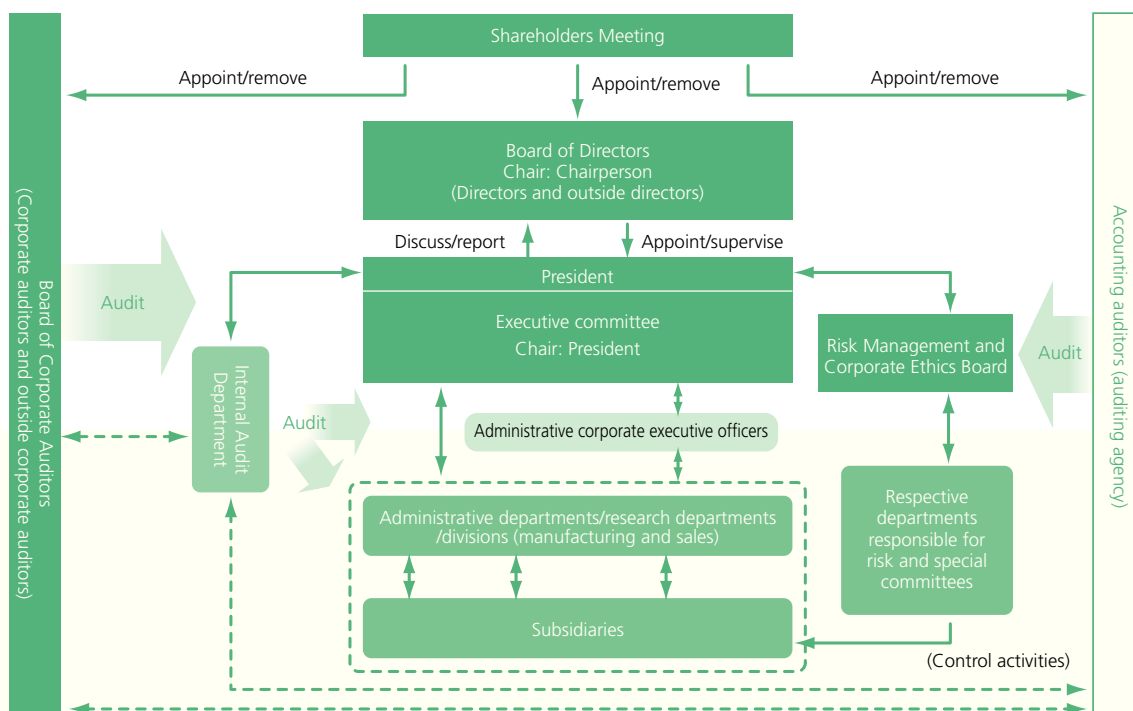
management to achieve sustainable growth and enhancement of corporate values in the medium and long term.

Corporate Governance System

Our basic policy for business operations is to make decisions and execute business in a reliable and rapid manner, to grow sustainably, to enhance corporate values in the medium and long term, and to fulfill corporate social responsibility, while paying adequate attention to the interests of all stakeholders involved with us, such as clients, shareholders, business partners, employees, and local communities. With an eye toward corporate governance to conduct such corporate management, we have established the current system. Specifically, we have designated the board of directors as the institution for deciding and monitoring the execution of

administrative processes, the president and other administrative corporate executive officers and the executive committee as the institution for executing administrative processes based on decisions made by the board of directors, and the board of corporate auditors and accounting auditors as the institution for auditing.

To clarify the managerial responsibility of directors, they are appointed for a term of one year. In addition, the board of directors appoints the chairperson and other administrative corporate executive officers.

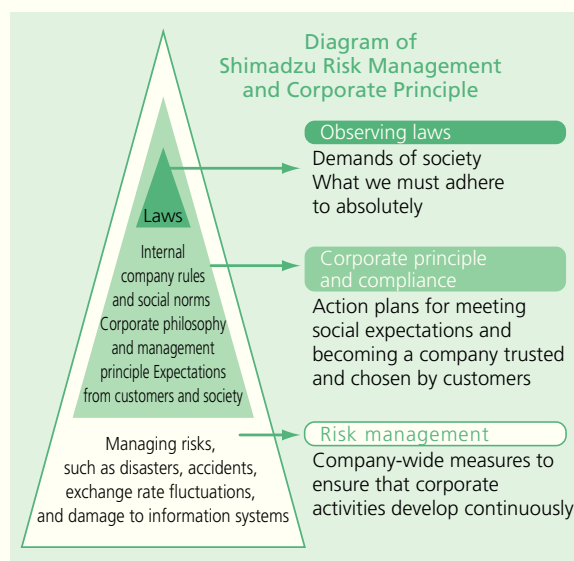


Establishment of Risk Management System

We promote the establishment of a risk management system including corporate ethics and compliance as one of the measures for corporate governance.

The corporate code of ethics was established to provide action plans for us to act as a global company. We strive to earn social trust and a reputation as well as to enhance our corporate values and brand values by complying with the corporate code of ethics. We also conduct a corporate ethics awareness survey annually in February, measure the level of employees' awareness of corporate ethics and the degree to which they have been adopted, and analyze employees' awareness from various perspectives for the benefit of future activities.

The president is the chief officer responsible for risk management. A "Risk Management and Corporate Ethics Board" was established as a deliberative body, and it meets twice a year to confirm and decide on policies for priority risks and compliance risks that are considered company-wide issues.



