



Annual Report 2007

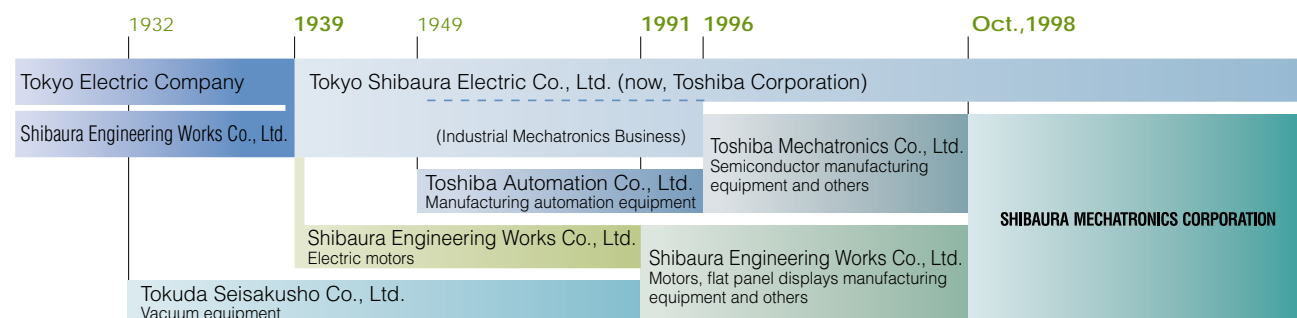
Year ended March 31, 2007

Profile

Shibaura Mechatronics Corporation traces its origins back to 1939, when it was established as Shibaura Engineering Works Co., Ltd. Since that time, the Company has gone through many and diverse changes, including a thoroughgoing reform of its business structure in 1998, when it took its present name and redefined its corporate identity as "The Provider of Infrastructure for The Digital Age". This clearly reflects the Company's role in providing essential manufacturing equipment for electronic components that support social progress.

The 21st century is the age of IT and of the environment. In working to fulfill the demands of the century, the Company is determined to become "e-Shibaura", a truly IT-based enterprise, and "E-Shibaura", an enterprise that places priority on the Earth's environment, and that pursues global business expansion by encouraging innovative attitudes and thinking among employees.

History



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Forward-Looking Statements

This annual report contains forward-looking statements concerning Shibaura Mechatronics' future plans, strategies and performance. These forward-looking statements are not historical facts, rather they represent assumptions and beliefs based on data currently available. Furthermore, they are subject to a number of risks and uncertainties that, relate to economic conditions, worldwide mega-competition in the electronics business, customer demand, foreign currency exchange rates, tax rules, regulations and other factors. Shibaura therefore wishes to caution readers that actual results may differ materially from our expectations.

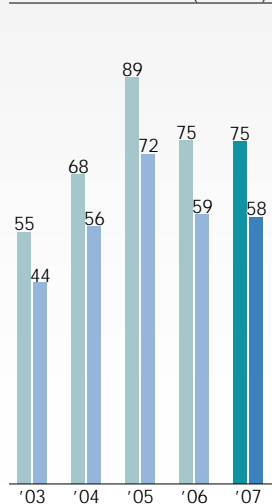
Financial Highlights

	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31, 2007
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Consolidated			
Net sales	¥ 74,663	¥ 74,913	\$ 632,466
Operating income (loss)	(1,630)	5,180	(13,808)
Net income (loss)	(1,047)	3,393	(8,871)
Total assets	73,197	75,151	620,049
Net assets	25,084	27,670	212,483
	(Yen)		(U.S. dollars)
Net income per share (loss)	¥ (20.60)	¥ 66.52	\$ (0.17)
	(Millions of yen)		(Thousands of U.S. dollars)
Non-consolidated			
Net sales	¥ 58,144	¥ 58,663	\$ 492,534
Operating income (loss)	(3,407)	2,451	(28,862)
Net income (loss)	(1,420)	3,436	(12,025)
Total assets	59,946	62,027	507,800
Net assets	21,041	24,360	178,241
	(Yen)		(U.S. dollars)
Net income per share (loss)	¥ (27.93)	¥ 67.58	\$ (0.24)

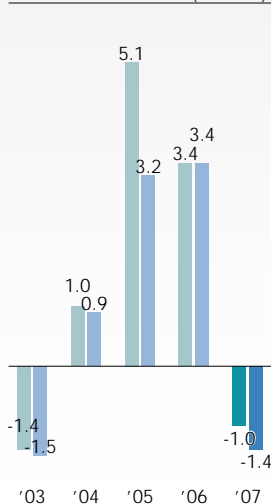
Effective for the year ended March 31, 2007, net assets are presented based on the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board Statement No.5, 2005/12/9) and the "Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Financial Standards Implementation Guidance No.8, 2005/12/9).

Note 1 : The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥118.05 = U.S.\$1.00, as of March 31, 2007.

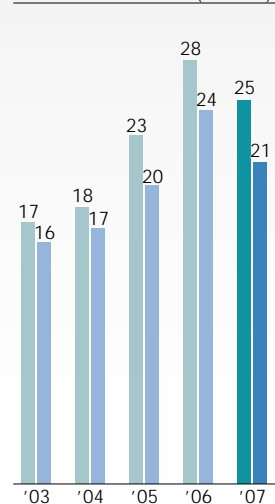
Net Sales (¥Billions)



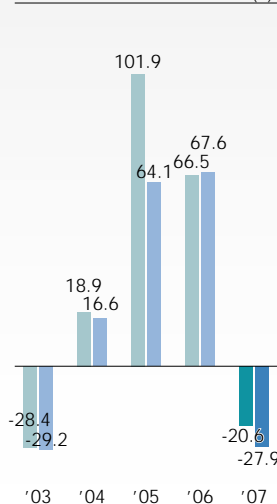
Net Income (¥Billions)



Net Assets (¥Billions)



Net Income Per Share (¥)



Consolidated Non-consolidated



To Our Shareholders


Shibaura Mechatronics, building on its business foundations as "The Provider of Infrastructure for the Digital Age", contributes to the realization of a richer society as an infrastructure provider supporting digitization and a networked society, and by delivering manufacturing equipment for essential electronic components, including flat panel displays, semiconductors and optical discs. Shibaura Mechatronics, building on its business foundations as "The Provider of Infrastructure for the Digital Age", contributes to the realization of a richer society as an infrastructure provider supporting digitization and a networked society, and by delivering manufacturing equipment for essential electronic components, including flat panel displays, semiconductors and optical discs.

In promoting business, Shibaura Mechatronics acts in full accordance with its corporate philosophy : "Innovative in All Things", "Pursuit of Rationality" and "Respect for Humanity", in order to build a global business group characterized by speed and dynamism.

We are concerned to continue to contribute to society through our business activities. In order to achieve this, it is essential to have a solid understanding of the voices of our customers and of rapidly-changing market needs, to respond quickly and flexibly, and to ensure steady implementation of priority measures. Beyond that, we make sure that all employees share our management vision. Doing so allows us to set essential targets, to take full responsibility for achieving the desired results through commitment management, and to achieve our management vision through full compliance with rules and regulations and by observing fair business practices.

Financial Results for the fiscal year ended March 2007

In the fiscal year ended March 2007, Shibaura Mechatronics Group operating results showed consolidated sales decreased by 0.3% from the prior fiscal year to 74.7 billion yen, an operating loss of 1.6 billion yen, and a net loss of 1.0 billion yen. Despite this loss, the dividend was set at the same level as for the prior fiscal year, for a full year dividend of seven yen.



President and Chief Executive Officer
Shigeki Morita

For the fiscal year ended March 2007, we initiated a mid-term business plan rooted in the basic policy of "Achieve continuous growth and reinforce a highly profitable business structure". However, the market for LCD panel manufacturing equipment was characterized by inventory build-up and a fall in panel prices, resulting in strong requests for reductions in equipment prices that were even more reinforced by the emergence of new competitors in South Korea and Taiwan. The Group sought to respond to customers' requests by initiating reviews of manufacturing systems and measures for cost reductions. Not being able to respond to such price erosion with cost reductions, and, furthermore, not meeting customer demands in respect of equipment for larger panels and in the transition to new models, resulted in profit deterioration in the first half of the fiscal year.

In the second half of the fiscal year, reacting to the profit deterioration of the first half, we changed the emphasis in our basic policy from "Achieve continuous growth and reinforce a highly profitable business structure" to "Realize high profitability by reinforcing product appeal and overall productivity". The most pressing issue is to concentrate on improving profit, and we will implement the policies indicated below in order to achieve an early recovery.

1. Reinforce a high profit business structure
2. Improve productivity
3. Cultivate new and growing businesses
4. Reduce assets
5. Human resources strategy
6. Enhance governance

Toward reinforcing the profit structure, we have reorganized design and manufacturing departments, promoted standardization, and made thoroughgoing use of 3D-CAD, amongst other measures, to engineer cost reductions. Beyond this, toward improving productivity and procurement we have been working with our affiliates and business partners to improve plant and equipment. Throughout the company, we have been promoting Procurement Process Innovation including measures to promote overseas supply. We have also reinforced product competitiveness by developing strategic products

integrating technologies such as PI ink jet coater. As a result of these measures the first half consolidated operating loss of 2.2 billion yen was turned around and we achieved a second half consolidated operating profit of 0.6 billion yen.

