P012-E414

SHIMADZU
Excellence in Science

ANNUAL REPORT
Toward Becoming a True Global Business

2013

Contents

Operational Highlights

In the current fiscal year, recovery of the Japanese economy appeared to be faltering, but we have started to see signs of positive changes as well, such as improving stock prices and exchange rates due to the change in political leadership. Overseas, the pace of economic expansion in China has slowed and the economy is weakening in Europe due to concerns over the financial instability in some countries extending into the long term. In the U.S., the economy has gradually recovered. In the midst of such circumstances, the Shimadzu Group has been actively implementing growth measures in accordance with our medium-term management plan, such as introducing globally strategic products, strengthening the aftermarket business, and promoting local R&D and local production overseas.

Sales increased for the Analytical & Measuring Instruments and Medical Systems businesses, decreased for the Aircraft Equipment business, due to lower demand in Japan, and decreased for the Industrial Machinery business, due to stagnating semiconductor and LCD markets. Consequently, overall sales decreased to 264,048 million yen (a year-on-year decrease of 0.8%). In terms of profit and loss, the strong yen, increased expenses due to aggressive business deployment, such as for R&D costs, and other factors, operating income was 12,116 million yen (37.4% decrease), ordinary income was 13,472 million yen (27.8% decrease), and net income was 7,578 million yen (16.6% decrease).

Over the course of the fiscal year ended March 31, 2013, total assets increased 9,419 million yen to 300,259 million yen, reflecting increases of 3,922 million yen in cash and time deposits, 3,346 million yen in trade notes and accounts receivable, and 2,655 million yen in investment securities. Net assets increased 11,860 million yen to 173,429 million yen due to a 5,085 million yen increase in retained earnings.

The equity ratio was 57.7% at March 31, 2013. It rose 2.2% points from previous fiscal year end.

Cash flow from operating activities increased 3,222 million yen versus the previous year, to 12,028 million yen. This was primarily due to a 9,947 million yen improvement in inventory and a 5,874 million yen decrease in income before income taxes and minority interest.
Net cash used in investing activities remained about the same as the previous year, at 7,899 million yen. This was primarily due to 7,739 million yen in capital expenditures.
Net cash used in financing activities decreased 2,476 million yen versus the previous year, to 2,401 million yen. This was primarily due to 2,508 million yen in dividend payments.

Cash and cash equivalents increased 4,086 million yen versus March 31, 2012, to 33,842 million.

Financial Highlights

¥ millions

Years ended March 31	2013	2012	2011	2010	2009
Net sales	264,048	266,255	252,707	238,255	272,833
Operating income Operating income margin	12,116 4.6%	19,365 7.3%	16,297 6.4%	10,294 4.3%	19,613 7.2%
Net income	7,578	9,083	10,046	6,130	8,537
Earnings per share (yen)	25.69	30.79	34.05	20.77	28.92
Return on equity Return on assets	4.5% 4.6%	5.7% 6.5%	6.5% 5.4%	4.1% 3.5%	5.7% 6.1%

Akira Nakamoto, President and Chief Executive Officer

To Our Shareholders

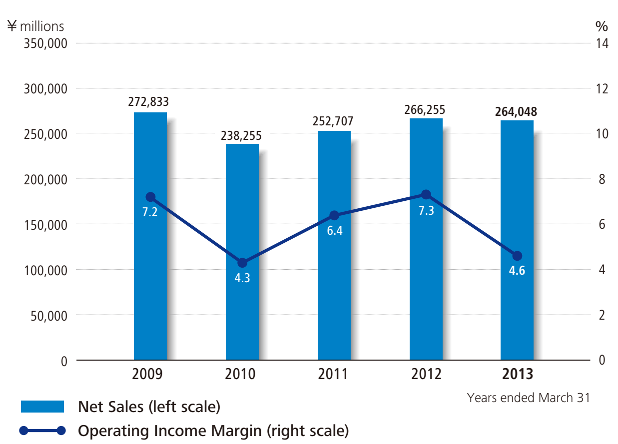
Overview of Business Performance

In the current fiscal year, recovery of the Japanese economy appeared to be faltering, but we have started to see signs of positive changes as well, such as improving stock prices and exchange rates due to the change in political leadership. Overseas, the pace of economic expansion in China has slowed and the economy is weakening in Europe due to concerns over the financial instability in some countries extending into the long term. In the U.S., the economy has gradually recovered.

In the midst of such circumstances, the Shimadzu Group has been actively implementing growth measures in accordance with our medium-term management plan, such as introducing globally strategic products, strengthening the aftermarket business, and promoting local R&D and local production overseas. A new organizational structure has been started that integrates the planning, R&D, manufacturing, and sales functions for major markets, namely North America, Europe, and China, under the control of respective divisions. An International Business Department was established with a mission of developing new markets and growth primarily in newly emerging economies. In addition, we focused efforts on ensuring business results by expanding sales of new competitive products tailored to customer needs and other measures.

As a result, for the current fiscal year, sales increased for the Analytical & Measuring Instruments and Medical Systems businesses, decreased for the Aircraft Equipment business, due to lower demand in Japan, and decreased for the Industrial Machinery business, due to stagnating semiconductor and LCD markets. Consequently, overall sales decreased to 264,048 million yen (a year-on-year decrease of 0.8%). In terms of profit and loss, the strong yen, increased expenses due to aggressive business deployment, such as for R&D costs, and other factors, operating income was 12,116 million yen (37.4% decrease), ordinary income was 13,472 million yen (27.8% decrease), and net income was 7,578 million yen (16.6% decrease).

Net Sales & Operating Income Margin



Business Segment Information

Analytical and Measuring Instruments

In Japan, sales of mass spectrometers were strong due to the release of new products, consisting mainly high-end models, and due to replacement demand in the governmental and academia markets. However, sales of liquid chromatographs, our strongest product line, were weak due to lower capital investment in pharmaceutical and chemical markets. Consequently, overall sales decreased. On the other hand, we delivered food radiation inspection systems to Fukushima Prefecture and elsewhere, which we had released for the purpose of inspecting whole bags of rice. These contributed to the high-speed and high-precision inspection of rice.

Overseas, overall sales increased, with strong sales in North America and other regions. In North America, sales of mass spectrometers were strong in fields such as academia and laboratory testing organizations. In China, sales were affected by deteriorating relations between China and Japan, but sales of mass spectrometers and spectrophotometers were strong due to factors such as efforts to strengthen inspection capabilities in the food safety field. In addition, sales of testing machines were also strong in transportation equipment, chemical, and other fields. In Southeast Asia, sales of liquid chromatographs were strong. In Europe, however, sales decreased due to continuing severe market conditions.

As a result, sales from the Analytical and Measuring Instruments business increased 0.4% year on year, to 153,913 million yen.

Medical Systems

In Japan, sales increased due to the introduction of new products that fit market needs and other factors. Sales of high-end multi-purpose X-ray fluoroscopy systems equipped with portable FPD units were strong to small and medium sized hospitals and clinics. Sales of angiography systems were also strong to cardiovascular departments.

Overseas, sales of digital mobile X-ray systems and other products increased in North America, due to replacement demand captured by introducing new products ahead of competitors and other factors. In Europe, sales increased in spite of the continuing severe conditions, due to strong sales of X-ray fluoroscopy systems and other products. In China, however, sales decreased due not only to slowing market conditions and a trend towards delaying equipment and supply purchases at hospitals, but also due to effects from worsening relations between China and Japan.

As a result, sales from the Medical Systems business increased 8.9% year on year, to 55,122 million yen.

Aircraft Equipment

In Japan, sales decreased due to weak sales of aircraft components, such as for Japan's Ministry of Defense's F-15 fighter upgrade and new patrol plane P-1, and also weak sales of repairs and service parts.
Overseas, sales increased due to strong sales of passenger aircraft equipment, such as for deliveries to Boeing.
As a result, sales from the Aircraft Equipment business decreased 12.6% year on year, to 23,124 million yen.

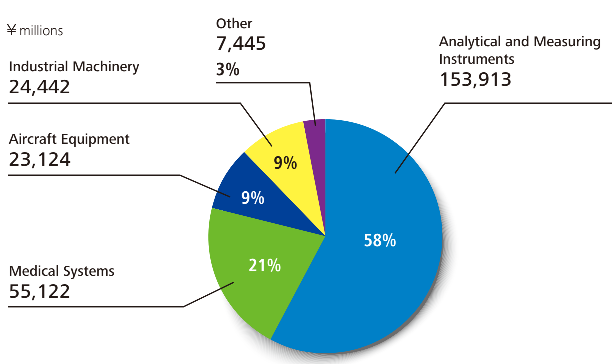
Industrial Machinery

Though demand for turbomolecular pumps for general industrial vacuum system applications started recovering in the second half, overall turbomolecular pump sales decreased due to stagnating semiconductor and LCD markets. Sales of solar cell anti-reflective layer deposition systems were weak as well, due to continued caution toward capital investments by solar panel manufacturers. Hydraulic equipment sales increased for applications such as industrial vehicles.
As a result, sales from the Industrial Machinery business decreased 14.9% year on year, to 24,442 million yen.

Other

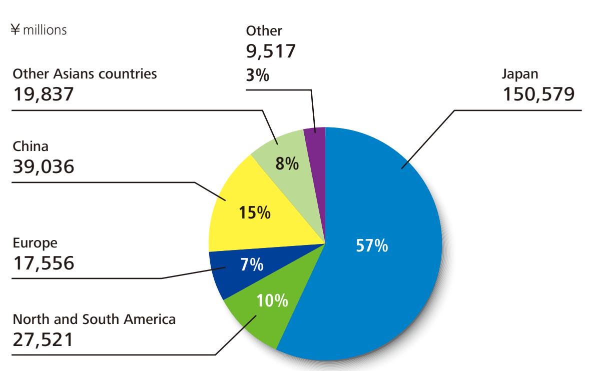
Sales from the other segments increased 3.1% year on year, to 7,445 million yen.

Sales Breakdown by Business Segment in fiscal year 2012



% figures denote the contribution of each segment to total sales. Years ended March 31

Sales Breakdown by Geographic Segment in fiscal year 2012



% figures denote the contribution of each segment to total sales. Years ended March 31

Financial Statement

Over the course of the fiscal year ended March 31, 2013, total assets increased 9,419 million yen to 300,259 million yen, reflecting increases of 3,922 million yen in cash and time deposits, 3,346 million yen in trade notes and accounts receivable, and 2,655 million yen in investment securities. Net assets increased 11,860 million yen to 173,429 million yen due to a 5,085 million yen increase in retained earnings.