Message from an Outside Director



Minoru Sawaguchi,
Outside Director

At Shimadzu, the Corporate Governance Policy was created together with outside directors last year. When creating the Policy, we considered what corporate governance would be appropriate for Shimadzu with its 140 years of history, and whether new techniques would be effective. Initiatives like separation of supervisory functions and execution of operation, increasing the number of outside directors, and review of the deliberations of the board of directors have been undertaken with the introduction of administrative executive management systems. But we do not believe that the problem of striking a balance between long-term corporate durability and short-term corporate growth in the field of corporate governance is a simple one. We will actively strengthen our corporate governance with the management team and deepen our corporate governance style to be able to meet shareholders' and other stakeholders' expectations.



Minoru Sawaguchi,

Outside Director
(Lawyer;
Visiting Professor of
the University of Tokyo
Graduate Schools for
Law and Politics)

Yasuo Miura,

Director,
Managing Executive Officer
(responsible for
Finance and Marketing ;
Head of the Tokyo Office)

Satoru Suzuki,

Director,
Senior Corporate Executive Officer
(Assistant to President;
responsible for risk management,
technical research, and CS)

Akira Nakamoto, Teruhisa Ueda,

Representative Director,
Chairman of the Board
(the Chair of the Board
of Directors)

Representative Director,
President and CEO

Hiroshi Fujino,

Director,
Senior Managing Executive Officer
(responsible for corporate
strategy planning, IR, PR,
global environmental
management)

Katsutoshi Nishihara,

Director,
Senior Managing Executive Officer
(responsible for Human
Resources, law affairs,
general administration,
internal control; subhead
of risk management)

Hiroko Wada,

Outside Director
(Representative of
Office Wada; Advisor
of Nutraceuticals Division,
Otsuka Pharmaceutical
Co., Ltd.)

Taketsugu Fujiwara,

Outside Director
(Standing Counsellor of
Asahi Kasei Corp.;
Outside Director of
KOKUYO Co., Ltd.;
and Outside Director of
IHI Corporation)



Hiroyuki Fujii,
Senior Corporate Auditor
(full-time)



Takashi Iida,
Corporate Auditor
(part-time)



Masahiro Nishio,
Corporate Auditor
(part-time)



Koji Uematsu,
Corporate Auditor
(full-time)

Profiles of Directors

Representative Director

Akira Nakamoto

April 1969 Joined Shimadzu Corporation
 June 2000 General Manager, Analytical & Measuring Instruments Division
 June 2000 Corporate Officer
 June 2001 Director
 June 2005 Managing Director
 June 2007 Senior Managing Director
 June 2009 Representative Director (current)
 June 2009 President and Director
 June 2013 President
 June 2113 CEO
 June 2015 Chairman of the Board (current)
 June 2015 The Chair of the Board of Directors (current)

Representative Director

Teruhisa Ueda

April 1982 Joined Shimadzu Corporation
 October 2004 General Manager, Quality Assurance Department, Analytical & Measuring Instruments Division
 June 2007 Corporate Officer
 June 2007 Deputy General Manager, Analytical & Measuring Instruments Division
 June 2011 Director
 June 2011 General Manager, Analytical & Measuring Instruments Division
 June 2013 Managing Executive Officer
 June 2014 Senior Managing Executive Officer
 June 2015 Representative Director (current)
 June 2015 President (current)
 June 2015 CEO (current)

Director

Satoru Suzuki

March 1978 Joined Shimadzu Corporation
 April 2005 Vice President, Shimadzu Precision Instruments, Inc. (U.S.)
 June 2007 Director
 June 2007 General Manager, Medical Systems and Equipment Division
 June 2012 Managing Director
 June 2012 Responsible for technical research (current)
 June 2013 Director (current)
 June 2013 Senior Managing Executive Officer
 June 2015 Senior Corporate Executive Officer (current)
 June 2015 Assistant to President (current)
 June 2015 Responsible for risk management and CS (current)

Director

Hiroshi Fujino

April 1979 Joined Shimadzu Corporation
 June 2005 General Manager, International Marketing Division
 June 2007 Corporate Officer
 June 2009 General Manager, Corporate Strategy Planning Department
 June 2012 Director (current)
 June 2012 Responsible for Corporate Strategy Planning and IR (current)
 June 2013 Managing Executive Officer
 June 2013 Responsible for PR (current)
 June 2015 Senior Managing Executive Officer (current)
 June 2015 Responsible for global environmental management (current)

Director

Yasuo Miura

April 1980 Joined Shimadzu Corporation
 April 2005 General Manager, Corporate Strategy Planning Department
 June 2007 Corporate Officer
 June 2009 President, SHIMADZU EUROPA GmbH (Germany)
 June 2013 Director (current)
 June 2013 Managing Executive Officer (current)
 June 2013 Responsible for finance and marketing (current)
 June 2015 Head of the Tokyo Office (current)

Director

Katsutoshi Nishihara

April 1980 Joined Shimadzu Corporation
 October 2003 General Manager, Legal Department
 June 2007 Corporate Officer
 June 2009 Director
 June 2009 Responsible for general administration (current)
 June 2011 Responsible for internal control (current)
 June 2011 Deputy in charge of risk management (current)
 June 2012 Responsible for legal affairs (current)
 June 2013 Senior Managing Executive Officer (current)
 June 2013 Responsible for human resources (current)
 June 2015 Director (current)