Future Initiatives

Taking the future market trends in LCD panel and semiconductor manufacturing equipments, we have decided to revolutionize our business structure, from LCD-centered business to one to a balanced structure of the LCD - semiconductor - media - vacuum equipment businesses, in order to achieve a more resilient earning structure. We will position "grow the semiconductor business" "improve profitability in the LCD business" and "cultivate new businesses" as our main policies, and strengthen efforts to promote cost reductions, increase productivity and reinforce Procurement Process Innovation.

To "Grow the semiconductor business" we will raise our share in existing businesses and reinforce our presence in emerging businesses. Capital investment in semiconductor manufacturing is positive, particularly for the memories used in PCs, mobile phones, portable music players, digital cameras and other digital consumer products. In addition, the market is in the midst of growth resulting from migrations to finer process technologies larger wafers, and Shibaura Mechatronics is bringing to market strategic products in such areas as etching equipment, ashing equipment, semiconductor wet process equipment, wafer inspection equipment and die attachment equipment. In addition to this, we are proactively promoting cooperation with major users in equipment for ultra-thin chips and other emerging areas where we plan to expand our business. In order to do that, we are channeling Group resources into the semiconductor business, including personnel, production space and research funds. In the fiscal year ending March 2010, we expect the semiconductor business to generate double the sales that we recorded in the fiscal year ended March 2007, and to grow from 25% of all sales to account for 40% of all sales.

To "improve profitability in the LCD business" we will modify our business strategy, moving from a growth policy to emphasize the importance of profit. Since the fiscal year ended March 2007, we can anticipate positive investment in large sized LCD TVs, but we will also see LCD TV price erosion and increasingly strong demands for price reductions in LCD manufacturing equipment. In order to guarantee profitability in this business environment, we will shift our strategic emphasis from growth to profit, seek to realize continuous cost reductions, reinforce product competitiveness by specializing in strategic products, and promote other measures that will give us a profitable business structure.

To "cultivate new businesses" we will take measures to reinforce our presence in manufacturing equipment for solar batteries and OLED, and in ink jet coaters for the LCD panel and semiconductor businesses. Furthermore, in existing businesses, we will investigate next generation markets and new markets where growth is anticipated, and consider the positive potential of M&A and alliances.

CSR Management

We understand corporate social responsibility as a broad concept that provides a company with essential foundations for continued growth and development, and that embraces such concerns as compliance with laws and regulations, human rights, customer satisfaction, the environment and contributions to society. As such, it is part of all we do. We must communicate with our many stakeholders, our customers, shareholders, the people in the communities where we operate, and our employees. We must constantly consider the role that we ought to play, and promote CSR management as a Value creating Innovative Manufacturer.

Our initiatives in respect of environmental conservation in development, manufacturing and other business activities, include efforts to reduce environmental loads by practicing 3R (Reduce, Reuse, Recycle) and providing environmentally conscious products that support our customers in saving energy and reducing raw materials in their own manufacturing activities. As an Innovative

Manufacturer, we believe we have responsibility for environmental conservation, and for supporting our customers in manufacturing products that impose the lowest possible environmental loads. We will continue to make every effort to bring environmentally conscious products to the market.

Toward New Development

In the business environment surrounding Shibaura Group, technological innovation and the corporate world, economic and social circumstances, all change at a previously unseen pace and scale. In these circumstances, continuous stable growth is not simple. We must interact with the market, respond to the voices of our customers agilely, be ready to change ourselves, and constantly seek ways to create new value and bring it to market. For that reason, sales, development, technology, manufacturing and procurement must become one and promote innovation ; as a result, I am sure, our customers will recognize that Shibaura Group offers value-added manufacturing equipment and services.

We want our shareholders and investors to have positive expectations for the start of our new period of growth, and I hope that we may continue to rely on the support and encouragement that you have extended to us for so long.

August 2007

Shigeki Morita
President and Chief Executive Officer





Domestic and South Korean Factory Completions

As FPD TVs grow in size, make the transition to high definition and become increasingly more affordable, the global market is witnessing fast growing demand. In parallel with this, demand for manufacturing equipment for LCD panels for flat panel TVs has moved beyond the fifth generation glass substrates first realized five years ago to equipment able to handle eighth generation substrate of 2x2 meters plus, and even as large as 3x3 meter substrates. In order to accommodate this dramatic increase in demand for larger, more affordable FPD TV, leading LCD panel manufacturers in Japan, South Korea and Taiwan are planning to boost production - and manufacturing efficiency - of large - scale glass substrates.

At Shibaura Mechatronics, we have reinforced our ability to supply these manufacturers with manufacturing equipment for large-sized LCD panels. At our Yokohama Operations we completed a new facility in February 2007,

with a clean room that is dedicated to production of manufacturing equipment for large-scale substrates.

We are also responding to the needs of manufacturers in South Korea. Our consolidated subsidiary, Shibaura Mechatronics Korea CO., LTD. has recently completed a significant facilities expansion targeting production of large-scale substrate manufacturing equipment.

Shibaura Mechatronics aims to build a total system for supply and after sales service of large-sized LCD panel manufacturing equipment that fully supports our customers in Japan, Korea and Taiwan.

- Yokohama Operations' new facility : 6,100m²
- Shibaura Mechatronics Korea facility expansion : 4,000m²



Yokohama Operations' new facility



Shibaura Mechatronics Korea facility expansion

Business at a Glance

In the fiscal year ended March 2007, our customers in the LCD panel, semiconductor and optical disc industries promoted active capital investment on the strength of steady expansion in markets for digital consumer products, including large-sized LCD TVs, digital cameras, mobile phones, portable audio players and DVD recorders. Despite this, some customers in the semiconductor business postponed capital investments as they made production adjustments, and the optical disc industry let capital investment slump in the face of a need to adjust the supply and demand balance in DVDs, and the issue of standardization of next generation DVD. The cigarette vending machine market was stagnant prior to the introduction of vending machines with a built-in age adult recognition function.

In this business environment, Shibaura Group initially gave first priority to securing new orders and sales.

However, the impact of severe price erosion and additional development costs resulted in severe income deterioration in the first fiscal half. In the course of the second half, we succeeded in improving profitability through cost-cutting measures and reorganizations of design and production systems.

As a result, sales against the previous fiscal year decreased by 0.3% to 74,663 million yen, the operating loss decreased by 6,634 million yen to 1,727 million, and net loss decreased by 4,440 million yen to 1,047 million yen.

Segment Information

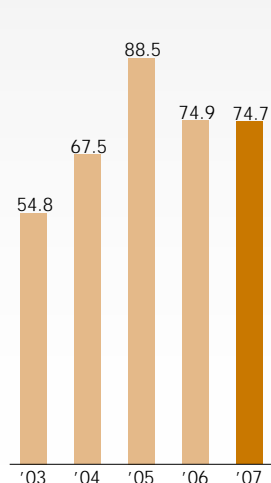
1. Fine Mechatronics Segment

Segment sales increased by 9.8% from the previous fiscal term to 59,118 million yen, while the operating loss decreased by 5,706 million yen to 2,379 million yen.

There was active investment in LCD panel manufacturing equipment, in both the domestic and overseas markets, as companies looked to raise performance and reduce COO by introducing new vertical cleaning equipment, stripping equipment, and PI ink jet coater for larger LCD panels. However, some manufactures subsequently postponed capital investment for production adjustment, due to inventory build up and revenue decreases resulting

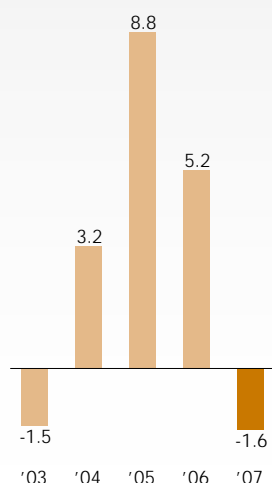
Net Sales

(¥Billions)



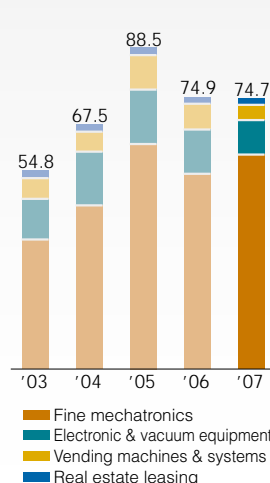
Operating Income

(¥Billions)



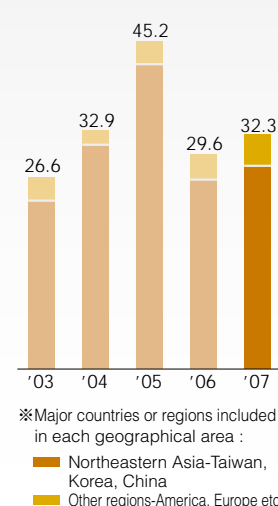
Sales by Segment

(¥Billions)



Overseas Sales by Region

(¥Billions)



from price erosion. They also demanded price cuts in manufacturing equipment that were far outpaced our initial expectations. As a result, the pace of our cost cutting could not keep up with the sharp pace of price cutting in the first half of the fiscal year, and our profit and loss deteriorated. In the second half, we concentrated on promoting cost-cutting measures and improving design and production systems, and succeeded in recovering profit and loss.

