

ANNUAL REPORT 2011

Year ended March 31, 2011

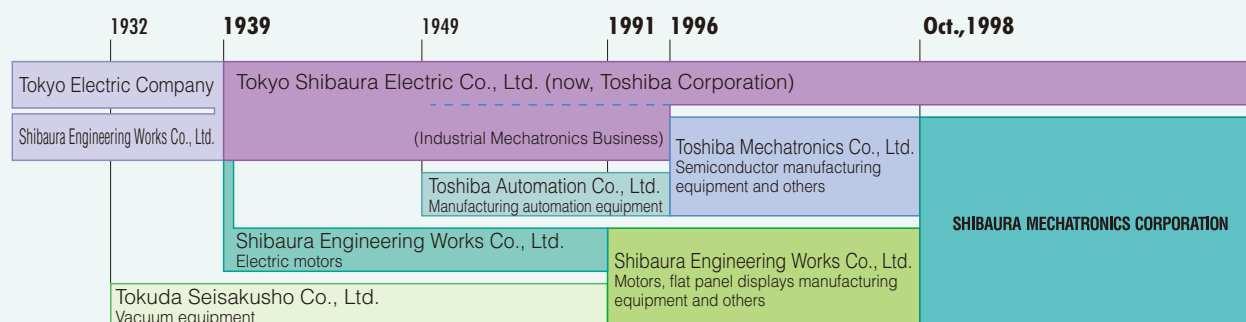
SHIBAURA MECHATRONICS CORPORATION

ANNUAL REPORT 2011

Profile

Shibaura Mechatronics was established In 1939 as Shibaura Engineering Works Co., Ltd. initially, our primary focus was on the motor business, but in 1998 we completed an ambitious restructuring from which we emerged as a producer of manufacturing equipment for LCDs, semiconductors and optical discs. At that time the company took on its present name, Shibaura Mechatronics Corporation. Guided by our management philosophy of “contribute to the achievement of an affluent life by offering superior technology and services,” and inspired by our determination to be “the infrastructure provider for the digital age,” we support an evolving social infrastructure by supplying manufacturing equipment for the production of essential electronic components.

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.

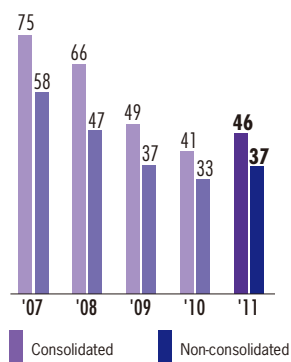
Financial Highlights

| | Year ended March 31, 2011 | Year ended March 31, 2010 | Year ended March 31, 2011 |
|-----------------------------|---------------------------------|---------------------------------|---|
| | (Millions of yen) | | (Thousands of U.S. dollars) (Note 1) |
| Consolidated | | | |
| Net sales | ¥ 46,246 | ¥ 41,096 | \$ 556,174 |
| Operating income (loss) | 743 | (1,870) | 8,938 |
| Net income (loss) | 486 | (1,752) | 5,841 |
| Total assets | 54,250 | 52,658 | 652,442 |
| Net assets | 17,492 | 17,019 | 210,367 |
| | (yen) | | (U.S. dollars) |
| Net income (loss) per share | ¥ 9.83 | ¥ (35.47) | \$ 0.12 |
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| Non-consolidated | | | |
| Net sales | ¥ 36,696 | ¥ 33,161 | \$ 441,322 |
| Operating income (loss) | (117) | (1,901) | (1,403) |
| Net income (loss) | 621 | (1,593) | 7,491 |
| Total assets | 48,486 | 45,774 | 583,115 |
| Net assets | 15,686 | 15,085 | 188,646 |
| | (yen) | | (U.S. dollars) |
| Net income (loss) per share | ¥ 12.60 | ¥ (32.26) | \$ 0.15 |

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 ¥83.15 = U.S.\$1.00, as of March 31, 2011.

Net Sales (¥Billions)

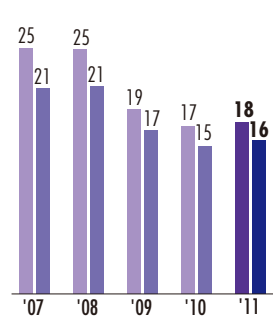


Year ended March 31

Net Income (¥Billions)



Net Assets (¥Billions)



Net Income Per Share (¥)



Message from the president

By securing progress in “management reform” and “the realization of growth” we aim to be a stable and highly profitable corporation.

Our heartfelt condolences go out to all of those who suffered in the East Japan Great Earthquake. We pray for the speedy recovery and the restoration of the disaster-hit region.

Consolidated results for the fiscal year ending March 2011

From the second half of 2010 on, we saw a sudden increase in demand for high-tech portable devices such as smartphones and tablet PCs, and with this came an upturn in investment in equipment for small- and medium-sized high definition panels. As a corporate group, we concentrated our efforts on equipment for small- and medium-sized high definition panels, and on the strength of positive evaluations from our customers we succeeded in expanding the number of orders won for such equipment such as wet process equipment, cell assembly equipment and bonding systems. By expanding our customer base in relation to the semiconductor industry, we were able to increase the number of orders won.

At the same time, we also devoted a lot of effort to strengthening our management practices and made progress in improving our cost structure through such measures as reducing fixed costs, promoting standardization and reducing lead times.

As a result of the foregoing Shibaura Mechatronics Group saw a marked improvement in operating results for FY2010.