Cash Flow Summary

Cash and cash equivalents increased 4,086 million yen versus March 31, 2012, to 33,842 million.
The cash flow status for FY 2012 is described below.

Cash Flow from Operating Activities

Cash flow from operating activities increased 3,222 million yen versus the previous year, to 12,028 million yen. This was primarily due to a 9,947 million yen improvement in inventory and a 5,874 million yen decrease in income before income taxes and minority interest.

Cash Flow from Investing Activities

Net cash used in investing activities remained about the same as the previous year, at 7,899 million yen. This was primarily due to 7,739 million yen in capital expenditures.

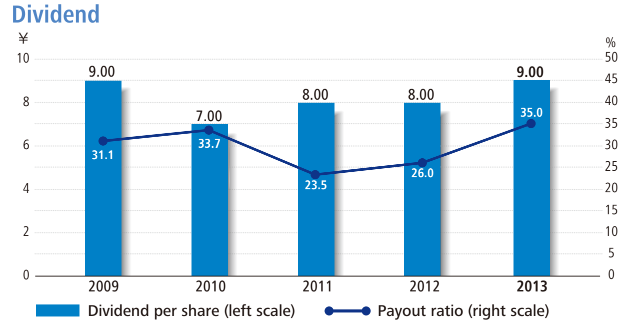
Cash Flow from Financing Activities

Net cash used in financing activities decreased 2,476 million yen versus the previous year, to 2,401 million yen. This was primarily due to 2,508 million yen in dividend payments.

Dividend

We aim to maintain a stable dividend while taking ongoing earnings performance into account. With this goal in mind, we will continue our efforts to boost earnings, and hence ROE, by further improving our profit-generating capacity and financial health while also maintaining sufficient internal reserves to fund capital expenditures and R&D to provide a platform for future growth.
We paid an annual dividend of 9.0 yen per share for fiscal 2012, composing an interim dividend of 4.5 yen and a year-end dividend of 4.5 yen.

Dividend



Conclusion

In terms of the outlook for 2013, there are still concerns that the financial instability in Europe may stretch into the long term, but we expect growth in Southeast Asia, recovery in China, and a gradual economic recovery to continue in the U.S. In Japan, we expect the economy to move toward recovery, as the exchange rate continues to improve and we benefit from recent economic and financial policies.

The Shimadzu Group has been deploying our businesses according to a three-year medium-term management plan started in April 2011, which is based on our long-term vision "Toward Becoming a True Global Business." Based on our fundamental policy to "Become the No. 1 Partner Selected by Customers Globally," this plan aims to achieve growth in both developed and newly emerging economies through a strategy of introducing globally strategic products and providing solutions, through measures such as (1) pursuing global growth, (2) providing solutions that customers will choose, (3) focusing on growth markets and strong businesses, and (4) improving profitability.

Since 2013 is the last year of the current medium-term plan, we will work diligently to implement these measures and actively deploy our businesses.

To expand our business results and increase our global market share, we will first accurately identify trends in customer needs and sense of value and then focus a variety of resources from R&D, manufacturing, sales, and service on developing globally strategic products that are globally number-one or truly unique, and also offer optimal solutions.

In addition, we intend to expand the aftermarket business, which is expected to ensure a stable source of profit, by strengthening our parts and consumables businesses.

To improve our capacity to handle sudden changes in markets or operating environments, we will improve profitability for the overall Shimadzu Group by further optimizing the balance between locating production and procurement in Japan or overseas, and actively pursue lower cost designs. Furthermore, to reduce inventory levels, we will continue to implement production and logistic reforms and achieve timelier product supply capabilities by strengthening the coordination between R&D, manufacturing, sales, and logistics functions.

To achieve progress "Toward Becoming a True Global Business," we will also further strengthen the in-house company system that was started at overseas sales subsidiaries in April 2012, and make sure it produces results.

On January 25, 2013, it was discovered that Shimadzu overcharged the Japanese Ministry of Defense by reporting more-than-actual labor hours. Consequently, Shimadzu has been suspended from participating in contracts with the Ministry of Defense. We deeply apologize for causing this situation and subjecting our shareholders to undue worry. Due to the gravity of the situation, we are conducting a thorough investigation to provide full disclosure and determine the causes. Furthermore, we will strengthen internal controls and implement thorough compliance measures to prevent reoccurrence.

Management perspectives for each business segment are described below.

Analytical & Measuring Instruments

In Japan, a general recovery is expected, due to public sector demand related to supplementary budget appropriations by the government and renewed interest by companies in investing in capital equipment, resulting from increasing economic optimism triggered by improved exchange rates.

Given these circumstances, we will strengthen our product line by introducing new products and applications with unique features, mainly for liquid chromatographs, our strongest product line. In addition, we will deploy our mass spectrometer products, which are already popular in a wide variety of fields, in new fields, such as clinical applications. We will also offer solutions with high levels of added value, by developing products through partnerships with outside research institutions, or by developing complex analytical systems that combine multiple different technologies or instruments. Furthermore, in addition to further strengthening a global organization that integrates product planning, development, manufacturing and sales tailored to the circumstances and needs of specific regions throughout the world, we will also promote developing cost-competitive products at the R&D center in Shanghai to accelerate releasing products into Chinese markets. Additionally, we intend to expand the parts and consumables business by building capabilities for promoting a global aftermarket business.

Medical Systems

With the accelerating shift to digital X-ray technology in Japan and overseas, price competition in markets is becoming increasingly severe. Therefore, we will increase sales and expand market share by accurately identifying the diverse needs of large and small medical facilities in developed and newly emerging economies and then expand our product line by introducing new products and applications targeted to those needs, such as X-ray fluoroscopy systems equipped with FPD units, angiography systems, and radiography systems. In addition, we will actively deploy new businesses in fields from diagnostics to treatment, such as by quickly commercializing a new tumor tracking system developed jointly with a university as a new radiation technology for treating cancer.

Aircraft Equipment

Due to being suspended from participating in contracts with the Japanese Ministry of Defense, we expect to face some challenging times ahead. Nevertheless, we intend to ensure sales by capturing business in the commercial aircraft equipment market, which is projected to grow, such as by increasing sales of equipment used in Boeing aircraft. In addition, we will improve profitability by strengthening the aftermarket business, such as maintaining commercial aircraft equipment.

Industrial Machinery

Turbomolecular pumps are expected to continue facing tough conditions in the semiconductor and LCD-related markets. However, we will expand and stabilize the business, by developing new markets and new customers, further reducing costs, deploying our aftermarket business overseas, and other measures. In the solar cell market, we will develop a proposal-based business tailored to customer needs for higher productivity and other factors, centered around the newly released anti-reflective coating system featuring high conversion efficiency, as well as the cell inspection system used in the coating process.

In our hydraulic equipment business, we will expand the business by further increasing our market share in Japan, actively deploying businesses in the U.S. and Europe, and pioneering new markets in China and other newly emerging economies.

Thank you for your continued support as a stockholder.

June 2013

A. Nakamoto

Akira Nakamoto

President and Chief Executive Officer

Shimadzu Corporation

Shimadzu Corporation, listed on the Tokyo Stock Exchange (TSE Code: 7701), is a precision instruments maker. The company operates globally offering analytical, medical, aircraft and industrial instruments and services.

Shimadzu's strategic goal is to become a "True Global Business".

The Company is headquartered in Kyoto, Japan, and has operational units in all the major markets around the world.

In fiscal year 2012, ended March 31 2013, the company's EPS was ￥25.69, a decrease of ￥5.10 from previous year due to unfavorable market conditions, namely the strong yen. In fiscal year 2013 Shimadzu plans to restore the earnings level.

Managing Board of Shimadzu

Shigehiko Hattori
Representative Director
Chairman of the Board

Akira Nakamoto
Representative Director
President & CEO

Yasuo Miura
Director
Managing
Executive Officer

Teruhisa Ueda
Director
Managing
Executive Officer

Ichiro Kowaki
Director
Senior Corporate
Executive Officer

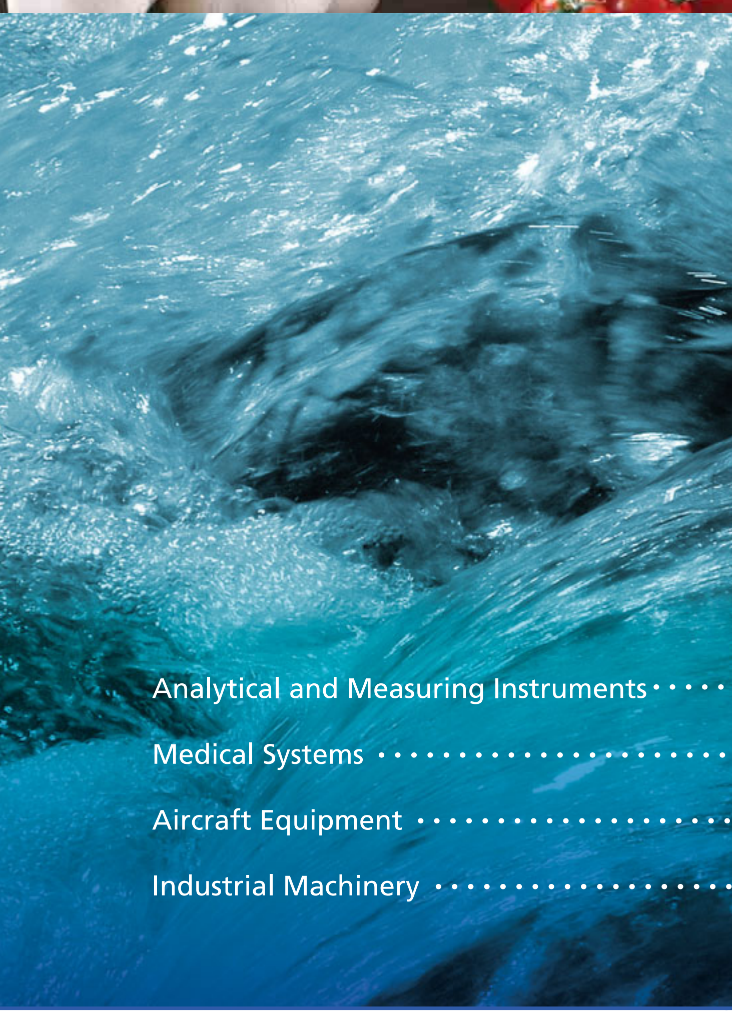
Satoru Suzuki
Director
Senior Managing
Executive Officer

Hiroshi Fujino
Director
Managing
Executive Officer

Minoru Sawaguchi
Outside Director

Business Segment Information

For the Well-being of Mankind and the Earth



Shimadzu Corporation globally provides various fields with analytical and measuring instruments, medical systems, aircraft equipment and industrial mashinery and services.