Demand for semiconductor manufacturing equipment remained steady, supported by favorable capital investment in NAND flash memory for PCs, digital cameras, and portable audio players.

2. Electronic & Vacuum Systems Segment

Segment sales decreased by 21.62% from the previous year to 9,527 million yen. Operating income decreased by 377 million yen to 319 million yen.

Overall investment in media device manufacturing equipment slowed, and remained stalled at the end of the fiscal term, as a result of adjustment in the supply and demand balance for DVDs and the lack of a consensus on the standardization of next generation DVD. In other vacuum application equipment, demand for photocatalytic large sputtering equipment for automobile mirrors remained strong both at home and overseas. Laser equipment saw

increased demand for solar energy panel manufacturing equipment.

3. Vending Machines and Systems Segment

Segment sales decreased by 40.6% from the previous year to 4,192 million yen. Operating income decreased by 993 million yen to 102 million yen.

The cigarette vending machine market continued its long term trend to shrinkage and was further restrained by the slide in demand prior to the 2008 introduction of with an integrated adult verification function. We made efforts to expand market share by enhancing sales and marketing activities.

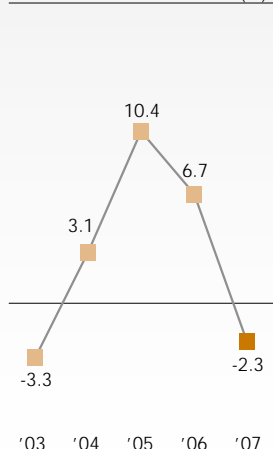
4. Real Estate Leasing Segment

Sales decreased by 2.9% from the previous year to 1,823 million yen. Operating income increased by 44 million yen to 721 million yen.

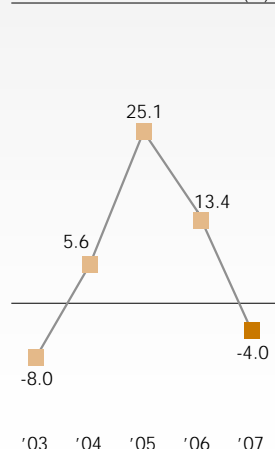
Research and Development Costs

Research and development expenditure by Shibaura Group as a whole in the fiscal year under review stood at 2,713 million yen. This included 394 million yen for development of core technologies common to Group companies.

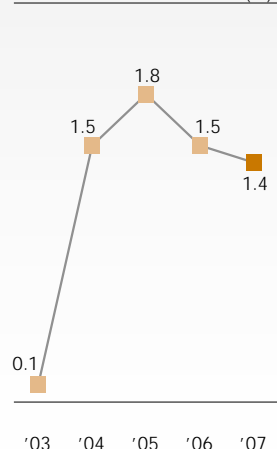
ROA (%)



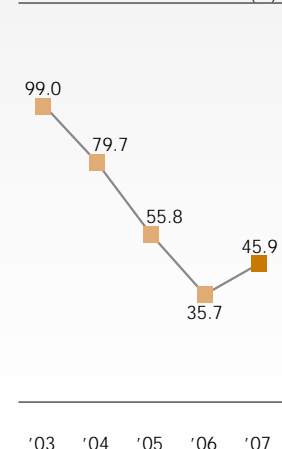
ROE (%)



DOE (%)



D/E Ratio (%)



Proactive R&D activities range from basic technology to product development, and involve the Company's corporate R&D department, development and design departments in operating divisions, and consolidated subsidiaries.

Research activities and results and R&D expenditure in each segment are described below :

1. Fine Mechatronics Segment

Segment R&D expenditure totaled 1,611 million yen. Development work for LCD panel manufacturing equipment covered the wet process equipment, cell assembly equipment, PI ink jet coater in readiness for next generation large glass panels, and outer lead bonders for large-sized LCD TVs. Development work for semiconductor manufacturing equipment covered cleaning equipment, etching equipment, ashing equipment for next generation devices, and high-speed flip chip bonders.

2. Electronic & Vacuum Systems Segment

Segment R&D expenditure totaled 410 million yen. Development work for media device and vacuum equipment covered sputtering equipment and bonding equipment for next-generation DVD and photocatalyst sputtering equipment ; for laser equipment, it covered extra fine processing fiber laser markers and FPD laser repair equipment.

3. Vending Machines and Systems Segment

Segment R&D expenditure amounted to 297 million yen. Development work for the vending machines and ticket vending machines covered advanced software for cigarette vending machines with a built-in adult verification function, development of parts to replace those in existing cigarette vending machines and development of ticket vending machine compatible with non-contact IC cards.

Financial Condition

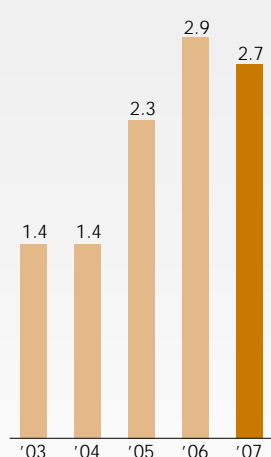
Total assets at the end of the fiscal year amounted to 73,196 million yen, a decrease of 1,953 million yen from the previous fiscal year-end.

Current assets stood at 52,766 million yen, a decrease of 3,837 million yen from the end of the previous fiscal year. The main factors contributing to this situation were an increase in notes and accounts receivable, reflecting higher sales at the end of the fiscal year, and a sharp drop in cash and deposits, the result of loss of income from postponed sales.

Fixed assets increased to 20,430 million yen, an increase of 1,883 million yen from the end of the previous fiscal year, reflecting moves to increase capacity by constructing buildings and structures to add new production facilities and expand existing facilities.

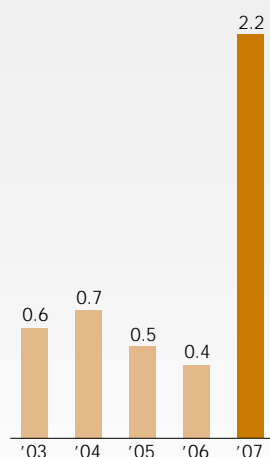
R&D Expenditures

(¥Billions)

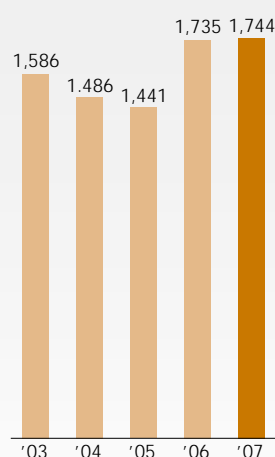


Facilities Expenditures

(¥Billions)

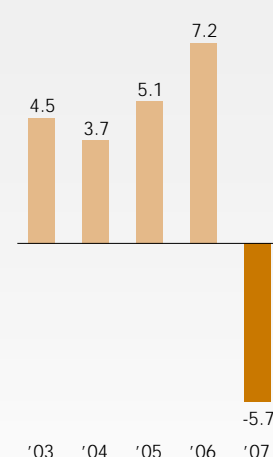


Number of Employees



Free Cash Flows

(¥Billions)



Total liabilities at the end of the fiscal year were 48,112 million yen, 960 million yen higher than at the end of the previous fiscal year.

Current liabilities decreased by 2,629 million yen to 29,419 million yen, resulting from decreased in advanced payment received, income taxes payable and short-term loans despite an increase in accounts payable on infrastructure.

Fixed liabilities increased by 3,589 million yen to 18,693 million yen, due to an increase in long-term loans. Total net assets at the end of the fiscal year stood at 25,084 million yen. Shareholder's equity after deduction of minority interests from net assets amounted to 24,782 million yen, a decrease of 2,887 million yen from the 27, 669 million yen at the end of the previous fiscal year.

This decrease was primarily due to repurchase of treasury stock and the declaration of a current net loss.

Cash Flow

Total cash and cash equivalents at the end of the fiscal year stood at 8,210 million yen, a decrease of 6,125 million yen from the end of the previous year.

Cash flow from operating activities decreased by 4,373 million yen. The primary reason for this was the declaration of a current net loss before taxes and others adjustment, payments of corporation tax, and reduced accounts receivable.

Cash flow from investing activities decreased by 1,361 million yen, a result of expenditure on the acquisition of tangible fixed assets.

Cash flow from financing activities decreased by 415 million yen. The underlying reason for this was, expenditure on the buyback of shares and payment of dividends, which exceeded income from long-term loans.