Director (part-time)

Minoru Sawaguchi

April 1993 Registered as attorney-at-law
 April 1993 Joined Mori Sogo Law Office (currently Mori Hamada & Matsumoto) (current)
 June 2013 Director, Shimadzu Corporation (current)

Director (part-time)

Taketsugu Fujiwara

April 1969 Joined Asahi Chemical Industry Co., LTD. (currently Asahi Kasei Corp.)
 June 2000 Director, Asahi Kasei Corp.
 April 2009 Vice-Presidential Executive Officer, Asahi Kasei Corp.
 June 2009 Director, Asahi Kasei Corp.
 April 2010 President & Representative Director, Presidential Executive Officer, Asahi Kasei Corp.
 April 2014 Vice-Chairman, Asahi Kasei Corp.
 June 2014 Director, Shimadzu Corporation (current)
 June 2015 Standing Counsellor, Asahi Kasei Corp. (current)

Director (part-time)

Hiroko Wada

April 1977 Joined Procter & Gamble Sunhome Co., Ltd. (currently Procter & Gamble Japan)
 January 1998 Vice President, Procter & Gamble U.S.; responsible for corporate new venture Asia
 March 2001 President, Dyson Limited
 April 2004 President and CEO, Toys "R" Us, Japan
 November 2004 Established Office Wada (current)
 June 2016 Director, Shimadzu Corporation (current)

Introduction of Auditors

Senior Corporate Auditor (full-time)

Hiroyuki Fujii

April 1981 Joined Shimadzu Corporation
 April 2005 General Manager, Human Resources Department
 June 2007 Corporate Officer
 June 2009 Director
 June 2013 Senior Corporate Auditor (current)

Corporate Auditor (part-time)

Takashi Iida

April 1974 Registered as attorney-at-law
 April 1974 Joined Mori Sogo Law Office (currently Mori Hamada & Matsumoto)
 April 2006 President, Daini Tokyo Bar Association
 April 2006 Vice President, Japan Federation of Bar Associations
 January 2012 Established Kowa Law Office (current)
 June 2012 Auditor, Shimadzu Corporation (current)

Corporate Auditor (part-time)

Masahiro Nishio

November 1974 Joined Daiwa Accounting Office (current KPMG AZSA LLC)
 March 1978 Became a chartered accountant
 January 2015 Established Nishio Certified Public Accountant Firm (current)
 June 2015 Auditor, Shimadzu Corporation (current)

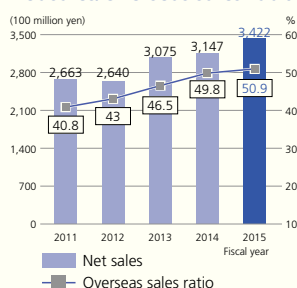
Corporate Auditor (full-time)

Koji Uematsu

April 1975 Joined the Mitsubishi Bank, Ltd. (currently the Bank of Tokyo-Mitsubishi UFJ, Ltd.)
 September 2003 General Manager, Business Strategy and Development, the Bank of Tokyo-Mitsubishi, Ltd. (currently the Bank of Tokyo-Mitsubishi UFJ, Ltd.)
 June 2005 Joined Shimadzu Corporation
 June 2005 Corporate Officer
 April 2006 Head of Kansai Office
 June 2007 Managing Executive Officer
 June 2011 Auditor (current)

Key Data over the Past Five Years

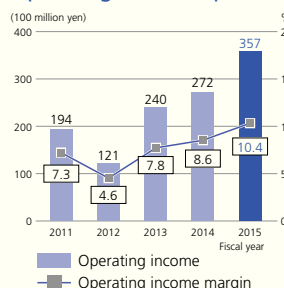
Net sales/Overseas sales ratio



342,236million yen
(net sales in FY 2015)

50.9%
(overseas sales ratio in FY 2015)

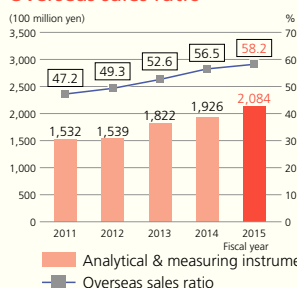
Operating income/Operating income margin



35,701million yen
(operating income in FY 2015)

10.4%
(operating income margin in FY 2015)

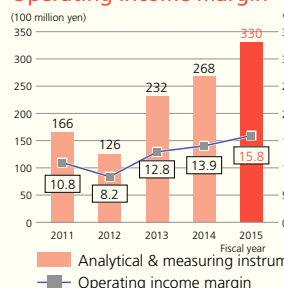
Analytical & measuring instruments net sales/Overseas sales ratio



208,402million yen
(analytical & measuring instruments net sales in FY 2015)

58.2%
(overseas sales ratio in FY 2015)

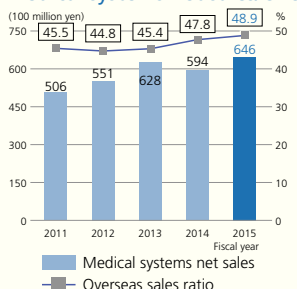
Analytical & measuring instruments operating income/Operating income margin



32,959million yen
(analytical & measuring instruments operating income in FY 2015)

15.8%
(operating income margin in FY 2015)