The Company fully supports the business expansion and R&D sophistication of clients by providing these instruments and services. Constantly striving for the development of high value-added instruments and services, the Company aims to continually boost customer satisfaction.

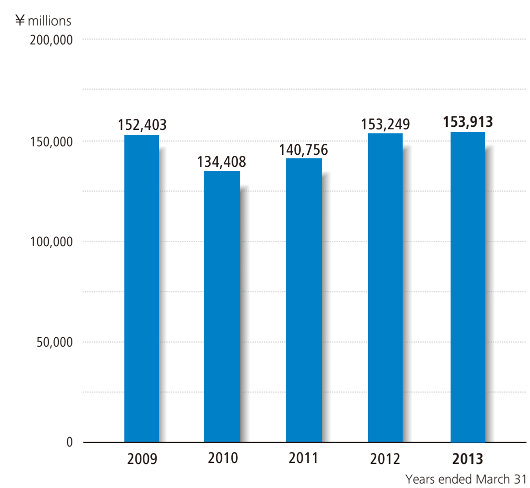
Analytical and Measuring Instruments

Products and Customers

The businesses of the Segment are divided into several sub-segments, which are general analytical instruments for mainly pharmaceutical, chemical and life sciences; surface analyzers for mainly electronics; drain and exhaust gas monitors for environmental preservation; and testing and non-destructive inspection machines mainly for materials. The percentage of sales is as follows: general analytical instruments 61%, surface analyzers 6%, environmental analyzers 5%, testing and non-destructive inspection machines 11%, and other 17%.

The mainstay product is chromatography, which makes up 46% of the sales in the Segment and is used in R&D, quality assurance, and safety inspections by pharmaceutical, food, chemical and petrochemical companies, and governmental institutes and universities. Chromatography is the representative product of general analytical instruments. The other representative product of general analytical instruments is spectrometers used in research and development in chemical and environmental analysis.

Analytical and Measuring Instruments Net Sales



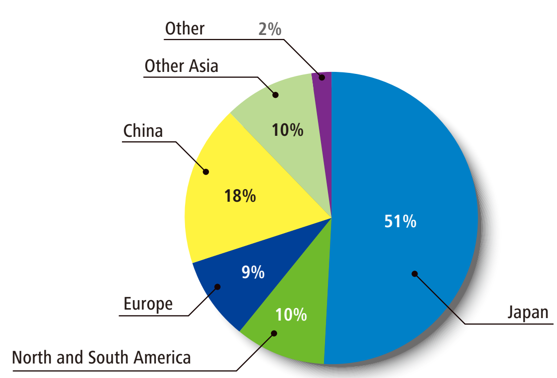
Manufacturing

The Segment assembles instruments in Japan, the U.S., the U.K., China, and Philippines. In Japan, the Kyoto factory maintains environmental management system in accordance with requirements of ISO 14001 and quality management systems of ISO 9001 and ISO 13485.

Ultra High Performance Liquid Chromatograph

Imaging Mass Microscope

Analytical and Measuring Instruments Sales by Region in fiscal year 2012



Medical Systems

Products and Customers

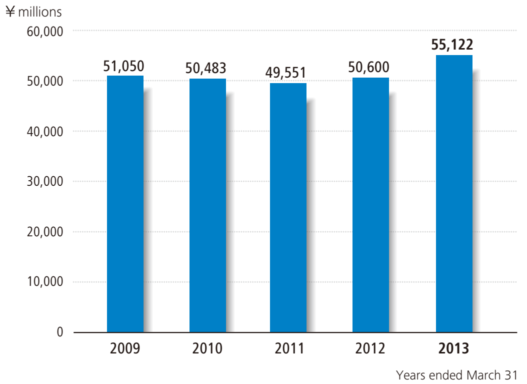
The Segment provides diagnostic imaging systems and services to hospitals and clinics. Sales of X-ray imaging systems make up over 86% of Segment sales. The rest of the sales comes from the following diagnostic systems: nuclear systems including PET-CT and other products and services. The Segment promotes the expansion of digitalized X-ray imaging systems energetically. The Segment enforces alliances with government medical institutes in developing new imaging technology which helps reduce radiation to patients, and with private companies in sales.

Manufacturing

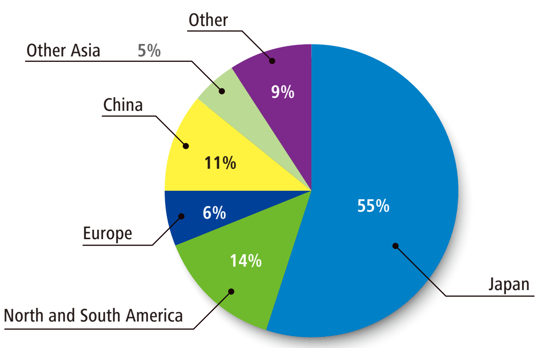
The Segment assembles instruments in Japan and China. In Japan, the Kyoto factories maintains environmental management system in accordance with requirements of ISO 14001 and quality management systems of ISO 9001 and ISO 13485.

X-ray Imaging System

Medical Systems
Net Sales



Medical Systems
Sales by Region in fiscal year 2012



Aircraft Equipment

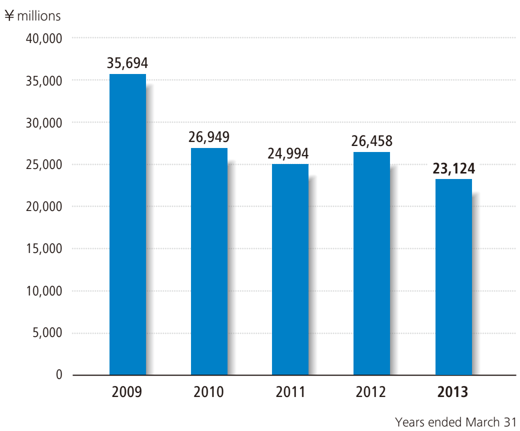
Products and Customers

The aircraft equipment business provides mainly air conditioning systems for cockpits and cabins, flight control systems, and head-up-displays, which provide symbols and data at eye level for fighter pilots, to the Japan Self-Defense Forces and to airlines globally, through several types of Boeing passenger aircraft.

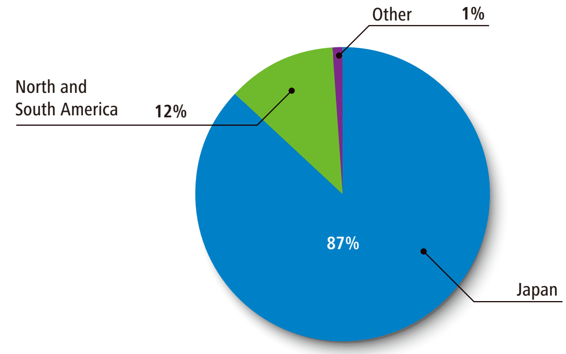
Manufacturing

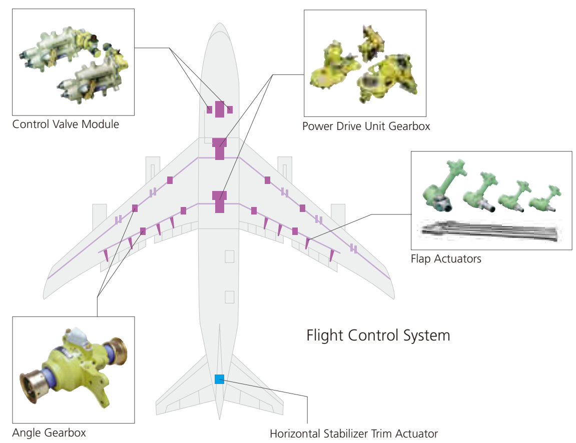
The Segment assembles instruments in Japan. the Kyoto factory maintains environmental management system in accordance with requirements of ISO 14001 and quality management systems of ISO 9001 and JISQ 9100.

Aircraft Equipment Net Sales



Aircraft Equipment Sales by Region in fiscal year 2012





Industrial Machinery

Products and Customers

The industrial machinery business provides mainly turbomolecular pumps installed in semiconductor and flat panel display production equipment on board, chemical vapor deposition equipment for solar cells and hydraulic equipment for forklift trucks and construction machinery.

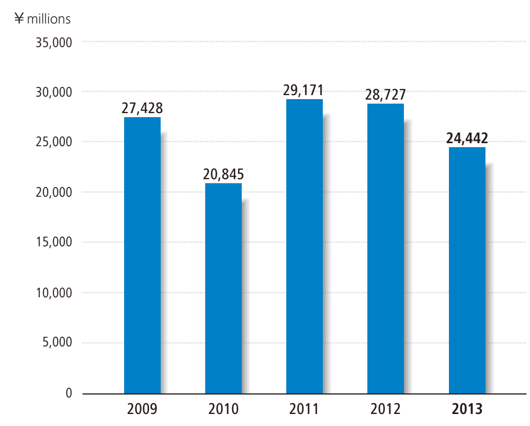
Manufacturing

The Segment assembles instruments in Japan and China. In Japan the Kyoto factory maintains environmental management system in accordance with requirements of ISO 14001 and quality management system of ISO 9001.

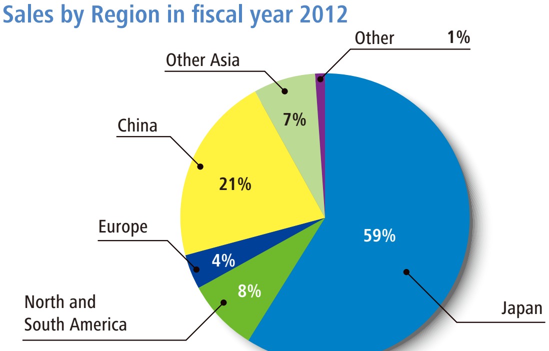
Turbomolecular Pump

Hydraulic Gear Pump

Industrial Machinery Net Sales



Industrial Machinery Sales by Region in fiscal year 2012



Corporate Social Responsibility

We are promoting a variety of projects that contribute to society for the good of individual regions and the whole world.

Shimadzu is a corporation with a strong sense of responsibility to society, as reflected by many of our products and business lines, such as the production of environmental measurement instruments. Making the conservation of, and harmony of business activities with, the global environment a top management priority, we are contributing to the construction of a sustainable society.