Five-year Summary

	Year ended March 31,					Year ended
	2007	2006	2005	2004	2003	March 31, 2007
	(Millions of yen)					(Thousands of U.S. dollars)
Consolidated						
Net sales	¥ 74,663	¥ 74,913	¥ 88,513	¥ 67,521	¥ 54,761	\$ 632,466
Cost of sales	65,322	58,015	67,492	54,308	45,428	553,340
Operating income (loss)	(1,630)	5,180	8,824	3,168	(1,502)	(13,808)
Income (loss) before income taxes	(1,727)	5,752	8,260	1,958	(2,172)	(14,633)
Net income (loss)	(1,047)	3,393	5,134	979	(1,416)	(8,871)
Depreciation and amortization	1,165	1,133	1,255	1,756	2,080	9,870
R&D expenses	2,713	2,851	2,337	1,415	1,409	22,984
Total assets	73,197	75,151	70,411	69,245	63,615	620,049
Net assets	25,084	27,670	22,791	18,091	17,066	212,485
Net income (loss) per share	¥ (20.60)	¥ 66.52	¥ 101.92	¥ 18.88	¥ (28.40)	\$ (0.17)
Number of employees	1,744	1,735	1,441	1,486	1,586	1,744



Aiming for a Highly Profitable Business Structure

Management Strategies

After fully investigating domestic and international economic trends and anticipated changes in business environment, we have formulated a mid-term management plan covering the three-year period from the fiscal year ending March 2008. The main emphasis of the plan is on efforts to strengthen profitability and to enhance shareholder value. In line with the basic principle of "Realize high profitability by reinforcing product appeal and overall productivity", we have defined the following key measures to be addressed by the plan.

1. Reinforce a high profit business structure
2. Improve productivity
3. Cultivate new and growing businesses
4. Reduce assets
5. Human resources strategy
6. Enhance governance

We have set ourselves the indicator of achieving an ROA of more than 10% and an ROE of over 15% as our management indicators the year ending March 2010.

Change Business Structure Through Focus and Selectin

Shibaura Mechatronics Group will steadily carry out measures that clarify business strategies, allow us to see issues from the customers' perspectives, and promote improved business procedures. Our ultimate objectives are to secure profits and the ability to respond more quickly to the fast changing business environment and market for semiconductors, LCDs and media devices manufacturing equipment.

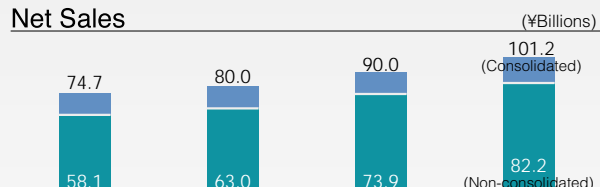
Under the mid-term plan we will respond to the many changes in the business environment by transforming a business structure centering on the LCD business to one that better balances the LCD business with our semiconductor, media and vacuum equipment and other businesses, while at the same time engineering changes in our profit structure.

We will carry out the following key measures.

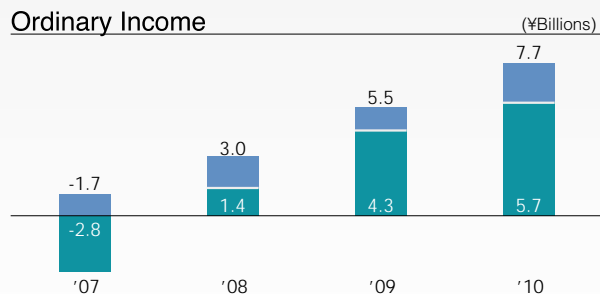
1. Expand the Semiconductor Business

Investment in semiconductors has been buoyant, on the strength of growing demand for such digital home appliances as FPD TVs, PCs, mobile phones, portable music players and digital cameras. Investment is expected to

Net Sales

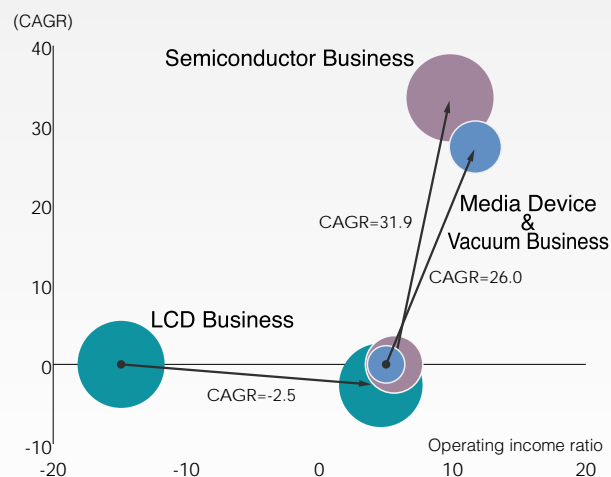


Ordinary Income



Business Port Folio

Year ended March, 2007 → 2010 (%)



accelerate, as semiconductors evolve to become ultra-thin and multi-layered, with even higher levels of integration. In these circumstances, we will take proactive measures to expand our business : we will boost our share in the market for conventional semiconductors, enter new business fields, reinforce our service system, and strategically allocate resources to the semiconductor equipment business.

2. Improve Profitability in LCD Business

The LCD business saw investment freezes and postponements in the year ended March 2007, but capital investment in large-sized TV is now in a more aggressive phase. However, this is still accompanied by strong pressure from manufacturers for lower prices for LCD manufacturing equipment. Europe and the Americas, the largest markets for FPD TV's, will see the start of panel assembly for LCD modules, allowing us to deliver module fabrication equipment to a broader area. In these circumstances, we will shift our focus from growth to profit, and make continuous efforts to reduce costs and to increase competitiveness by concentrating on strategic products. We will put in place a business structure able to secure sustained profit.

3. Expand Business of Media Device and Vacuum Equipment

In the fiscal year ending March 2009, Blu-ray Disc and HD DVD next generation optical discs are expected to

make their full-fledged entry into the market. In addition, the OLED, a highly promising new display, is now moving ever closer to commercialization. These developments bring opportunities : we will cooperate with our major users on sputtering equipment for next generation DVDs, allowing us to expand business and increase market share ; and we will bring to market original vacuum bonder and other innovative equipment.

4. Cultivate New Businesses

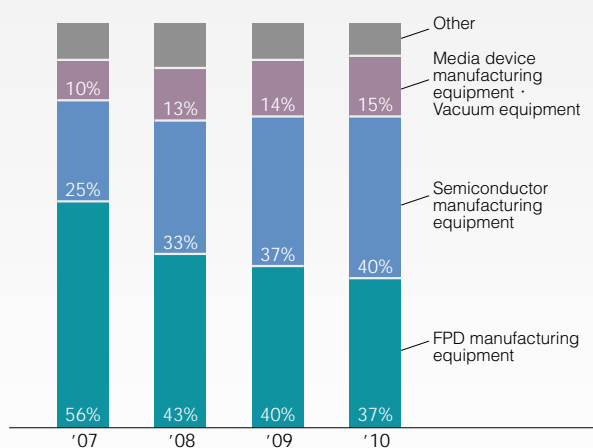
In strengthening our operating base from a mid- to long-term basis, we will identify new and highly promising business areas where we can apply our technologies, and cultivate them as potential future generation core businesses. We will test this potential in the market for new generations of existing products and in prospective new markets. As we promote new businesses, we will also promote M&A and strategic alliances.

5. Reinforce Productivity and Procurement

In order to survive and win and further expand our business in the face of fierce competition from domestic and international manufacturers, we will enhance our procurement systems, both in Japan and overseas, in readiness for continued enlargement of substrates for large-sized LCD panels and expansion of the semiconductor business.

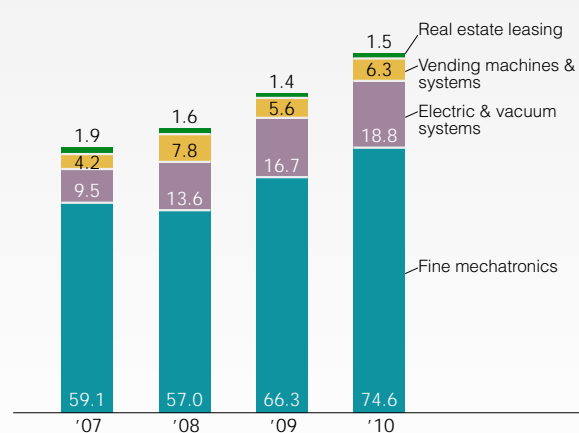
Completion of a new facility at Yokohama Operation in

Percentage Sales (Non-consolidated)



Sales by Segment

(¥Billions)



February 2007 underlines our determination to respond to demand for larger LCD panels and expansion in the semiconductor business. Our consolidated subsidiary in Korea, Shibaura Mechatronics Korea Co., Ltd., also completed an expansion, in November 2006, one that almost doubled production space by adding a second floor to the existing manufacturing facility. These significant enhancements of manufacturing capacity will support us in responding positively to active capital investment in production facilities for large-sized LCD panels and semiconductors, both at home and abroad.