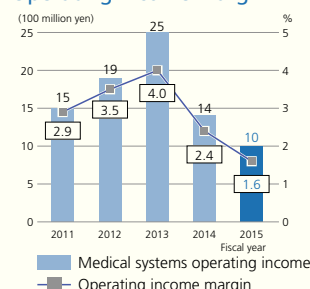
Medical systems net sales/Overseas sales ratio



64,597million yen
(medical systems net sales in FY 2015)

48.9%
(overseas sales ratio in FY 2015)

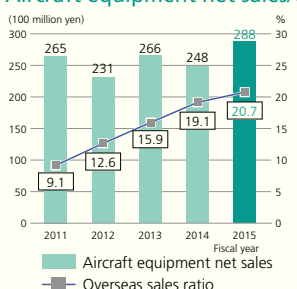
Medical systems operating income/Operating income margin



1,045million yen
(medical systems operating income in FY 2015)

1.6%
(operating income margin in FY 2015)

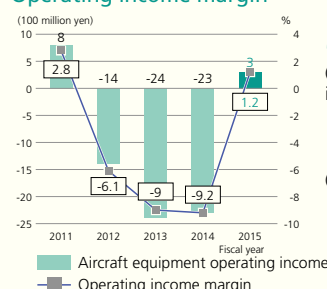
Aircraft equipment net sales/Overseas sales ratio



28,848million yen
(aircraft equipment net sales in FY 2015)

20.7%
(overseas sales ratio in FY 2015)

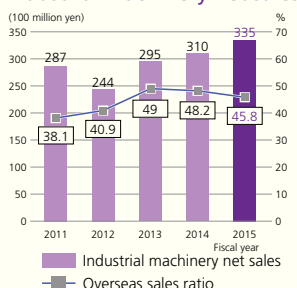
Aircraft equipment operating income/Operating income margin



346million yen
(aircraft equipment operating income in FY 2015)

1.2%
(operating income margin in FY 2015)

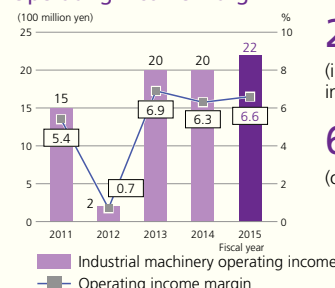
Industrial machinery net sales/Overseas sales ratio



33,517million yen
(industrial machinery net sales in FY 2015)

45.8%
(overseas sales ratio in FY 2015)

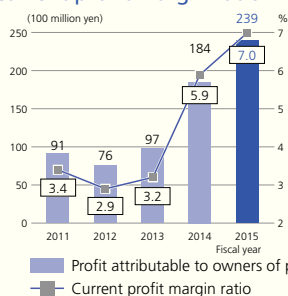
Industrial machinery operating income/Operating income margin



2,206million yen
(industrial machinery operating income in FY 2015)

6.6%
(operating income margin in FY 2015)

Profit attributable to owners of parent/ Current profit margin ratio



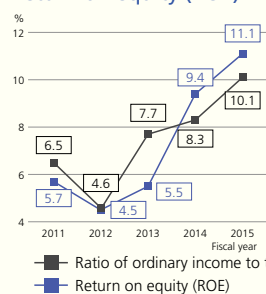
23,899million yen

(profit attributable to owners of parent in FY 2015)

7.0%

(current profit margin ratio in FY 2015)

Ratio of ordinary income to total assets (ROA)/ Return on equity (ROE)



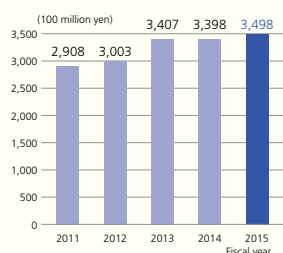
10.1%

(ratio of ordinary income to total assets (ROA) in FY 2015)

11.1%

(return on equity (ROE) in FY 2015)

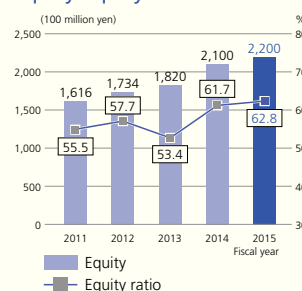
Total assets



349,798million yen

(total assets in FY 2015)

Equity/Equity ratio



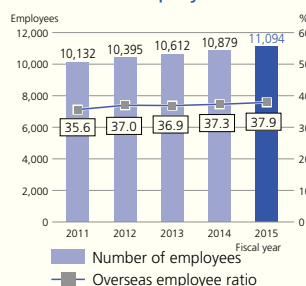
219,971million yen

(equity in FY 2015)

62.8%

(equity ratio in FY 2015)

Number of employees/Overseas employee ratio



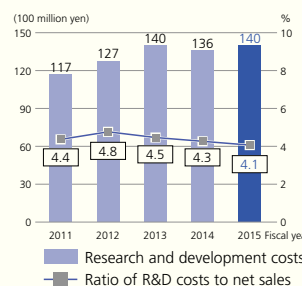
11,094employees

(number of employees in FY 2015)

37.9%

(overseas employee ratio in FY 2015)

Research and development costs/ Ratio of R&D costs to net sales



13,995million yen

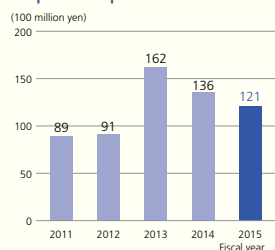
(research and development costs in FY 2015)