Academic Support: "Shimadzu Award in Japan"

Shimadzu supports the development and progress of scientific technology in Japan by granting awards for prominent achievements in scientific measurement and related fields.

Academic Support: Support for the United Nations University Project

Shimadzu has continued to provide broad support for the U.N. University's environmental management project since 1996 by providing analytical instruments, sponsoring symposiums, and so on.

Academic Support: "Shimadzu Cup in China"

Shimadzu supports young researchers and the development and progress of scientific technology in China by granting awards for outstanding academic papers.

Academic Support: "Shimadzu - A.Nakamoto Scholarship"

We established a Shimadzu - A. Nakamoto Scholarship program at the Vietnam National University (Hanoi) to actively support researching topics increasingly necessary to Vietnam, such as food safety and security and multifaceted evaluation of polymer materials.

Supporting Sports: "Shimadzu All Japan Indoor Tennis Championships"

Shimadzu supports the promotion of tennis in Japan by sponsoring one of the three major tennis tournaments held by the Japan Tennis Association.

Many Activities Collectively Contribute to Reducing Environmental Impact

Shimadzu has obtained ISO 14001 environmental management system certification for our key locations in Japan (including subsidiaries) and actively taking measures to reduce CO_2 emissions, waste products, chemical substances, ozone depleting substances, and so on. We are also successively obtaining ISO 14001 certification for our key overseas plants as well.

Activities to Maintain Forest

Shimadzu's managements, employees and their families help to maintain 52 hectares of forest in the city of Nantan, in Kyoto Prefecture.

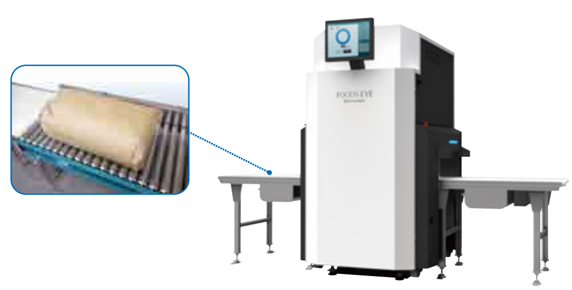
Educational Activities: Environmental Education

Shimadzu holds seminars for elementary, middle school, and high school students, where they can have fun learning about the importance of the Earth's environment.

Contributing to Improving Medical Treatment and Public Health in Newly Emerging Economies

Shimadzu has received a large order for medical X-ray systems from the ministries of health in the Republic of Ghana, in West Africa, and the Republic of Uzbekistan, in Central Asia. We will continue contributing to the improvement in medical treatment and public health in newly emerging economies by supplying highly reliable X-ray systems (photo) and services.

Contributing to Improving the Safety of Rice



Due to concerns regarding radioactive contamination of agricultural products after the nuclear accident at the Fukushima Daiichi Nuclear Power Plant, Shimadzu contributed to improving the safety of food by supplying the region with instruments (photo) capable of inspecting rice very quickly.

Financial Section

Shimadzu Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet

March 31, 2013

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 3) 2013
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥ 33,842	¥ 29,756	$ 360,021
Time deposits	1,298	1,462	13,809
Trade receivables:			
Notes and accounts (Note 13)	88,781	85,435	944,479
Allowance for doubtful receivables	(986)	(988)	(10,490)
Net trade receivables	87,795	84,447	933,989
Inventories (Note 5)	69,609	69,073	740,521
Deferred tax assets (Note 11)	6,536	6,702	69,532
Prepaid expenses and other current assets	4,997	4,804	53,160
Total current assets	204,077	196,244	2,171,032
PROPERTY, PLANT AND EQUIPMENT (Notes 6 and 7):			
Land	18,532	18,730	197,149
Buildings and structures	71,962	71,058	765,553
Machinery, equipment and vehicles	18,535	18,072	197,181
Tools, furniture and fixtures	28,505	26,864	303,245
Lease assets	3,589	3,169	38,181
Construction in progress	790	714	8,404
Total	141,913	138,607	1,509,713
Accumulated depreciation	(75,747)	(73,394)	(805,819)
Net property, plant and equipment	66,166	65,213	703,894
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	11,593	8,876	123,330
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 13)	551	808	5,862
Software	3,895	4,451	41,436
Deferred tax assets (Note 11)	7,776	8,776	82,723
Other assets (Note 7)	6,202	6,472	65,979
Total investments and other assets	30,017	29,383	319,330
TOTAL	¥300,260	¥290,840	$3,194,256

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2013	2012	2013
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 6 and 13)	**¥ 18,048**	¥ 6,989	**$ 192,000**
Current portion of long-term debt (Notes 6 and 13)	**1,542**	11,149	**16,404**
Trade notes and accounts payable (Note 13)	**48,651**	50,046	**517,564**
Other payables	**9,025**	9,268	**96,011**
Advances from customers	**3,524**	4,023	**37,489**
Income taxes payable	**1,524**	2,917	**16,213**
Accrued expenses and other current liabilities (Notes 6 and 11)	**11,810**	11,612	**125,638**
Total current liabilities	**94,124**	96,004	**1,001,319**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6 and 13)	**13,025**	12,684	**138,564**
Liability for retirement benefits (Note 8)	**13,916**	14,528	**148,043**
Long-term deposit (Note 6)	**4,745**	5,082	**50,479**
Other long-term liabilities (Note 11)	**1,020**	973	**10,850**
Total long-term liabilities	**32,706**	33,267	**347,936**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 12, 14 and 15)			
EQUITY (Notes 9 and 18):			
Common stock, authorized, 800,000,000 shares; issued, 296,070,227 shares	**26,649**	26,649	**283,500**
Capital surplus	**35,188**	35,188	**374,340**
Retained earnings	**117,053**	111,968	**1,245,245**
Treasury stock - at cost 1,112,441 shares in 2013 and 1,085,242 shares in 2012	**(716)**	(699)	**(7,617)**
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	**3,544**	1,996	**37,702**
Foreign currency translation adjustments	**(8,420)**	(13,754)	**(89,574)**
Total	**173,298**	161,348	**1,843,596**
Minority interests	**132**	221	**1,405**
Total equity	**173,430**	161,569	**1,845,001**
TOTAL	**¥300,260**	¥290,840	**$3,194,256**

Shimadzu Corporation and Consolidated Subsidiaries

Consolidated Statement of Income

Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2013	2012	2013
NET SALES (Notes 12 and 19)	**¥264,049**	¥266,256	**$2,809,032**
COST OF SALES (Note 12)	**168,019**	165,380	**1,787,436**
Gross profit	**96,030**	100,876	**1,021,596**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 10 and 12)	**83,913**	81,510	**892,691**
Operating income (Note 19)	**12,117**	19,366	**128,905**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**308**	317	**3,277**
Interest expense	**(356)**	(426)	**(3,787)**
Foreign exchange gain (loss), net	**568**	(479)	**6,043**
Impairment losses on goodwill, and property, plant and equipment (Note 7)	**(1,010)**		**(10,745)**
Other, net	**590**	(686)	**6,275**
Other income (expenses), net	**100**	(1,274)	**1,063**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**12,217**	18,092	**129,968**
INCOME TAXES (Note 11):			
Current	**4,133**	5,272	**43,968**
Prior periods		1,709	
Deferred	**487**	2,008	**5,181**
Total income taxes	**4,620**	8,989	**49,149**
NET INCOME BEFORE MINORITY INTERESTS	**7,597**	9,103	**80,819**
MINORITY INTERESTS IN NET INCOME	**19**	19	**202**
NET INCOME	**¥ 7,578**	¥ 9,084	**$ 80,617**
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.t and 17):			
Basic net income	**¥25.69**	¥30.79	**$0.27**
Cash dividends applicable to the year	**9.00**	8.00	**0.10**

See notes to consolidated financial statements.

Shimadzu Corporation and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income

Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2013	2012	2013
NET INCOME BEFORE MINORITY INTERESTS	¥ 7,597	¥9,103	$ 80,819
OTHER COMPREHENSIVE INCOME (LOSS) (Note 16):			
Unrealized gain (loss) on available-for-sale securities	1,548	(339)	16,468
Foreign currency translation adjustments	5,352	(1,451)	56,936
Total other comprehensive income (loss)	6,900	(1,790)	73,404
COMPREHENSIVE INCOME (Note 16)	¥14,497	¥7,313	$154,223
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 16):			
Owners of the parent	¥14,460	¥7,296	$153,829
Minority interests	37	17	394

See notes to consolidated financial statements.

Shimadzu Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity

Year Ended March 31, 2013

		Millions of Yen			
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
BALANCE, APRIL 1, 2011	295,012,668	¥26,649	¥35,188	¥105,245	¥(681)
Net income				9,084	
Cash dividends, ¥8.0 per share				(2,361)	
Purchase of treasury stock	(27,683)				(18)
Net change in the year					
BALANCE, MARCH 31, 2012	294,984,985	26,649	35,188	111,968	(699)
Change of scope of consolidation				**(5)**	
Effect of change of the fiscal year end of consolidated subsidiaries				**19**	
Net income				**7,578**	
Cash dividends, ¥8.5 per share				**(2,507)**	
Purchase of treasury stock					**(17)**
Net change in the year	**(27,199)**				
BALANCE, MARCH 31, 2013	**294,957,786**	**¥26,649**	**¥35,188**	**¥117,053**	**¥(716)**

	Thousands of U.S. Dollars (Note 3)			
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
BALANCE, MARCH 31, 2012	$283,500	$374,340	$1,191,149	$(7,436)
Change of scope of consolidation			**(53)**	
Effect of change of the fiscal year end of consolidated subsidiaries			**202**	
Net income			**80,617**	
Cash dividends, $0.09 per share			**(26,670)**	
Purchase of treasury stock				**(181)**
Net change in the year				
BALANCE, MARCH 31, 2013	**$283,500**	**$374,340**	**$1,245,245**	**$(7,617)**

See notes to consolidated financial statements.