In a complementary move, we will also establish an overseas procurement section responsible for energetically promoting overseas procurement of parts and components. Other efforts to further cut procurement costs include carrying out company-wide procurement innovation activities in cooperation with our suppliers.

6. Enhance Price and Cost Competitiveness

As prices of digital home appliances fall, so too must the prices of components used in their manufacture - and the sales prices of our manufacturing equipment. Toward realizing substantial reductions in equipment prices, we are promoting various measures to reduce manufacturing costs. These include use of 3D-CAD to increase design productivity, value analysis in design, standardization, platformization, cost reductions through overseas procurement of parts and components, and streamlining

business processes to achieve shorter lead times. Through these measures, we will make every effort to shorten lead times, improve price competitiveness, and increase profit.

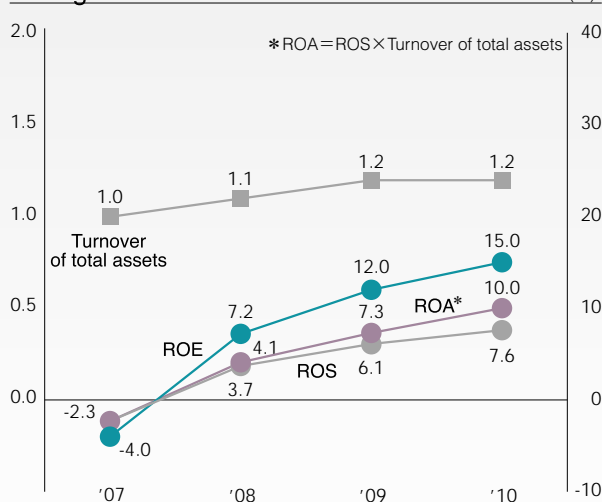
7. Reinforce Product Appeal and Development Capabilities

We will provide a comprehensive line-up of competitive equipment in each business area. For example : in the LCD equipment business, vertical integrated processors, PI ink jet coaters and outer lead bonders for large-sized LCD TVs ; in the semiconductor equipment business, high-performance ashing equipment, back side etching equipment, and high accuracy die bonders ; in the media device and vacuum equipment business, sputtering equipment for Blu-ray Disc and HD DVD ; and in the laser business, processing equipment for thin film solar battery panels.

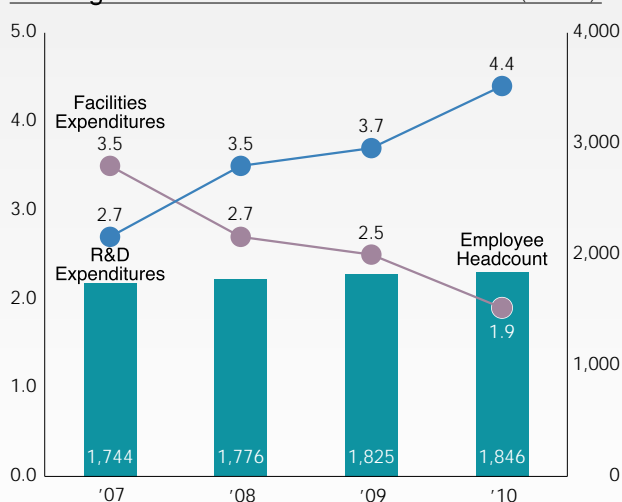
8. Foster and Utilize Human Resources

Based on the concept that people are the company's most important assets, we are laying the foundations to recognize human resources as human assets. The primary focus in cultivating human assets is on improving personnel and training systems and establishing training courses to foster prospective next generation leaders. Moreover, as an Innovative Manufacturer, we are active in conducting in-house training to enhance employees' manufacturing know-how. As we aim to achieve a well-

Strengthen Financial Status



Building Resources



balanced business structure between the LCD and semiconductor businesses, we will proactively reassign personnel as a means to quickly raise competitiveness, particularly in technical and manufacturing sections.

Future Prospects

In the fiscal year ended March 2007, the markets for LCD and semiconductor manufacturing equipment turned favorable, not least of all because of the broadening range of target products, including digital home appliances and multimedia equipment. Going forward, we can expect continued economic expansion in the year ending March 2008, including a gradual increase in consumer spending. However, we can also anticipate intensified price competition in LCD and semiconductor manufacturing equipment, driven by fierce price competition in digital home appliances and increases in component and material costs. Shibaura Group must be responsive in quickly increasing production capacity and absorbing price reductions. In the LCD manufacturing equipment market, investment will temporarily ease in the year ending March 2008 as investment schedules are revised to accommodate inventory growth and falling panel prices of panels. But active capital investment in large LCD TVs will reemerge in the latter half of the year.

Panel assembly will start in Europe and the Americas, the largest markets for FPD TV, and this will stimulate active investment in LCD module process facilities. The semiconductor market is expected to grow continuously, though there will be some impacts from price erosion in memories and inventory adjustment.

In the media devices manufacturing equipment market, investment in manufacturing equipment of next generation DVD will accelerate in readiness for the full-scale entry of next generation discs into the market in the year ending March 2009. In the vending machines and systems segment, we anticipate a substantial increase in demand for cigarette vending machines with an age verification function.

Shibaura Group will reinforce product appeal and overall productivity as means to grow out of the present situation of decreasing profit, and put in place a highly profitable business structure. To this end, we will thoroughly reduce costs, by promoting overseas procurement and value analysis at the design stage, enhance product competitiveness, and improve business efficiency. We will respond to customers' needs quickly, without delay, by utilizing our newly constructed facilities and improving production efficiency, and we will cut total lead times from receipt of order to delivery by increasing production at Shibaura Mechatronics Korea.

Fine Mechatronics Segment

Flat Panel Display (FPD) Manufacturing Equipment

Main Products

- Cleaning Equipment
- Stripping Equipment
- Etching Equipment
- Development Equipment
- PI Ink Jet Coater
- Seal Dispenser
- LC Drop Fill Equipment
- Vacuum Bonder
- Outer Lead Bonder

Business Review

In the first half of the fiscal year ended March 2007, business took a turn for the worse under the combined impact of falling prices, inventory build-up in LCD panels, and strong demands for price reductions from LCD manufacturers. We responded with a series of measures to restore profitability in the second half of the fiscal year, and as a result we were able to recover from a 2.4 billion yen operating loss for the Fine Mechatronics segment in the first half and achieve a second half operating profit of 100 million yen.

Module process equipment business, such as outer lead bonder for large sized LCD TVs, turned in solid performance mainly in Korean and Chinese markets.

Achieving a Profit-based System

(1) In TFT and color filter processes, we are making the transition from a growth strategy to a profit-based system. "Reinforced price and cost competitiveness" will be our main strategy as we move to commercialize an equipment with a new design at lower costs, and develop an equipment with selected functions. We will also promote manufacturing equipment at our facilities in South Korea and Taiwan.

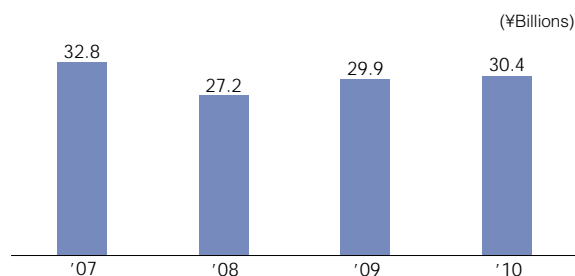
In addition, by utilizing the cutting-edge technology developed for eighth generation large-sized glass panels, we continue to develop equipment for larger-sized ones. We also aim to expand our market share in spin cleaning equipment for technologically advanced low-temperature polysilicon LCDs and apply the technology to OLED field.



PI ink jet coater



Outer lead bonder



FPD manufacturing equipment Net sales (Non-consolidated)

- (2) In the cell process, we continue to advance growth and build a profitable business structured.

We are shifting the resource to the cell process team, to increase sales and operating profits.

Panel manufacturers have already installed our PI ink jet coater into their mass production lines. From this base, we plan to promote further business expansion and to win a 40% market share. Going forward, we will bring to market our color filter ink jet coater.

We expect the launch of a newly developed coating head for the high-speed seal dispenser, developed for application with large-sized eighth generation glass panels and beyond, to win back market share. In liquid crystal drop fill / bonding equipment, we will apply our high precision filling technology of minute liquid drops for producing small to medium sized panels for portable and in-vehicle applications.

- (3) In the module process, we produce equipment with low cost and high productivity, and build a profitable business structure.

By bringing to market an equipment with low-cost for large-sized panel, we will seek to retain our No.1 share and to boost operating income. Measures will include the launch of a strong line-up of outer lead bonder for small panels (COG).

In America and in Europe, in response to the opening of module production facilities, we will proactively strengthen our service capabilities.