4.1%

(Ratio of R&D costs to net sales in FY 2015)

*The research and development costs is the total amount of experiment and research expenses (sales, general, and administrative expenses) and developmental research spending

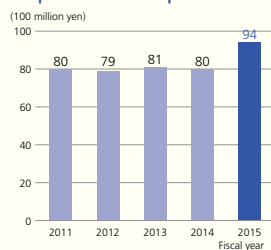
Capital expenditure



12,098million yen

(capital expenditure in FY 2015)

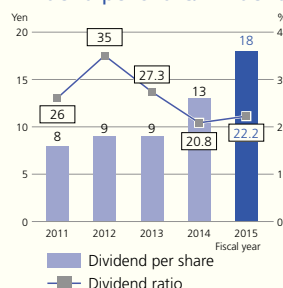
Depreciation expense



9,425million yen

(depreciation expense in FY 2015)

Dividend per share/Dividend ratio



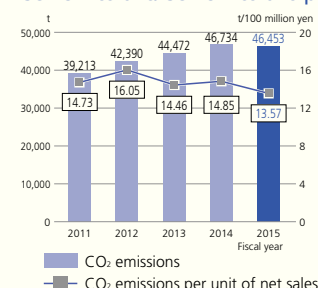
18yen

(dividend per share in FY 2015)

22.2%

(dividend ratio in FY 2015)

CO₂ emissions/CO₂ emissions per unit of net sales



46,453tons

(CO₂ emissions in FY 2015)

13.57tons/100 million yen

(CO₂ emissions per unit of net sales)

Financial Statements

Consolidated Balance Sheet

	(Millions of yen)	
	FY 2014	FY 2015
ASSETS		
CURRENT ASSETS		
Cash and time deposits	41,360	46,907
Trade notes and accounts receivable	103,205	105,430
Merchandise and products	41,535	40,497
Work in process	16,193	15,457
Raw materials and supplies	17,137	17,715
Deferred tax assets	9,492	9,729
Other assets	6,998	7,086
Allowance for doubtful receivables	△1,106	△1,157
Total current assets	234,817	241,666
NONCURRENT ASSETS		
Property, plant and equipment		
Buildings and structures (net)	38,749	39,035
Machinery, equipment and vehicles (net)	5,344	5,912
Land	18,243	18,602
Leased assets (net)	2,399	2,179
Construction in progress	1,558	728
Other assets (net)	9,134	9,699
Net property, plant and equipment	75,430	76,158
Intangible fixed assets	7,298	7,558
Investments and other assets		
Investment securities	13,761	14,654
Long-term receivables	177	175
Deferred tax assets	5,195	6,388
Other assets	3,606	3,565
Allowance for doubtful receivables	△454	△368
Total investments and other assets	22,286	24,415
Total noncurrent assets	105,015	108,131
TOTAL ASSETS	339,832	349,798

	(Millions of yen)	
	FY 2014	FY 2015
LIABILITIES		
CURRENT LIABILITIES		
Trade notes and accounts payable	51,596	52,422
Short-term loans	8,738	3,056
Lease obligations	897	940
Accounts payable	12,034	11,523
Income taxes payable	5,056	4,997
Allowance for employees' bonuses	7,268	8,093
Allowance for directors' bonuses	306	284
Provision for loss on defense equipment	-	374
Other liabilities	14,737	15,893
Total current liabilities	100,635	97,587
LONG-TERM LIABILITIES		
Unsecured bonds	15,000	15,000
Long-term debt	930	1,094
Lease obligations	1,698	1,451
Liability for directors' retirement benefits	187	182
Liability for retirement benefits	10,563	13,682
Other liabilities	800	828
Total long-term liabilities	29,179	32,239
Total liabilities	129,815	129,827
NET ASSETS		
Shareholders' capital		
Common stock	26,648	26,648
Additional paid-in capital	35,188	35,188
Retained earnings	134,871	153,758
Treasury stock	△796	△861
Total shareholders' capital	195,912	214,734
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	5,200	5,036
Foreign currency translation adjustments	6,816	1,293
Cumulative adjustments to retirement benefits	1,839	△1,370
Total accumulated other comprehensive income	13,856	4,959
Non-controlling interests	248	277
Total net assets	210,017	219,971
TOTAL LIABILITIES AND NET ASSETS	339,832	349,798

Consolidated Statements of Operations

(Millions of yen)

	FY 2014	FY 2015
Net sales	314,702	342,236
Cost of sales	187,674	201,850
Gross profit	127,028	140,385
Selling, general and administrative expenses	99,838	104,683
Operating income	27,189	35,701
Other income		
Interest income	198	197
Dividend income	188	199
Insurance payments received	304	242
Foreign exchange profit	673	-
Subsidy received	423	419
Other	904	780
Total other income	2,692	1,839
Other expenses		
Interest expenses	224	182
Foreign exchange loss	-	1,045
Other	1,279	1,472
Total other expenses	1,504	2,700
Ordinary income	28,377	34,840
Extraordinary income		
Gain on sale of property, plant and equipment	34	37
Gain on sales of investment securities	9	-
Total extraordinary income	44	37
Extraordinary losses		
Provision for loss on defense equipment	-	374
Loss on write-down of investment securities	1	273
Loss on disposal of property, plant and equipment	171	209
Settlement of contract amendment	1,444	-
Total extraordinary losses	1,617	856
Income before income taxes	26,803	34,021
Income taxes	8,076	9,618
Income taxes adjustments	209	436
Total income taxes and income taxes adjustments	8,286	10,054
Profit	18,517	23,966
Profit attributable to non-controlling interests	72	66
Profit attributable to owners of parent	18,445	23,899