	Millions of Yen				
	Accumulated Other Comprehensive Income (Loss)				
	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2011	¥2,334	¥(12,305)	¥156,430	¥223	¥156,653
Net income			9,084		9,084
Cash dividends, ¥8.0 per share			(2,361)		(2,361)
Purchase of treasury stock			(18)		(18)
Net change in the year	(338)	(1,449)	(1,787)	(2)	(1,789)
BALANCE, MARCH 31, 2012	1,996	(13,754)	161,348	221	161,569
Change of scope of consolidation			**(5)**		**(5)**
Effect of change of the fiscal year end of consolidated subsidiaries			**19**		**19**
Net income			**7,578**		**7,578**
Cash dividends, ¥8.5 per share			**(2,507)**		**(2,507)**
Purchase of treasury stock			**(17)**		**(17)**
Net change in the year	**1,548**	**5,334**	**6,882**	**(89)**	**6,793**
BALANCE, MARCH 31, 2013	**¥3,544**	**¥ (8,420)**	**¥173,298**	**¥132**	**¥173,430**

	Thousands of U.S. Dollars (Note 3)				
	Accumulated Other Comprehensive Income (Loss)				
	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2012	$21,234	$(146,319)	$1,716,468	$2,351	$1,718,819
Change of scope of consolidation			**(53)**		**(53)**
Effect of change of the fiscal year end of consolidated subsidiaries			**202**		**202**
Net income			**80,617**		**80,617**
Cash dividends, $0.09 per share			**(26,670)**		**(26,670)**
Purchase of treasury stock			**(181)**		**(181)**
Net change in the year	**16,468**	**56,745**	**73,213**	**(946)**	**72,267**
BALANCE, MARCH 31, 2013	**$37,702**	**$ (89,574)**	**$1,843,596**	**$1,405**	**$1,845,001**

See notes to consolidated financial statements.

Shimadzu Corporation and Consolidated Subsidiaries

Consolidated Statement of Cash Flows

Year Ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥12,217	¥18,092	$129,968
Adjustments for:			
Income taxes paid	(5,698)	(7,021)	(60,617)
Impairment losses on goodwill, and property, plant and equipment	1,010		10,745
Depreciation and amortization	7,910	7,969	84,149
Accrued bonuses	(450)	96	(4,787)
Provision for retirement benefits for employees	(789)	(559)	(8,394)
Foreign exchange gain (loss), net	(105)	4	(1,117)
Allowance for doubtful receivables	(312)	452	(3,319)
Changes in assets and liabilities:			
Increase in trade receivables	(1,159)	(6,724)	(12,330)
Decrease (increase) in inventories	2,428	(7,520)	25,830
(Decrease) increase in trade payables	(3,123)	2,403	(33,223)
Other, net	99	1,614	1,052
Total adjustments	(189)	(9,286)	(2,011)
Net cash provided by operating activities	12,028	8,806	127,957
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment, and other assets	89	131	947
Purchases of property, plant and equipment, and other assets	(7,740)	(7,438)	(82,340)
Purchases of investment securities	(504)	(751)	(5,362)
Purchase of investments in capital of subsidiaries	(196)		(2,085)
Payments made to long-term loan receivables	(21)	(11)	(223)
Collection of long-term loan receivables	242	472	2,574
Other, net	230	(302)	2,446
Net cash used in investing activities	(7,900)	(7,899)	(84,043)
FORWARD	¥ 4,128	¥ 907	$ 43,914

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2013	2012	2013
FORWARD	¥ 4,128	¥ 907	$ 43,914
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term borrowings	10,971	(1,300)	116,713
Borrowings of long-term debt	900	1,244	9,574
Repayments of long-term debt	(1,406)	(2,234)	(14,957)
Issuance of commercial paper	11,000	7,000	117,021
Redemption of commercial paper	(11,000)	(7,000)	(117,021)
Redemption of bonds	(10,000)		(106,383)
Cash dividends paid	(2,513)	(2,371)	(26,734)
Redemption of construction cooperation fund	(354)	(335)	(3,766)
Other, net	1	118	10
Net cash used in financing activities	(2,401)	(4,878)	(25,543)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2,143	(495)	22,799
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,870	(4,466)	41,170
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARY, BEGINNING OF YEAR	47		500
INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE OF THE FISCAL YEAR END OF CONSOLIDATED SUBSIDIARIES	169		1,798
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,756	34,222	316,553
CASH AND CASH EQUIVALENTS, END OF YEAR	¥33,842	¥29,756	$360,021

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended March 31, 2013

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Shimadzu Corporation (the "Company") and its significant subsidiaries (together, the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform to the classifications used in 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidation* - The consolidated financial statements as of March 31, 2013, include the accounts of the Company and its 28 (28 in 2012) domestic subsidiaries and 44 (43 in 2012) foreign subsidiaries. Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in 2 (3 in 2012) unconsolidated subsidiaries and 3 (3 in 2012) associated companies are stated at cost. The effect on the consolidated financial statements of not applying the equity method is immaterial.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

For the year ended March 31, 2013, Shimadzu (Asia Pacific) Pte Ltd. and 4 other subsidiaries changed their fiscal year end from December 31 to March 31. The Group included the subsidiaries' operating results for the 12-month period from April 1, 2012 to March 31, 2013 in the consolidated statement of income and included their operating results for the 3-month period from January 1, 2012 to March 31, 2012 in the consolidated statement of changes in equity directly as retained earnings, and change in cash and cash equivalents in the consolidated statement of cash flows as increase in cash and cash equivalents resulting from change of the fiscal year end of consolidated subsidiaries.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements*** - In May 2006, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of research and development; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if contained in net income.

c. *Cash Equivalents* - Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits that mature or become due within three months of the date of acquisition.

d. *Investment Securities* - Investment securities are classified and accounted for, depending on management's intent, as follows:

Available-for-sale securities, which represent securities not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. *Inventories* - Inventories are principally stated at the lower of cost, using the periodic average method or net selling value.

f. *Property, Plant and Equipment* - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method based on the estimated useful lives of the assets, except that the straight-line method is applied to the buildings and lease assets of the Company and its consolidated domestic subsidiaries.

Property, plant and equipment acquired by the Company and its consolidated domestic subsidiaries on or after April 1, 2012 are depreciated substantially by the declining-balance method, except that the straight-line method is applied to the buildings, in accordance with the revised corporate tax law, which is effective for fiscal years beginning on or after April 1, 2012. The effect of this treatment was immaterial.

Foreign subsidiaries compute depreciation by the straight-line method based on the estimated useful lives of the assets.

The range of useful lives is principally from 3 to 75 years for buildings and structures, from 4 to 17 years for machinery, equipment and vehicles and from 2 to 15 years for tools, furniture and fixtures. The useful lives for lease assets are the terms of the respective leases.

g. *Long-Lived Assets* - The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

h. *Goodwill* - Goodwill is amortized using the straight-line method over 20 years, while immaterial amounts of goodwill are charged to income as incurred. Goodwill is included in the other assets among the investments and other assets section of the consolidated balance sheet.

i. *Software* - Software costs for internal use are capitalized and amortized by the straight-line method over the estimated useful lives of 5 years.

j. *Retirement and Pension Plans* - The Company and certain domestic subsidiaries have three retirement and pension plans covering most of their employees, consisting of the cash balance type of defined benefit pension plan, lump-sum severance payment plan and defined contribution plan or an advance payment system. Under defined contribution plan or an advance payment system, employees can adopt whichever they consider more preferable. Other domestic subsidiaries have non-contributory funded pension plan and lump-sum severance payment plan. Certain foreign subsidiaries have non-contributory funded pension plan.

The Group which has non-contributory funded pension plan accounted for retirement benefits based on projected benefit obligations and plan assets at the consolidated balance sheet date.

The Company has an employees' retirement benefit trust for payments of retirement benefits. The securities that were contributed to and held in this trust are qualified as plan assets.

Domestic subsidiaries provide for the liability at the amount that would be required if all directors and Audit & Supervisory Board members terminated their offices at the end of each financial period. The accrued provisions are not funded and any amounts payable upon retirement are included in other long-term liabilities as of March 31, 2013 and 2012.

k. *Asset Retirement Obligations* - In March 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under these accounting standards, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

l. *Research and Development Costs* - Research and development costs are charged to income as incurred.

m. *Allowance for Doubtful Receivables* - The allowance for doubtful receivables is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

n. Leases - In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized by recognizing lease assets and lease obligations in the balance sheet.

The Company and the consolidated domestic subsidiaries applied the revised accounting standard effective April 1, 2008.

All other leases are accounted for as operating leases.

o. Income Taxes - The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

The Group files a tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

p. Appropriations of Retained Earnings - Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

q. Foreign Currency Transactions - All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income in the period in which they occur.

r. Foreign Currency Financial Statements - The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical exchange rates. Differences arising from such translation are shown as "Foreign currency translation adjustments" in accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.

s. Derivatives - The Group uses derivative financial instruments to manage their exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risk. The Group does not enter into derivatives for trading or speculative purposes.

Foreign currency forward contracts are measured at fair value and the unrealized gains/losses are recognized in income.

t. Per-Share Information - Basic net income per share ("EPS") is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not presented as there are not any dilutive securities outstanding.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

u. New Accounting Pronouncements

Accounting Standard for Retirement Benefits - On May 17, 2012, the ASBJ issued ASBJ Statement No. 26 "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Under these revised accounting standards, accounting treatment of unrecognized actuarial gain or loss and past service cost, calculation method of retirement benefit obligations and service cost, and disclosures were mainly revised. These revisions were made considering the viewpoint of enhancing financial reporting and international convergence of accounting standards.

This revision has impacts on the consolidated financial statements. Equity in the consolidated balance sheet and comprehensive income in the consolidated statement of comprehensive income are expected to be changed mainly because actuarial gains and losses and past service costs shall be recognized as other comprehensive income when occurring. The Company also plans to change the period attribution policy to the method under the plan's benefit formula and the base period of discount rate to the weighted-average period considering each expected payment of retirement benefit. This accounting standard and the guidance are effective for the fiscal year beginning on April 1, 2013. The Company expects to apply the revised accounting standard from the fiscal year beginning on April 1, 2013, and is now evaluating the impacts of the adoption on the consolidated financial statements.

3. U.S. DOLLAR AMOUNTS

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥94 to $1, the approximate rate of exchange at March 31, 2013. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

4. INVESTMENT SECURITIES

Investment securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Non-current:			
Equity securities	**¥11,573**	¥8,856	**$123,117**
Debt securities	**20**	20	**213**
Total	**¥11,593**	¥8,876	**$123,330**

The cost and aggregate fair values of investment securities as of March 31, 2013 and 2012, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2013				
Securities classified as:				
Available-for-sale -				
equity securities	**¥5,808**	**¥5,507**	**¥105**	**¥11,210**
March 31, 2012				
Securities classified as:				
Available-for-sale -				
equity securities	¥5,359	¥3,355	¥324	¥8,390

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2013				
Securities classified as:				
Available-for-sale -				
equity securities	**$61,787**	**$58,585**	**$1,117**	**$119,255**

5. INVENTORIES

Inventories as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Merchandise and finished goods	**¥35,201**	¥33,348	**$374,478**
Work in process	**18,527**	19,360	**197,096**
Raw materials and supplies	**15,881**	16,365	**168,947**
Total	**¥69,609**	¥69,073	**$740,521**

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings primarily consisted of bank overdrafts and financing agreements with banks which are renewable on an annual basis and bear interest at annual rates ranging from 0.46% to 10.06% and from 0.48% to 12.88% at March 31, 2013 and 2012, respectively.