Fine Mechatronics Segment

Semiconductor Manufacturing Equipment

Main Products

- Cleaning Equipment
- Etching Equipment
- Ashing Equipment
- Die Bonder
- Inner Lead Bonder
- Flip Chip Bonder
- Semiconductor Inspection Equipment

Business Review

A favorable investment climate, particularly in NAND flash memory, supported steady progress in both front-end and back-end process equipment. Positive results included orders for inspection-related equipment and achievement of practical application of electrolyzed sulfuric acid generation unit developed in cooperation with major users. However, there was a falloff in business related to LCD drivers, as manufacturers delayed capital investments.

Towards Higher Sales

Our goal for the fiscal year ending March 2010 is to double current sales figures in fiscal year ended March 2007. Toward accomplishing this, we will promote measures to increase market share in such established fields as ashing equipment, single wafer processing cleaning equipment and die bonder, and also advance plans for product launches in promising new areas, including high productive ashing equipment, oxide film etching equipment, MEMS etching equipment and high-speed flip chip bonder.

(1) Dry Process Equipment

The scale of the market is growing along with finer geometrics and larger wafers. We will bring to market our high throughput dry ashing equipment by means of supplying an equipment to a customer for evaluation use. We will also develop and establish a process by working with a major manufacturer. And by utilizing our newly developed high-speed transferring system, we aim to achieve a high throughput level of over 380 wafers an hour.

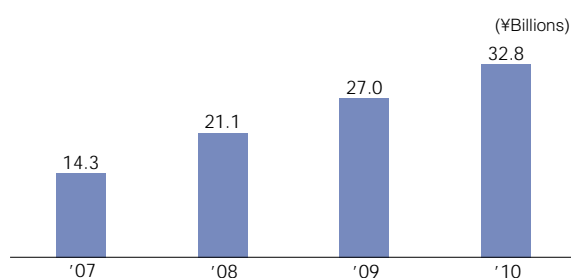
In oxide film etching equipment, we are collaborating with a major memory manufacturer to develop cutting edge process that will give market access to affordable, high-throughput equipment. Another goal is to expand sales of chemical dry etching equipment



Wet process equipment



Flip chip bonder

Semiconductor manufacturing equipment
Net sales (Non-consolidated)

(CDE) for MEMS and other new devices.

(2) Wet Process Equipment and Inspection Equipment

The scale of the market is growing as the number of manufacturing processes increases with higher levels of integration. Shibaura's target is to win increased orders for high-throughput wet process equipment from major memory manufacturers. In this respect, the realization of a high throughput level of 430 wafers an hour also realizes application in the back side etching process.

We will strengthen sales of wafer inspection equipment by supplying a wafer edge inspection equipment to major device manufacturers for evaluation use. In addition, in cassette shape checking equipment we are taking measures to align products with market needs.

(3) Back-end Process Equipment

The scale of the market of bonder for LCD drivers and semiconductor packages is growing. Shibaura's response is to reinforce the three poles of its business in flip chip bonder for LCD drivers, flip chip bonder for semiconductors and die bonder for memories, by releasing new high-speed, high-precision equipment, increasing sales mainly in Asia, and by strengthening service support for overseas customers.

The target market for our die bonder for memory is major memory manufacturers, and our goal is to expand our customer base and increase market share through our capabilities in SiP and MCP lamination. We will also increase our market share in flip chip bonder for high performance packages through tie-ups with major users and the introduction of new products.

Electronic & Vacuum Systems Segment

Media Device and Vacuum Equipment

Main Products

- Next Generation DVD Sputtering Equipment
- Vacuum Bonding Equipment
- Photocatalyst Sputtering Equipment

Business Review

The optical disc business continued to see sluggishness in capital investment, the result of declining disc prices, rising materials costs, adjustment in the balance of supply and demand of DVD, and issues related to the standardization of next generation DVD (HD DVD and Blu-ray Disc). The market finally showed signs of recovery at the end of 2006, with the launch of game software in the HD DVD players and Blu-ray Disc formats.

In the vacuum equipment business, photocatalyst large sputtering equipment for automobile mirrors and sputtering equipment for R&D continued strong performances.

Sales Expansion Through Original Core Technology

In the optical disc segment, the trend is to larger capacities ; demand for multilayer disc manufacturing equipment is expected to increase on requests from US film studios for a next generation disc able to record a movie and extra content (making of, commentary, etc.) on a single disc. Technologies to form a highly uniform reflection coating, interlayer, and transcription patterns are essential for production of multilayer discs. We are able to provide high quality manufacturing equipment fully capable of meeting such needs.

In the vacuum bonding equipment field, growth in demand for mobile PC displays offering better screen visibility has increased, spurring demand for the related manufacturing equipment. We will continue to introduce equipment that meets the needs of our customers by bringing our accumulated technological know-how into our main businesses.

In the vacuum equipment field we will continue to market high quality, high productivity equipment, in addition to photocatalyst sputtering equipment.

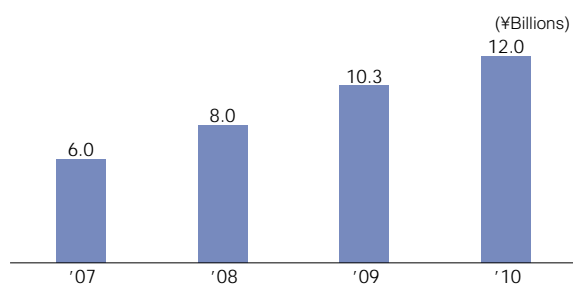


Replication line for next generation DVD

In every field, we will meet the diverse needs of our customers in respect of performance, quality and service by promoting business centering on core technologies in the disc manufacturing process, high speed sputtering equipment, bubble-free vacuum bonding technology, and automation technology.



Photocatalyst sputtering equipment

Media device & Vacuum equipment
Net sales (Non-consolidated)

Electronic & Vacuum Systems Segment

Laser Equipment

Main Products

- Laser Markers
- Laser Welding Equipment
- Solar Energy Panel Manufacturing Equipment



Fiber laser marker



Solar energy panel manufacturing equipment

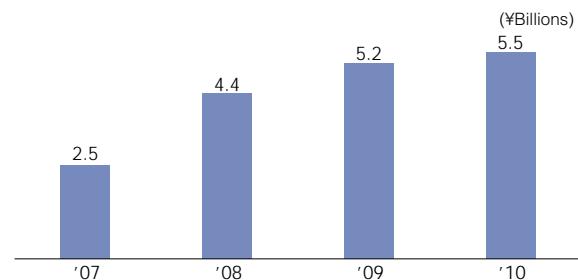
Business Review

Demand is increasing for laser equipment, including newly developed battery welding equipment and solar battery manufacturing equipment. Small size welding equipment for use on mobile phone batteries, PC frames, HDD bonding, and for markers for semiconductors, has seen steady demand from major users.

A Focus on the Automotive and Clean Energy Fields

Alongside the electronics fields of FPD, semiconductors and components for mobile phones, we will start to focus on the automotive and clean energy fields and nurture them as new pillars of business by applying laser processing to the production of batteries for vehicles, new batteries and solar batteries. By incorporating our particular strengths in large substrate transportation technology, precise positioning technique and technology automating factory lines, we expect to enjoy a significant advantage in differentiating Shibaura from its competitors.

Recognized as next generation lasers, fiber lasers can be used for low-output marking, and also in high-output welding and cutting. As a result, they are ideal for use as a new processing tool in the automotive and heavy industry markets.



Laser equipment Net sales (Non-consolidated)

Vending Machines and Systems Segment

Cigarette Vending Machines Ticket Vending Machines

Main Products

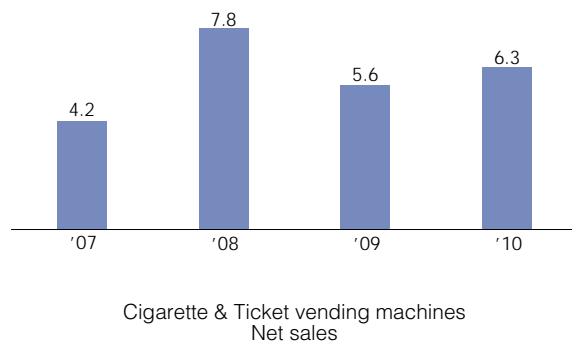
- Cigarette Vending Machines
- Ticket Vending Machines
(Food Tickets, Admission Tickets)



Cigarette vending machine
with an age verification function



Ticket vending machine
for a non-contact IC cards



Business Review

Cigarette vending machines will see the introduction of a new age verification function in 2008, a measure to prevent minors from buying and smoking cigarettes. Although cigarette vending machines incorporating this function are gradually being introduced all over Japan, the market is still sluggish at this point. The ticket vending machine market has been quiet since the round of procurement resulting from the 2004 issue of new bank notes. Only recently has it started to show a return to an upward trend, this time driven by growing demand for ticket vending machines that can accept electronic payment via the various non-contact IC cards that are becoming increasingly common in Japan.