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY 2014	FY 2015
Profit	18,517	23,966
Other comprehensive income		
Unrealized gain/loss on available-for-sale securities	2,205	△163
Foreign currency translation adjustments	6,700	△5,535
Retirement benefit adjustments	3,553	△3,210
Total other comprehensive income	12,460	△8,910
Comprehensive income	30,977	15,056
(Break down)		
Comprehensive income attributable to owners of parent	30,897	15,002
Comprehensive income attribute to non-controlling interests	79	53

Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2014	FY 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes	26,803	34,021
Depreciation and amortization	7,951	9,425
Increase (decrease) in allowance for doubtful receivables (triangle means decrease)	△217	21
Increase (decrease) in allowance for employees' bonuses (triangle means decrease)	467	847
Increase (decrease) in allowance for directors' bonuses (triangle means decrease)	44	△20
Increase (decrease) in liability for retirement benefits (triangle means decrease)	△799	△1,716
Interest and dividends income	△386	△396
Interest expense	224	182
Bonds issue expenses	79	-
Foreign exchange (gain) loss, net (triangle means gain)	△134	29
Net (gain) loss on sale and valuation of investment securities (triangle means gain)	△8	273
Net (gain) loss on sale and disposal of property, plant and equipment (triangle means gain)	137	172
(Increase) decrease in trade receivables (triangle means increase)	12,130	△4,241
(Increase) decrease in inventories (triangle means increase)	△1,039	△1,361
(Increase) decrease in trade payables (triangle means decrease)	△2,843	2,305
Other, net	2,295	2,087
Subtotal	44,705	41,629
Interest and dividends received	387	398
Interest paid	△281	△182
Income taxes paid	△4,566	△9,496
Net cash provided by operating activities	40,245	32,348
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of cash for redemption of marketable securities	20	-
Purchase of property, plant and equipment	△14,489	△11,333
Proceeds from sale of property, plant and equipment	400	413
Purchase of investment securities	△1,223	△1,575
Proceeds from sales of investment securities	13	-
Increase in long term receivables	△32	△45
Decrease in long term receivables	185	82
Others, net	△552	△642
Net Cash provided by (used in) investing activities	△15,678	△13,101
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing of short-term loans	993	310
Repayment of short-term loans	△18,595	△6,031
Borrowing of long-term debt	650	880
Repayment of long-term debt	△11,323	△666
Issuance of commercial paper	11,000	-
Redemption of commercial paper	△27,000	-
Issuance of unsecured bonds	14,920	-
Cash dividends paid	△2,802	△5,008
Dividends payments to non-controlling interests	△13	△25
Repayment of guarantee deposits received	△21	△21
Payment of finance lease obligations	△964	△1,061
Other, net	△41	△64
Net cash (used in) financing activities	△33,197	△11,689
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2,431	△2,471
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (triangle means decrease)	△6,199	5,086
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	43,929	38,422
INCREASE IN CASH AND CASH EQUIVALENTS DUE TO INCLUSION OF SUBSIDIARIES IN CONSOLIDATION	692	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	38,422	43,508

Basic Information / Overseas Sites

Corporate Profile (as of March 31, 2016)

Establishment	March 1875
Formation of Limited Company	September 1917
Capital	26,648,899,574 yen
Total number of common stock issued	296,070,277 shares
Number of shareholders	20,783 shareholders
Number of employees (Shimadzu group total)	11,094 employees
Stock listing	Tokyo Stock Exchange
TSE Code	7701
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212