Long-term debt as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
1.22% unsecured bonds, due March 2013		¥10,000	
Borrowings, principally from banks, due serially to 2016 with interest rates ranging from 0.69% to 5.00% (from 0.70% to 5.00%, due serially to 2016 at March 31, 2012)	**¥12,463**	12,086	**$132,585**
Obligations under finance leases	**2,104**	1,747	**22,383**
Total	**14,567**	23,833	**154,968**
Less current portion	**(1,542)**	(11,149)	**(16,404)**
Long-term debt, less current portion	**¥13,025**	¥12,684	**$138,564**

Annual maturities of long-term debt outstanding as of March 31, 2013 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	**¥ 1,542**	**$ 16,405**
2015	**11,854**	**126,106**
2016	**680**	**7,234**
2017	**307**	**3,266**
2018	**159**	**1,691**
2019 and thereafter	**25**	**266**
Total	**¥14,567**	**$154,968**

As of March 31, 2013, the following assets were pledged as collateral for long-term deposit and other current liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Buildings - net of accumulated depreciation	¥3,850	$40,957
Related liabilities:		
Other current liabilities	¥ 333	$ 3,543
Long-term deposit	4,539	48,287
Total	¥4,872	$51,830

7. IMPAIRMENT LOSS ON GOODWILL, AND PROPERTY, PLANT AND EQUIPMENT

The Group recognized impairment losses as follows:

March 31, 2013

Location	Usage	Description	Millions of Yen	Thousands of U.S. Dollars
Kyoto city	Business assets (Industrial Machinery)	Goodwill	¥766	$8,149
Ishikawa Prefecture and other	Idle assets	Land	244	2,596

The long-lived assets are basically grouped by business segments of management accounting. The Group has recognized impairment losses on business assets due to the fact that originally expected revenue in the business plan studied when the Group took over the business is no longer expected and on idle assets due to a significant decline in their market value by recording these impairment losses as extraordinary loss.

The full amount of unamortized balance of goodwill is impaired and recognized as an impairment loss.

The net realizable value for idle assets is based on their net selling price. The selling price is estimated by using their disposal price.

8. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees. In addition, consolidated domestic subsidiaries have severance payment plans for directors and Audit & Supervisory Board members. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the basic rate of pay at the time of termination, length of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated domestic subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age or certain other conditions.

The liability for retirement benefits at March 31, 2013 and 2012, for directors and Audit & Supervisory Board members is ¥277 million ($2,947 thousand) and ¥260 million, respectively. The retirement benefits for directors and Audit & Supervisory Board members are paid subject to the approval of the shareholders of each subsidiary.

The liability for employees' retirement benefits as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥46,928	¥47,704	$499,234
Fair value of plan assets	(28,713)	(24,781)	(305,457)
Unrecognized prior service cost	2,322	2,642	24,702
Unrecognized actuarial loss	(6,621)	(11,037)	(70,436)
Net liability	¥13,916	¥14,528	$148,043

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥2,505	¥2,502	$26,649
Interest cost	888	915	9,447
Expected return on plan assets	(385)	(449)	(4,097)
Amortization of prior service cost	(320)	(320)	(3,404)
Recognized actuarial loss	1,273	1,266	13,543
Net periodic benefit costs	¥3,961	¥3,914	$42,138
Defined contribution pension expense	464	424	4,936
Total	¥4,425	¥4,338	$47,074

Assumptions used for the years ended March 31, 2013 and 2012, were set forth as follows:

	2013	2012
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	1.0%	1.6%
Amortization period of prior service cost	15 years	15 years
Recognition period of actuarial gain (loss)	15 years	15 years

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus
The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights
The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥9,659 million ($102,755 thousand) and ¥8,884 million for the years ended March 31, 2013 and 2012, respectively.

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 38% for the year ended March 31, 2013, and 41% for the year ended March 31, 2012.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Current:			
Deferred tax assets:			
Accrued bonuses	¥2,129	¥2,290	$22,649
Unrealized profit included in inventories	1,330	1,494	14,149
Loss on devaluation of inventories	905	959	9,628
Enterprise taxes	143	239	1,521
Allowance for doubtful receivables	217	247	2,309
Other	2,097	1,712	22,308
Total	6,821	6,941	72,564
Less valuation allowance	(262)	(204)	(2,787)
Total deferred tax assets	¥6,559	¥6,737	$69,777
Deferred tax liability	¥ 25	¥ 36	$ 266
Net deferred tax assets	¥6,536	¥6,702	$69,532
Net deferred tax liabilities (included in other current liabilities)	¥ 2	¥ 1	$ 21
Noncurrent:			
Deferred tax assets:			
Liability for retirement benefits	¥10,542	¥10,811	$112,149
Depreciation	2,695	2,584	28,670
Tax loss carryforwards	407	538	4,330
Loss on impairment of long-lived assets	236	166	2,511
Other	947	977	10,074
Total	14,827	15,076	157,734
Less valuation allowance	(1,319)	(1,380)	(14,032)
Total deferred tax assets	¥13,508	¥13,696	$143,702

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax liabilities:			
Gain on securities contributed to employees' retirement benefit trust	¥3,600	¥3,600	$38,298
Special reserves (included in retained earnings)	273	274	2,904
Unrealized gain on available-for-sale securities	1,858	1,035	19,766
Other	182	202	1,936
Total deferred tax liabilities	¥5,913	¥5,111	$62,904
Net deferred tax assets	¥7,776	¥8,776	$82,723
Net deferred tax liabilities (included in other long-term liabilities)	¥ 181	¥ 191	$ 1,925

The above net deferred tax assets and liabilities represented the aggregate amounts of each separate taxpayer's net deferred tax assets or liabilities.

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2012, is as follows:

Normal effective statutory tax rate	40.6%
Income taxes for prior periods	9.5
Effect of tax rate reduction	7.0
Expenses not permanently deductible for income tax purposes	1.3
Per capita inhabitant tax	0.6
Valuation allowance	(1.3)
Tax credit for research and development costs	(4.4)
Difference in subsidiaries' tax rates	(6.6)
Other, net	3.0
Actual effective tax rate	49.7%

The above information for the year ended March 31, 2013, is not shown because the difference between the normal effective statutory tax rate and the actual effective tax rate is immaterial.

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 41% to 38% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 36% afterwards.

Prior years' income tax recorded in the year ended March 31, 2012 is primarily related to a tax assessment for transfer pricing taxation from a foreign subsidiary during a period of 6 years from the year ended March 31, 2005.

12. LEASES

LESSEE

The Group leases certain office space, computer equipment and other assets.

Total rental expenses for the years ended March 31, 2013 and 2012, were ¥5,422 million ($57,681 thousand) and ¥5,094 million, respectively.

Future minimum payments under noncancelable operating leases as of March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 676	¥ 595	$ 7,191
Due after one year	809	1,001	8,607
Total	¥1,485	¥1,596	$15,798

LESSOR

Future lease income under noncancelable operating leases as of March 31, 2013 and 2012, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 947	¥1,049	$10,074
Due after one year	639	1,585	6,798
Total	¥1,586	¥2,634	$16,872

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group Policy for Financial Instruments

The Group uses financial instruments such as loans from banks, bonds and commercial papers. Cash surpluses, if any, are invested in low-risk financial assets such as deposits. Derivatives are used not for speculative purposes but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments and Risk Management for Financial Instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Such customer credit risk is managed by administering the term and balance according to the Group regulations and grasping the collection status early due to the deterioration of the financial situation. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position is hedged by using forward foreign currency contracts. Investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations. The risk is managed by monitoring market values and financial positions of issuers on a regular basis.

Payment terms of payables, such as trade notes and trade accounts, are generally less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currencies as noted above.

Short-term loans and commercial papers are mainly used for operating activities, and long-term loans and bonds are mainly used for investment in property, plant and equipment. A part of such loans is exposed to market risks of interest rate fluctuation. Although payables and loans are exposed to liquidity risk, such risk is managed by making monthly cash flow plans.

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. All derivative transactions are entered into to hedge foreign currency exposures incorporated within the Group business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities except for credit-related market risk.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies under the supervision of the director in charge of the finance department.

The contract or notional amounts of derivatives which are shown in the table at Note 14 do not represent the amounts exchanged by the parties and do not measure the Company's exposure to credit or market risk. Please see Note 14 for more details about derivatives.

(3) Fair Values of Financial Instruments

Carrying amount, fair value and unrealized gain (loss) were as follows. Financial instruments whose fair value cannot be reliably determined are not included in the following table.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Cash and cash equivalents	¥ 33,842	¥ 33,842	
Trade receivables	88,781	88,431	¥(350)
Investment securities	11,210	11,210	
Total	¥133,833	¥133,483	¥(350)
Short-term borrowings	¥ 18,048	¥ 18,048	
Trade notes and accounts payable	48,651	48,651	
Long-term debt:			
Long-term borrowings	11,632	11,716	¥(84)
Total	¥ 78,331	¥ 78,415	¥(84)
Derivatives	¥(209)	¥(209)	

	Millions of Yen		
March 31, 2012	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Cash and cash equivalents	¥ 29,756	¥ 29,756	
Trade receivables	85,435	85,016	¥(419)
Investment securities	8,390	8,390	
Total	¥123,581	¥123,162	¥(419)
Short-term borrowings	¥ 6,989	¥ 6,989	
Current portion of long-term debt:			
Bonds payable	10,000	10,094	¥ (94)
Trade notes and accounts payable	50,046	50,046	
Long-term debt:			
Long-term borrowings	11,556	11,662	(106)
Total	¥ 78,591	¥ 78,791	¥(200)
Derivatives	¥(203)	¥(203)	

	Thousands of U.S. Dollars		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gains (Losses)
Cash and cash equivalents	$ 360,021	$ 360,021	
Trade receivables	944,479	940,756	$(3,723)
Investment securities	119,255	119,255	
Total	$1,423,755	$1,420,032	$(3,723)
Short-term borrowings	$ 192,000	$ 192,000	
Current portion of long-term debt:			
Bonds payable			
Trade notes and accounts payable	517,564	517,564	
Long-term debt:			
Long-term borrowings	123,745	124,638	$(893)
Total	$ 833,309	$ 834,202	$(893)
Derivatives	$(2,223)	$(2,223)	

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Trade Receivables

The fair values of trade receivables are measured at the amount to be determined at maturity discounted at the Group-assumed corporate discount rate.