Promoting the Age Verification Function and Non-Contact IC Cards

We will market cigarette vending machines with an adult recognition function that can be used only with IC cards developed exclusively for those machines, and promote replacement of cigarette vending machines with new machines with this capability. The scale of the market is expected to decrease, as cigarette companies are reducing the number of vending machines they buy and lease to retailers, due to the increasing burden of management and investment costs.

We will deliver various solutions suited to an age of electronic money by developing ticket vending machines for a wide range of non-contact IC cards, such as Suica, Edy and PASMO in Japan. Another advance is an integrated ordering system for restaurants. This monitors ticket vending machines in real time, and as soon as a customer buys a meal ticket the details are displayed on a PC screen in the kitchen. This assures instant provision of information and cuts customer wait times. We will increase our market presence and share by developing such high value-added products for our customers.

Fundamental Approach to Corporate Governance

Shibaura Group defines corporate governance as a key management function for developing corporate value with shareholders, customers, employees and society and for a medium - to long - term perspective. We are all of us - the company's executives and offices, all employees - responsible for implementing measure that will build corporate value, and we must all ask and clarify, "What is required of us ?" and "What should we do ?" in respect of the law, social norms, ethics, and the like, and as the basis for compliance and risk management and for drawing up and applying the "Shibaura Group Code of Conduct".

Enforcement and Oversight of Corporate Decision Making and the Business Management Structure and Other Aspects of Corporate Governance

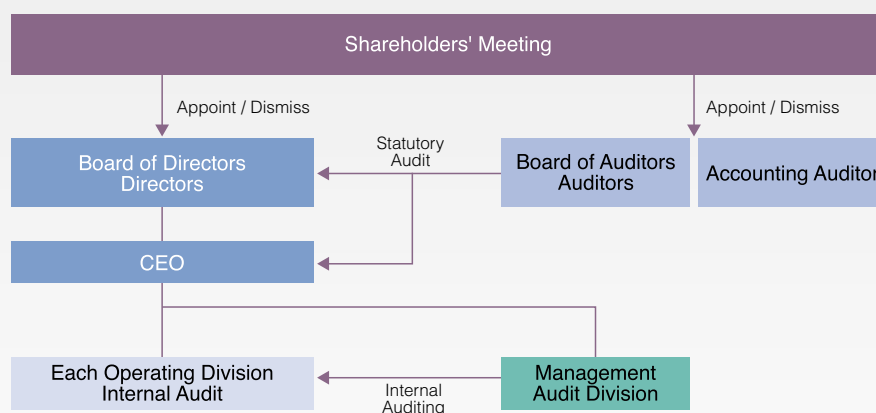
- (1) The board of directors currently has 12 members. Outside directors are not elected. The company rec-

ognizes the need for outside directors who are not captive to the company's internal logic, who are able to draw on their experience to offer an independent, objective perspective. Going forward, we propose to identify suitable candidates to become outside directors and to propose them to the general meeting of the shareholders.

We also intend to examine measures for further strengthening corporate governance, in order to implement optimized policy on management administration (including the size of the board and introducing the executive officer system).

- (2) The corporate auditing system currently comprises four corporate auditors, all from outside the company, who are charged with further reinforcing corporate governance. Two of the corporate auditors are full-time, able to conduct proactive audits and to work in close cooperation with the part-time auditors. The auditors receive advance briefings on matters concerning the board of directors, and are able to play a positive role in bringing matter to the board's attention.

The corporate auditors and financial auditors cooperate closely to develop and plan audit-related policy and objectives, through such means as information exchanges and prior consultation.



Corporate governance system

The corporate governance system is shown in the illustration below.

- (3) Management Audit Division is organized under the direct control of the CEO and is responsible for auditing management. Its mission centers on monitoring management appropriateness. The audit function also includes another aspect : auditing for compliance with laws and regulations by a certified public accountant (independent auditor). Beyond this, each individual section also carries out its own audit of operations, under the guidance of Management Audit Division.

The corporate auditors and Management Audit Division, responsible for internal auditing work in close cooperation to define audit objectives, plans, et cetera, and the head of Management Audit Division ensures that audits are enforced and that the results are reported to the corporate auditors. In addition, the head of Management Audit Division is to be appointed with prior consultations between the corporate auditors and the company.

- (4) At present, policy on providing incentives to directors of the company is being considered what kind of incentive is to contribute not restricted to short term performance, but to be continuously contributions to improve performance in the medium to long term.

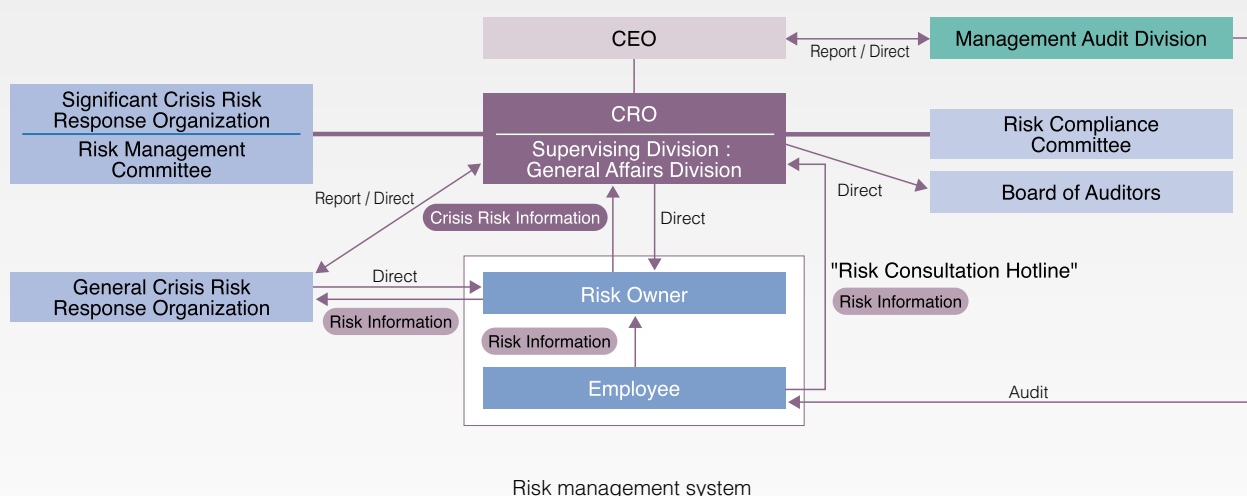
- (5) Remuneration paid to directors is periodically disclosed in the business reports and the Financial Statement, as a sum total.

- (6) General Affairs Division provides the outside directors with a support organization. In addition, the division provides the full-time auditors with briefings prior to meetings, as necessary, and is dedicated to assuring a structure where there is no deficiency in the provision of information.

- (7) The management strategy meeting, in addition to the meeting of the board of directors, is held once a week in principle, with a membership comprising the CEO and executive directors, as well as the directors responsible for management corporate planning, marketing & sales, technology, production & procurement, finance & accounting and general affairs, and shall discuss and make decisions on matters related to such functions as management of business, auditing and supervision, nomination, and decisions on remuneration.

Basic Approach to and Maintenance of the Internal Control System

Shibaura Mechatronics deploys an internal control system that is centered on legal compliance and risk manage-



ment, plus management efficiency. We continue to introduce policy measures to strengthen the internal control system (establishing official rules, comprehensive education, strengthening audit systems, information management and the like), and to make it the bedrock for further improvement.

In addition, the following has been decided in respect of the system to ensure that directors carry out their duties in conformity with laws and regulations and the company's articles of incorporation, and the system to assure the efficient performance of directors in carrying out their duties.

- (1) System in order to ensure that directors carry out their duties in conformity with laws and regulations and the company's articles of incorporation.

- (a) The board of directors, as specified in the regulations for meetings of the board of directors, meets every month, as a general rule.

- (b) The head of Management Audit Division develops and plans audit-related policy and objectives, in close cooperation with the corporate auditors, and also enforces internal audits by ensuring that all departments carry out audits of their operations in the same way.

- (2) System for preserving and managing information used by directors in carrying out their duties.

Important documents used by directors in carrying out their duties (minutes of major meetings, documents granting approval, contract documents, confidential documents and all applicable electronic media), must be preserved and managed pursuant to company regulations (Documents preserving regulation, Confidential information managing basic regulations, etc.) in an appropriate manner.

- (3) The regulations in respect of managing the danger of a loss and other systems.

Observing the risk management regulation, risk management systems for normal times (identify and analyze (business) risk, develop and deploy countermeasures, train employees, make internal reports) and times of emergency (establish Risk Management Committee, centralize information to the Chief Risk Officer, etc.) must be made for preventing or minimizing

any damage, and for the reasonable disclosure of information.

- (4) System to guarantee the efficient performance of directors in carrying out their duties.

- (a) Meetings of the board of directors shall be held at a regular time every month, and also be held in recognition of the need for timeliness.

- (b) In order to achieve rapid decision-making and optimized business operations, and to observe rules on final decision-making authority, CEO and executive directors, as well as the directors responsible for management corporate planning, marketing & sales, technology, production & procurement, finance & accounting and general affairs, will, as a general rule, hold a weekly meeting of management strategy meeting, to deliberate on and make decisions.