JPX-NIKKEI 400

Selected for FY2016

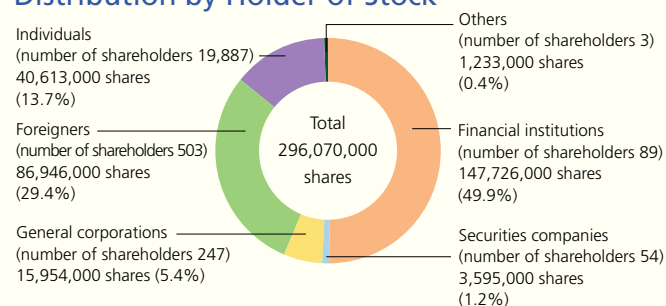
JPX-Nikkei Index 400

Major Shareholders

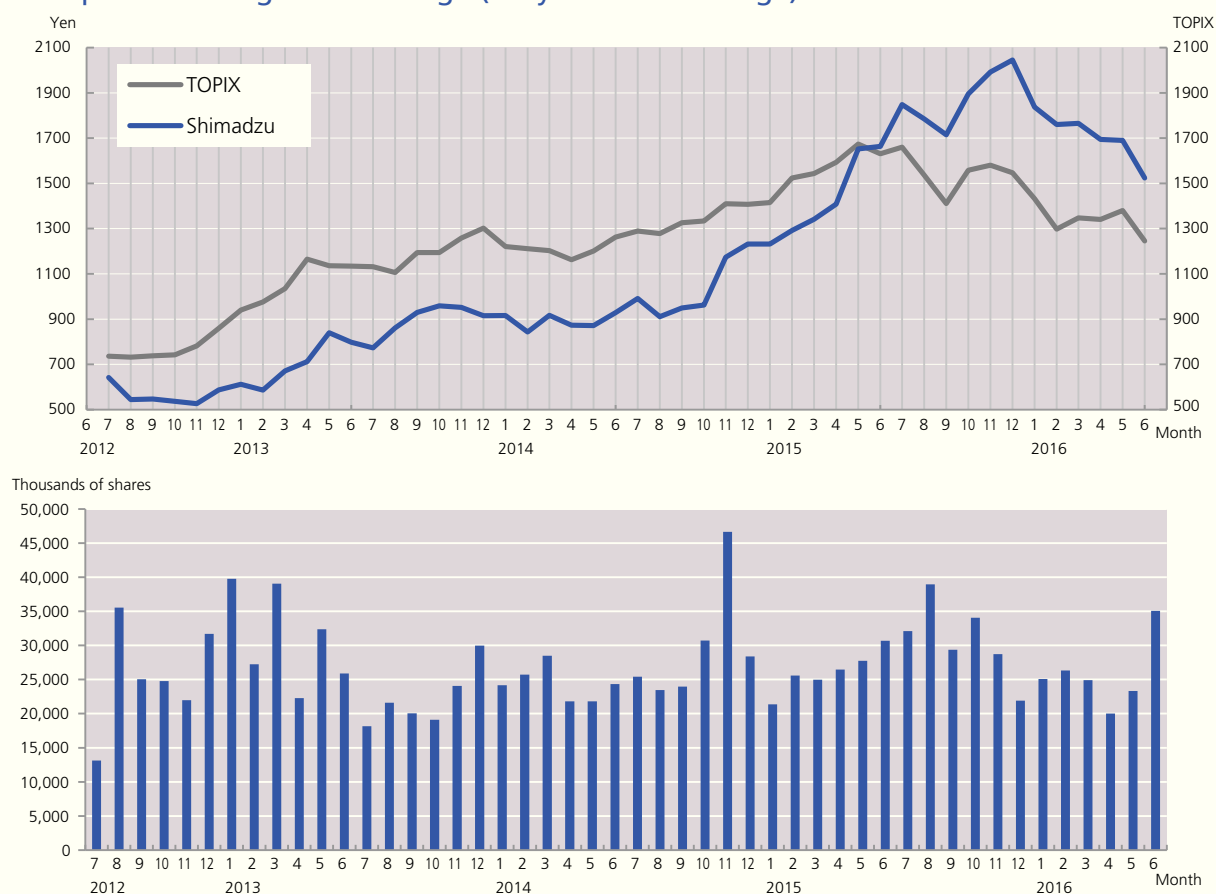
List of shareholders	Number of shares owned (thousands of shares)	Ratio of shareholding (%)
Meiji Yasuda Life Insurance Company	20,742	7.04
Japan Trustee Services Bank, Ltd. (account in trust)	20,716	7.03
The Master Trust Bank of Japan, Ltd. (account in trust)	15,496	5.26
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,672	2.60
Taiyo Life Insurance Company	7,411	2.51
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,287	2.13
National Mutual Insurance Federation of Agricultural Cooperatives	6,101	2.07
Japan Trustee Services Bank, Ltd. (account in trust)	6,042	2.05
The Bank of Kyoto, Ltd.	4,922	1.67
Mitsubishi UFJ Trust and Banking	4,205	1.43

*Ratio of shareholding is after deduction of treasury shares (1,230,705 shares).