Investment Securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for the equity instruments. Fair value information for the investment securities by classification is included in Note 4.

Trade Notes and Accounts Payable, and Short-Term Borrowings

The carrying values of trade notes and accounts payable, and short-term borrowings approximate fair value because of their short maturities.

Bonds
The fair values of bonds are measured at the market price.

Long-Term Borrowings
Fixed rate loans are measured at present values of cash flows using the borrowing rate currently available to the Group.

The carrying values of floating rate loans approximate fair value because of their short maturities and the credit standing that is not significantly different from borrowings.

Derivatives
Fair value information for derivatives is included in Note 14.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Investments in equity instruments that do not have a quoted market price in an active market	**¥362**	¥466	**$3,862**
Stocks of subsidiaries and associated companies	**355**	416	**3,777**
Bonds that do not have a quoted market price in an active market	**20**	20	**212**
Total	**¥737**	¥902	**$7,851**

(4) Maturity Analysis for Financial Assets with Contractual Maturities

	Millions of Yen	
March 31, 2013	Due in 1 Year or Less	Due after 1 Year
Cash and cash equivalents	¥ 33,842	
Trade receivables	87,674	¥1,107
Investment securities:		
Bonds that do not have a quoted market price in an active market		20
Total	¥121,516	¥1,127

	Thousands of U.S. Dollars	
March 31, 2013	Due in 1 Year or Less	Due after 1 Year
Cash and cash equivalents	$ 360,021	
Trade receivables	932,702	$11,777
Investment securities:		
Bonds that do not have a quoted market price in an active market		212
Total	$1,292,723	$11,989

Please see Note 6 for annual maturities of long-term borrowings.

14. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. All derivative transactions are entered into to hedge foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities except for credit-related market risk.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies under the supervision of the director in charge of the finance department.

The contract or notional amounts of derivatives which are shown in the following table do not represent the amounts exchanged by the parties and do not measure the Company's exposure to credit or market risk.

The Company has the following derivative contracts outstanding as of March 31, 2013 and 2012:

	2013			
	In Thousands		Millions of Yen	
	Contract or Notional Amount		Fair Value	Unrealized Gains (Losses)
Forward exchange contracts:				
Selling USD	**USD**	**57,917**	**¥(191)**	**¥(191)**
Selling Euro	**EUR**	**13,500**	**(18)**	**(18)**
Buying Euro	**EUR**			
Buying Japanese Yen	**JPY**	**4,494**	**5**	

	2012			
	In Thousands		Millions of Yen	
	Contract or Notional Amount		Fair Value	Unrealized Gains (Losses)
Forward exchange contracts:				
Selling USD	USD	69,156	¥(140)	¥(140)
Selling Euro	EUR	9,000	(63)	(63)
Buying Euro	EUR	34	(60)	(60)
Buying Japanese Yen	JPY	411		

	2013			
	In Thousands		Thousands of U.S. Dollars	
	Contract or Notional Amount		Fair Value	Unrealized Gains (Losses)
Forward exchange contracts:				
Selling USD	**USD**	**57,917**	**$(2,032)**	**$(2,032)**
Selling Euro	**EUR**	**13,500**	**(191)**	**(191)**
Buying Euro	**EUR**			
Buying Japanese Yen	**JPY**	**4,494**	**53**	

The fair value is estimated based on quotes from financial institutions.

15. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2013, for trade notes discounted with banks amount to ¥600 million ($6,383 thousand).

On January 16, 2013, in response to inquiries from the Japanese Ministry of Defense ("MOD") about cost accumulation at the aircraft equipment division, it was revealed that the Company had been overbilling project costs by reporting excessive man-hours concerning various contracts which the Company entered into with the MOD regarding aircraft equipment. The Company received a notification from the MOD that the Company is suspended from further projects effective on January 25, 2013. So, the Company has launched an internal investigation committee to obtain an overview of the excessive claims and to determine the causes. On the other hand, the amount of refunds payable will be calculated by a special investigation of the MOD.

The Company will cooperate for the early calculation of the refunds payable by submitting information and data necessary to the special investigation. However, there is huge amount of past contract information and man-hour information, and there are not only those projects that the Company had overbilled by reporting excessive man-hours but also projects that the Company had underbilled by reporting less working time; the Company is currently analyzing these projects and is verifying the documents submitted. The Company will describe its views on the calculation methods as well as submitting the data concerning for these projects. Therefore, the main assumptions of the calculations, such as the projects involved, periods of calculation, method of calculation of the expense ratio and calculation units of refunds payable have not been determined and it will take another few months before starting the calculation of refunds payable.

The Company has not recorded any provision as of March 31, 2013, since the amount of liability cannot be reasonably estimated for the calculation method of refunds payable and the range of penalties and interest that may be incurred have not yet been determined.

For the next fiscal year, this contingency may have a material impact on the Company's consolidated financial position and results of operation when it becomes possible to reasonably estimate the amount of such refunds payable as the MOD investigation progresses.

16. COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	**2013**
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	**¥2,321**	¥(902)	**$24,692**
Reclassification adjustments to profit or loss	**49**	100	**521**
Amount before income tax effect	**2,370**	(802)	**25,213**
Income tax effect	**(822)**	463	**(8,745)**
Total	**¥1,548**	¥(339)	**$16,468**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥5,352**	¥(1,493)	**$56,936**
Reclassification adjustments to profit or loss		42	
Total	**¥5,352**	¥(1,451)	**$56,936**
Total other comprehensive income (loss)	**¥6,900**	¥(1,790)	**$73,404**

17. NET INCOME PER SHARE

	Millions of Yen	Thousands of Shares	Yen	Dollars
	Net Income	Weighted-Average Shares	EPS	
Year Ended March 31, 2013:				
Basic EPS				
Net income available to common shareholders	**¥7,578**	**294,970**	**¥25.69**	**$0.27**
Year Ended March 31, 2012:				
Basic EPS				
Net income available to common shareholders	¥9,084	294,999	¥30.79	

Diluted EPS for the years ended March 31, 2013 and 2012, is not disclosed because no dilutive securities are outstanding.

18. SUBSEQUENT EVENTS

a. Appropriation of Retained Earnings

On May 10, 2013, the Board of Directors of the Company resolved to propose a cash dividend of ¥4.5 ($0.04) per share to shareholders of record as of March 31, 2013, or total of ¥1,327 million ($14,117 thousand), for approval at the general shareholders meeting to be held on June 27, 2013.

Appropriations of retained earnings as of March 31, 2013, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥4.5 ($0.04) per share	¥1,327	$14,117

b. Agreement under Mutual Agreement Procedure between Japan and Singapore Relating to Transfer Pricing Taxation

The Company received an amended assessment from the Osaka Regional Taxation Bureau, for the transactions between the Company and its Singapore subsidiary for six fiscal years from April 2004 to March 2010. The amount of income deemed to have been transferred to Singapore was approximately ¥4.4 billion ($47 million) and the total additional tax was approximately ¥1.7 billion ($18 million). The amount was paid and expensed in July and August 2011. The Company subsequently filed a request with the Japan National Tax Agency ("NTA") to implement the Mutual Agreement Procedure between Japan and Singapore ("MAP") proceeding.

In April 2013, the Company received a notice from NTA informing that an agreement has been reached through MAP concerning the transfer pricing taxation relating to profit derived from the above-mentioned transactions.

As a result of this mutual agreement, double taxation was eliminated and the amount of income deemed to have been transferred to Singapore was reduced to approximately ¥2.5 billion ($27 million). The total tax refund to be received is estimated at approximately ¥1.2 billion ($13 million).

19. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of Analytical and Measuring Instruments, Medical Systems and Equipment, Aircraft Equipment and Industrial Machinery.

(2) Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

During the consolidated fiscal year ended March 31, 2013, the allocation method of the research and development expense was changed to facilitate creation of a new business, and a part of the research and development expense previously allocated to reporting segments is included in "reconciliations."

Due to this change, the segment information for the fiscal year ended March 31, 2012 was prepared according to the revised allocation method.

(3) Information about Sales, Profit (Loss), Assets and Other Items

	Millions of Yen				
	2013				
	Reportable Segment				
	Analytical and Measuring Instruments	Medical Systems and Equipment	Aircraft Equipment	Industrial Machinery	Total
Sales:					
Sales to external customers	**¥153,913**	**¥55,123**	**¥23,125**	**¥24,443**	**¥256,604**
Intersegment sales or transfers	**40**	**35**	**60**	**40**	**175**
Total	**153,953**	**55,158**	**23,185**	**24,483**	**256,779**
Segment profit (loss)	**12,638**	**1,910**	**(1,410)**	**179**	**13,317**
Segment assets	**132,658**	**56,732**	**46,619**	**26,325**	**262,334**
Other:					
Depreciation	**3,987**	**1,550**	**1,063**	**887**	**7,487**
Increase in property, plant and equipment and intangible assets	**4,347**	**1,990**	**1,443**	**1,156**	**8,936**

	Millions of Yen				
	2012				
	Reportable Segment				
	Analytical and Measuring Instruments	Medical Systems and Equipment	Aircraft Equipment	Industrial Machinery	Total
Sales:					
Sales to external customers	¥153,249	¥50,601	¥26,459	¥28,727	¥259,036
Intersegment sales or transfers	72	21	68	56	217
Total	153,321	50,622	26,527	28,783	259,253
Segment profit	15,131	987	395	1,395	17,908
Segment assets	126,542	53,082	42,878	30,040	252,542
Other:					
Depreciation	4,115	1,427	1,126	824	7,492
Increase in property, plant and equipment and intangible assets	4,201	2,347	1,235	802	8,585