- (c) Specialized meetings related to deliberating and reporting on the following management matters, the budget, business, manufacturing, development and design, and others, will be held every month, as a general rule.

- (d) The decisions made by the final decision-making authority including the meetings of the board of directors shall be undertaken pursuant to organization regulations, regulation of division of duties and managerial responsibilities, and assuring observance of regulations in undertaking all professional duties and the appropriate performance of business management.

- (5) System to guarantee conformity with laws and regulations and the articles of incorporation by employees carrying out their responsibilities.

- (a) The CSR Committee is responsible for taking concrete action to promote thorough penetration of and systematic compliance with management ethics and laws and regulations. Further to this, the Shibaura Group Code of Conduct has been established to provide group companies with ethical standards in their business activities, and the content should be made familiar to all employees through training.

- (b) In addition to distributing information through the organization, early detection of problems and an appropriate response making use of an internal report procedure (include a risk consultation hotline for any necessary consultation with a lawyer) should be

achieved.

- (6) System to ensure business operations appropriate for a public company by the business group comprising the parent company and its affiliated companies.

(a) The Shibaura Group Code of Conduct shall apply to all the the affiliated companies and should be made familiar to all the employees.

(b) Shibaura's Management Audit Division also oversees management audits at the affiliated companies.

(c) In order to supervise the management performance of the affiliated companies, managers from the Company may be appointed to serve as part-time directors.

(d) Both domestic and overseas affiliated companies must implement and abide by regulations regarding business management (matters requiring prior approval by or that have to be notified to the parent) pursuant to Domestic affiliated companies and Overseas affiliated companies respectively.

- (7) System by which auditors carrying out their duties and who seek assistance can assure the assistance of an appropriate assistant.

(a) Management Audit Division and General Affairs Division support the auditors carrying out their duties.

(b) When auditors seek assistance carrying out their duties, an assistant shall be selected from an appropriate department, in consultation with the auditors.

- (8) The independence of the assistant referred to above from directors of the company.

The assistant referred to in (7)(b) above shall be treated as full-time staff, subject to oversight by the auditors, and shall not carry out other assignments concurrently.

- (9) The system for reports to the auditors by directors and employees and the system for reports to the other auditors.

(a) In the event that directors, the CRO and the head of Management Audit Division discover, in connection with an internal audit, any material items that will impact on performance or any actions that represent

serious breaches of laws and regulations, they shall, without delay, inform the corporate auditors.

(b) The auditors shall be allowed to attend management strategy meetings and other important meetings, and committee meetings.

- (10) System to further ensure the practical effectiveness of audits by the auditors.

(a) The president shall, at certain intervals, exchange information with the auditors.

(b) The corporate auditors shall, at certain intervals, exchange information with the independent auditors.

(c) The head of Finance and Accounting Division shall, at certain intervals, exchange information with the auditors.

(d) The head of Management Audit Division shall submit a report to the corporate auditors in respect of the results of internal audits.

(e) The head of Management Audit Division shall be appointed with prior consultations between the corporate auditors and the company.

CSR Management

We established the CSR Committee in April 2005. This move brought a systematic approach to dealing with issues and activities previously handled by individual departments and independent committees. The CSR Committee drafts Group-wide plans related to promoting CSR, and assures promotion of CSR activities by providing direction and impetus for the activities of Global Environment Committee, the Social & ES (Employee Satisfaction) Activities Committee and the Risk Compliance Committee.

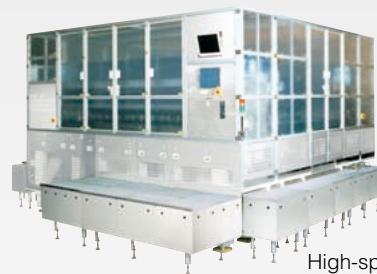
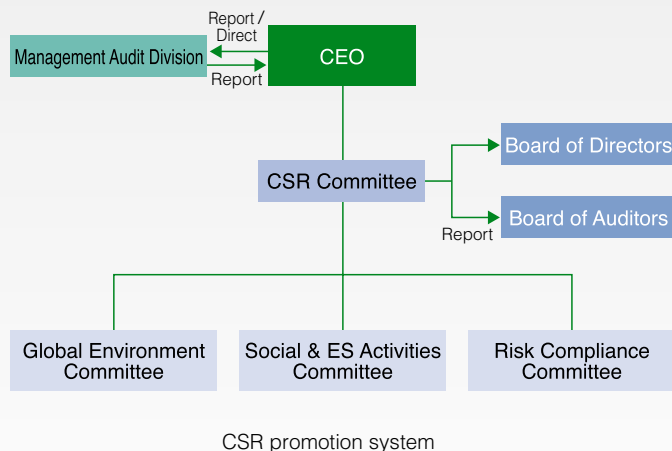
Environmental Initiatives

The beginning of the Group's "Environmental Charter" states that, "Shibaura Mechatronics Group, The Provider of Infrastructure for the Digital Age, promotes business activities with consideration for the environment, and offers environmentally conscious products on the global level". Furthermore, as a maker of manufacturing equipment, we

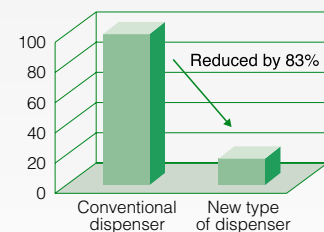
exert every effort in the twin aspects of our manufacturing systems and business systems, seeking to raise overall efficiency and to reach a higher level in our environmental activities.

Across our operations, we promote measures to reduce environmental impacts from our business activities and to channel the strengths of the Group into our Products, where we are working to create environmentally conscious products. In this respect, it is essential to consider and reduce environmental load throughout the product lifecycle, so works in product planning and designing phases are most influential. Guided by this understanding, we have developed a "Product Assessment Manual" that is applied to every step of the product planning, development and design process, in order to cut energy consumption, minimize use of resources, promote recycling rates, and otherwise reduce environmental loads.

One example of an environmentally conscious product is the high speed seal dispenser used on LCD panel manufacturing lines. In the LCD panel manufacturing process, two glass panels are bonded together after sealant has been applied to their edges. Our equipment adopts a new type of dispenser that achieves the industry's highest rate of sealant application while cutting the use of nitrogen (process gas) by 83%. Compared to conventional equipment, this new dispenser improves environmental efficiency by a factor of 3.5.



High-speed seal dispenser



Process gas : Reduction of process gas (N₂)

Board of Directors



Standing, from left ; Hiroshi Hiraoka, Junichi Kanda, Ryoso Kawabe, Sennosuke Yoshida, Nobuyuki Yamaura, Yasutomo Fujimori, Satoshi Shimoda, Osamu Watanabe, Tadashi Matsumoto, Kazuo Takahashi
Sitting, from left ; Kunihiko Yokoyama, Michiro Ishii, Mikio Haga, Shigeki Morita, Kenji Minami, Noboru Tamura

Directors

President and Chief Executive Officer
Shigeki Morita

Executive Vice President
Mikio Haga
Kenji Minami

Senior Vice Presidents
Michiro Ishii
Noboru Tamura
Kunihiko Yokoyama

Vice Presidents
Yasutomo Fujimori
Nobuyuki Yamaura
Osamu Watanabe
Ryoso Kawabe
Kazuo Takahashi
Hiroshi Hiraoka

Corporate Auditors

Junichi Kanda
Satoshi Shimoda
Tadashi Matsumoto
Sennosuke Yoshida

Investor Information (As of March 31, 2007)

Date Established	October 12, 1939
Capital	6,761 Million-Yen
Number of Employees	Consolidated : 1,744 Non-consolidated : 970
Common Stock	Authorized : 100,000,000 shares Issued and outstanding : 51,926,194 shares
Number of Shareholders	8,370
Stock Listings	The Tokyo Stock Exchange (Code : 6590)
Transfer Agent for Common Stock	The Chuo Mitsui Trust and Banking Company, Limited 33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan
Independent Auditor	Ernst & Young ShinNihon
Headquarters	5-1, Kasama 2-chome, Sakae-ku, Yokohama, Kanagawa Pref. 247-8610, Japan TEL : +81-45-897-2421 FAX : +81-45-897-2470 http://www.shibaura.co.jp/

Common Stock Price Range (The Tokyo Stock Exchange)

	Year ended March 31,				
	2007	2006	2005	2004	2003
High (yen)	1,374	1,759	1,081	985	604
Low (yen)	525	864	590	409	201

Principal Shareholders

	Number of shares hold (thousand shares)	Percentage of total shares outstanding (%)
Toshiba Corporation	18,977	36.5
Japan Trustee Services Bank, Limited (trust accounts)	1,269	2.4
The Master Trust Bank of Japan, Limited (trust accounts)	542	1.0
Mitsui & Co., Ltd.	365	0.7

SHIBAURA MECHATRONICS CORPORATION

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