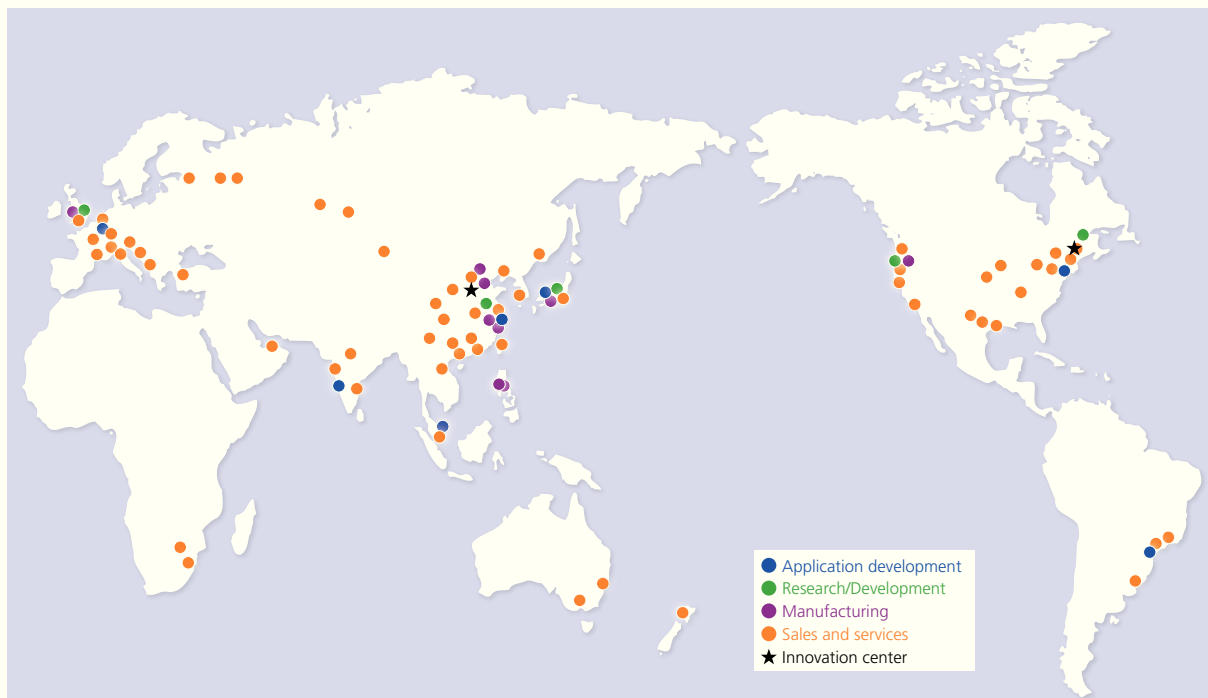
Distribution by Holder of Stock



Stock price / trading volume range (Tokyo Stock Exchange)



Major Overseas Sites



North America

- SHIMADZU SCIENTIFIC INSTRUMENTS, INC.
- SHIMADZU PRECISION INSTRUMENTS, INC.
- SHIMADZU U.S.A. MANUFACTURING, INC.
- KRATOS ANALYTICAL, INC.
- SHIMADZU SOFTWARE DEVELOPMENT CANADA INC.

Latin America

- SHIMADZU LATIN AMERICA S.A.
- SHIMADZU DO BRASIL COMERCIO LTDA.

Europe

- KRATOS ANALYTICAL LTD.
- SHIMADZU RESEARCH LABORATORY(EUROPE) LTD.
- SHIMADZU EUROPA GmbH
- SHIMADZU DEUTSCHLAND GmbH
- SHIMADZU UK Limited
- SHIMADZU FRANCE SAS
- SHIMADZU BENELUX B.V.
- SHIMADZU ITALIA S. r. l.
- SHIMADZU SCHWEIZ GmbH
- SHIMADZU HANDELSGESELLSCHAFT mbH
- SHIMADZU d.o.o.

Russia

- SHIMADZU MOSCOW REPRESENTATIVE OFFICE
(AN OFFICE OF SHIMADZU EUROPA GmbH)



China

- 島津(香港)有限公司
- 島津企業管理(中国)有限公司
- 北京島津医療器械有限公司
- 天津島津液圧有限公司
- 島津儀器(蘇州)有限公司
- 島津(広州)検測技術有限公司
- 寧波島津真空技術開発有限公司
- 島津分析技術研究(上海)有限公司
- 島津技誼(上海)商貿有限公司

Asia

- SHIMADZU (ASIA PACIFIC) PTE LTD.
- SHIMADZU SINGAPORE PTE LTD.
- SHIMADZU ANALYTICAL (INDIA) PVT. LTD.
- SHIMADZU MEDICAL (INDIA) PVT. LTD.
- SHIMADZU PHILIPPINES CORPORATION
- SHIMADZU VIETNAM MEDICAL HI-TECH COMPANY LTD.
- SHIMADZU MALAYSIA SDN. BHD.
- SHIMADZU MANUFACTURING ASIA SDN. BHD.
- 台湾島津科学儀器股份有限公司
- 台湾島津産業設備股份有限公司
- Dong-il SHIMADZU Corporation
- SHIMADZU KOREA VACUUM EQUIPMENT CO., LTD.

Middle East

- SHIMADZU MIDDLE EAST & AFRICA FZE
UAE HEAD OFFICE
TURKEY BRANCH OFFICE

Africa

- SHIMADZU SOUTH AFRICA (PTY) LTD.

Oceania

- SHIMADZU SCIENTIFIC INSTRUMENTS(OCEANIA) PTY. LTD.
- SHIMADZU MEDICAL SYSTEMS(OCEANIA) PTY. LTD.

Editorial policy for SHIMADZU REPORT 2016

SHIMADZU REPORT 2016 is published to report the Shimadzu Group's financial and non-financial information by combining its Annual Report and its Environmental and Social Report. These were published separately in the past. This report is a communications tool for Shimadzu's stakeholders to promote their understanding of the Group's business activities.

For more detailed information, please refer to the link in this brochure stating, "For details, click here."

Please also refer to the brochure, Shimadzu Environmental Report 2016, which provides in-depth information on our environmental activities.

Publishing dates

2016 edition: Published in December 2016

2017 edition: Will be published in the summer of 2017

Reporting periods

From April 1, 2015, to March 31, 2016

(Important information for a period other than that stated above is also included.)

Reporting organizations

Shimadzu Corporation and each Shimadzu Group Company

Notes about future prospects

The business plan, strategy, and forecasts stated in this report are based on currently available information. Risks and uncertainties may be included. Please note that actual results may differ substantially from our forward-looking statements about future prospects because of changes in economic conditions or market trends.



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URL: <http://www.shimadzu.com>



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Shimadzu is recognized by SRI evaluation organization and has been included in the FTSE4Good Index Series.



Shimadzu is certified by the Kyoto Labor Bureau as a company proactively nurturing the next generation based on the "Act for Measures to Support the Development of the Next Generation."