	Thousands of U.S. Dollars				
	2013				
	Reportable Segment				
	Analytical and Measuring Instruments	Medical Systems and Equipment	Aircraft Equipment	Industrial Machinery	Total
Sales:					
Sales to external customers	**$1,637,372**	**$586,415**	**$246,011**	**$260,032**	**$2,729,830**
Intersegment sales or transfers	**426**	**372**	**638**	**426**	**1,862**
Total	**1,637,798**	**586,787**	**246,649**	**260,458**	**2,731,692**
Segment profit (loss)	**134,447**	**20,319**	**(15,000)**	**1,904**	**141,670**
Segment assets	**1,422,766**	**601,340**	**487,277**	**279,436**	**2,790,819**
Other:					
Depreciation	**42,415**	**16,489**	**11,309**	**9,436**	**79,649**
Increase in property, plant and equipment and intangible assets	**46,245**	**21,170**	**15,351**	**12,298**	**95,064**

	Millions of Yen			
	2013			
	Other	Total	Reconciliations	Consolidated
Sales:				
Sales to external customers	¥ 7,445	¥264,049		¥264,049
Intersegment sales or transfers	1,097	1,272	¥(1,272)	
Total	8,542	265,321	(1,272)	264,049
Segment profit (loss)	1,488	14,805	(2,688)	12,117
Segment assets	12,095	274,429	25,831	300,260
Other:				
Depreciation	423	7,910		7,910
Increase in property, plant and equipment and intangible assets	211	9,147		9,147

	Millions of Yen			
	2012			
	Other	Total	Reconciliations	Consolidated
Sales:				
Sales to external customers	¥ 7,220	¥266,256		¥266,256
Intersegment sales or transfers	1,167	1,384	¥(1,384)	
Total	8,387	267,640	(1,384)	266,256
Segment profit	1,452	19,360	6	19,366
Segment assets	13,583	266,125	24,715	290,840
Other:				
Depreciation	477	7,969		7,969
Increase in property, plant and equipment and intangible assets	326	8,911		8,911

	Thousands of U.S. Dollars			
	2013			
	Other	Total	Reconciliations	Consolidated
Sales:				
Sales to external customers	$ 79,202	$2,809,032		$2,809,032
Intersegment sales or transfers	11,670	13,532	$(13,532)	
Total	90,872	2,822,564	(13,532)	2,809,032
Segment profit (loss)	15,830	157,500	(28,595)	128,905
Segment assets	128,638	2,919,457	274,799	3,194,256
Other:				
Depreciation	4,500	84,149		84,149
Increase in property, plant and equipment and intangible assets	2,245	97,309		97,309

Note:
"Reconciliations" of segment profit include the eliminations of intersegment transactions of ¥2,688 million ($28,596 thousand) and ¥6 million as of March 31, 2013 and 2012, respectively. "Reconciliations" of segment assets include the eliminations of intersegment receivables of ¥2,379 million ($25,309 thousand) and ¥2,313 million and unallocated corporate assets of ¥28,210 million ($300,106 thousand) and ¥27,028 million as of March 31, 2013 and 2012, respectively, consisting principally of working funds and investing funds held by the Company and assets attributed to Company's administration headquarters.

Segment profit has been adjusted to the operating income of the consolidated financial statements.

(4) The Geographical Segments of the Group

	Millions of Yen						
	Japan	North and South America	Europe	China	Other Asia	Other	Total
2013	**¥150,580**	**¥27,521**	**¥17,557**	**¥39,036**	**¥19,838**	**¥9,517**	**¥264,049**

	Millions of Yen						
	Japan	North and South America	Europe	China	Other Asia	Other	Total
2012	¥157,623	¥25,205	¥19,178	¥37,276	¥19,011	¥7,963	¥266,256

	Thousands of U.S. Dollars						
	Japan	North and South America	Europe	China	Other Asia	Other	Total
2013	**$1,601,915**	**$292,777**	**$186,777**	**$415,277**	**$211,043**	**$101,243**	**$2,809,032**

(5) The Amortization and the Balance of Goodwill of the Group

	Millions of Yen						
	Analytical and Measuring Instruments	Medical Systems and Equipment	Aircraft Equipment	Industrial Machinery	Other	Elimination/ Corporate	Total
Amortization of goodwill		**¥ 20**		**¥105**			**¥125**
Goodwill at March 31, 2013		**346**					**346**

	Millions of Yen						
	Analytical and Measuring Instruments	Medical Systems and Equipment	Aircraft Equipment	Industrial Machinery	Other	Elimination/ Corporate	Total
Amortization of goodwill		¥ 19		¥ 52			¥ 71
Goodwill at March 31, 2012		356		818			1,174

	Thousands of U.S. Dollars						
	Analytical and Measuring Instruments	Medical Systems and Equipment	Aircraft Equipment	Industrial Machinery	Other	Elimination/ Corporate	Total
Amortization of goodwill		**$ 213**		**$1,117**			**$1,330**
Goodwill at March 31, 2013		**3,681**					**3,681**

(6) The impairment losses on assets of the Group

	Millions of Yen 2013						
	Analytical and Measuring Instruments	Medical Systems and Equipment	Aircraft Equipment	Industrial Machinery	Other	Elimination/ Corporate	Total
Impairment losses on assets	**¥127**	**¥58**	**¥42**	**¥783**			**¥1,010**

	Thousands of U.S. Dollars 2013						
	Analytical and Measuring Instruments	Medical Systems and Equipment	Aircraft Equipment	Industrial Machinery	Other	Elimination/ Corporate	Total
Impairment losses on assets	**$1,351**	**$617**	**$447**	**$8,330**			**$10,745**

Deloitte.

Deloitte Touche Tohmatsu LLC
Shijokarasuma FT Square
20, Naginataboko-cho
Karasuma-higashiiru, Shijo-dori
Shimogyo-ku, Kyoto 600-8008
Japan

Tel: +81 (75) 222 0181
Fax: +81 (75) 231 2703
www.deloitte.com/jp

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Shimadzu Corporation:

We have audited the accompanying consolidated balance sheet of Shimadzu Corporation (the "Company") and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shimadzu Corporation and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

1. As discussed in Note 15 to the consolidated financial statements, it was revealed that the Company had been overbilling project costs by reporting excessive man-hour concerning various contracts which the Company entered into with the Japanese Ministry of Defense ("MOD") regarding the aircraft equipment, and the Company has received a notification by the MOD that the Company is suspended from further projects effective on January 25, 2013. The calculation method of refunds payable and the range of contract penalties and interest that may be incurred have not yet been determined, and the Company has not recorded any provision since the amount of liability cannot be reasonably estimated as of March 31, 2013.
   For the future fiscal year, this contingency may have a material impact on the Company's consolidated financial position and results of operation when it becomes possible to reasonably estimate the amount of such refunds payable as the MOD investigation progresses.
2. As discussed in Note 18 to the consolidated financial statements, in April 2013, the Company received a notice from Japan National Tax Agency informing it that an agreement has been reached through the Mutual Agreement Procedure between Japan and Singapore concerning the transfer pricing taxation relating to profit derived from transactions between the Company and its Singapore subsidiary.

Our opinion is not qualified in respect of these matters.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 3 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 28, 2013

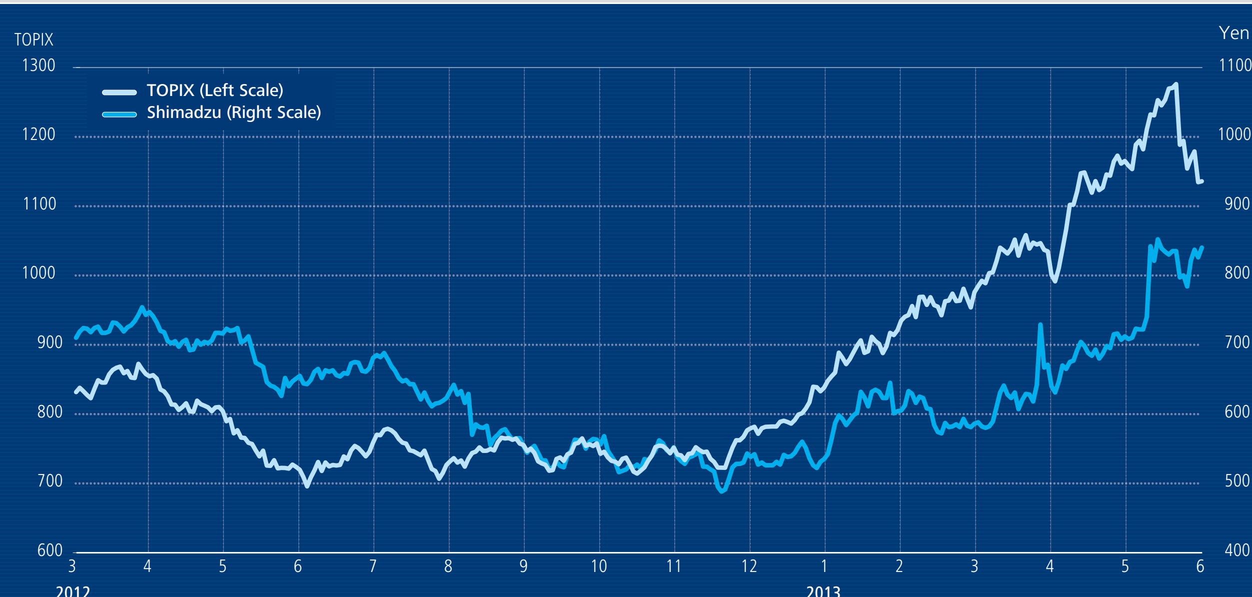
Deloitte Touche Tohmatsu LLC

Member of
Deloitte Touche Tohmatsu Limited

Investor Information (As of March 31, 2013)

Shares of Common Stock:	Authorized: 800,000,000 Issued and Outstanding: 296,070,227
Capital:	¥26.6 billion
Number of Shareholders:	29,772
Transfer Agent of Common Stock:	Mitsubishi UFJ Trust and Banking Corporation
Independent Certified Public Accountants:	Deloitte Touche Tohmatsu LLC
For Further Information, Contact:	Investor Relations Group ir_info@group.shimadzu.co.jp
Annual Meeting of Shareholders:	The annual meeting of shareholders of the Company is normally held in June each year in Kyoto, Japan

Stock Information



¥, except market capitalization

Years ended March 31	2013	2012	2011	2010	2009
Stock price range (Tokyo Stock Exchange)					
High	751	785	808	792	1,204
Low	481	555	555	531	510
Fiscal year-end	671	747	739	749	629
Number of shares (fiscal year-end, in millions)	296	296	296	296	296
Market capitalization (fiscal year-end, in millions of yen)	198,663	221,164	218,796	221,756	186,228
Dividend	9.00	8.00	8.00	7.00	9.00

Shimadzu Corporation

1, Nishinokyo-Kuwabara-cho, Nakagyo-ku,
Kyoto 604-8511, Japan
www.shimadzu.com

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