Net sales increased 12% against the previous fiscal year to 46.2 billion yen, operating income improved by 2.6 billion yen to 700 million yen, and net income reached 500 million yen, an improvement of 2.2 billion yen. On the strength of this performance we were able to return to the black. We decided to pay a final dividend of 2 yen per share.

Looking ahead to FY2011

In FY2011 we expect to see continued investment in equipment for small- and medium-sized high-definition panels for smart phones and tablet PCs. Moreover, although forecasts indicate that the scale of investment in semiconductor related manufacturing equipment will decrease slightly, we expect the sector to continue to be lively. In this financial year, Shibaura Mechatronics Group will push forward with cultivating deeper business relationships, both with newly won clients and our long-standing customers, toward winning further increases in orders that will allow us to secure higher sales.

By deepening our cooperative relationships with partner companies that experienced difficulties with parts and materials procurement due to the impact of the East Japan Great Earthquake, and by drawing up and implementing a strategy to reduce power consumption across the entire Group in response to shortages in electricity supply, we are making the utmost effort to minimize the impact of the disaster on our business.



Turning toward new developments

In our mid-term management plan, we have set ourselves the target of achieving net sales of 65 billion yen in FY2013, and toward that we will reinforce our endeavors to win more orders. In order to reach our target, we will make progress in further strengthening cost competitiveness through “qualitative improvements” and expand the scale of our operations through “the realization of growth”.

Towards achieving “the realization of growth” we will proactively carry out such investment as the launch of evaluation equipment in our focus areas, and make a start on the road toward growth. In addition, we will aim to reinforce the strength of our product line-up through the supply of equipment that realizes and optimizes the processes that our customers demand, and by bringing to market high value added equipment that incorporates multiple core technologies.

As we move forward, one area that we will particularly emphasize is the expansion of our customer base in the areas of semiconductors and PV cells. We will also make progress in cultivating new areas that allow us to make full use of our core technologies, such as our ink jet coating and vacuum technologies.

We will make continued efforts toward “qualitative improvements” that allow us to secure a stable, high profit

business constitution by promoting management reform and improved employee productivity, including measures to reduce costs through standardization, shortening lead times and structural transformation.

The needs of our customers and the needs of society evolve with every passing day. Shibaura Mechatronics must have an accurate understanding of these developments in the business environment, promote “management reform” and “the realization of growth,” and strive to be a corporation that is able to meet the expectations of each and every one of its stakeholders.

As we move ahead I hope we may continue to rely on the support and encouragement of our shareholders and investors.

August 2011

Kenji Minami
President and Chief Executive Officer

Financial Review

Business at a Glance

In Shibaura Mechatronics' business environment for the fiscal year ending March 2011, we saw LCD manufacturers postpone new investment in equipment for large-screen televisions, though rapid growth in demand for the touch panels used in high end mobile devices spurred accelerated investment in related equipment from the second half of the fiscal year. In the semiconductor industry, all device manufacturers continued to promote investment. In the course of the term, inquiries in respect of solar-battery related equipment gradually increased, led by the Chinese market.

In these circumstances, the Group further consolidated activities aimed at generating orders, cut fixed costs through business restructuring, and endeavored to strengthen management by revising cost structures through standardization and the reduction of lead times.

As a result of the foregoing, sales for the fiscal year amounted to 46,246 million yen (up 12.5% against the previous fiscal year), with an operating profit of 743 million yen (against a 1,869 million yen operating loss for the previous fiscal year), an ordinary loss of 803 million yen (against a 1,611 million yen ordinary loss for the previous fiscal year), and a net loss that amounted to 485 million yen (against a 1,711 million yen net loss for the previous fiscal year).

Segment Information

1. Fine Mechatronics Segment

Segment sales of 22,513 million yen represented an increase of 7.4% from the previous fiscal term, and we recorded an operating profit of 609 million yen (against a 40 million yen operating loss for the previous fiscal year).

In the LCD panel industry, equipment investment for large-sized panels slowed as manufacturers delayed their initial plans. However, in the second half of the fiscal year, expanding demand for smartphones and tablet computers resulted in accelerated equipment investment for high-definition touch panels and medium-sized panels, and that triggered increased demand for wet processing equipment and cell assembly equipment.

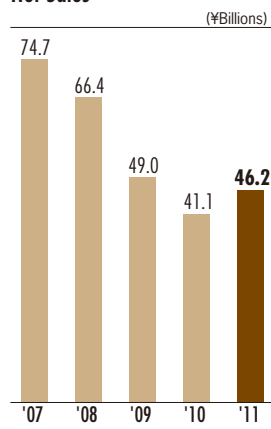
In the semiconductor industry, we focused our attention on wet cleaning equipment for wafer processing equipment and on product development in mask related equipment, and sought entry into the market.

2. Mechatronics Systems Segment

Segment sales of 20,145 million yen represented a 53.3% increase from the previous fiscal term, and we recorded segment income of 210 million yen (against a segment loss of 1,520 million yen for the previous fiscal term).

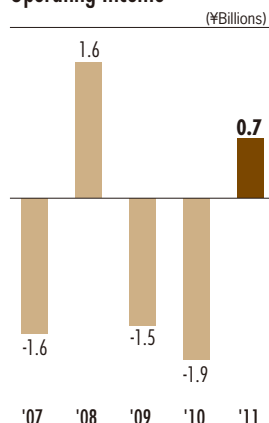
In the first half of the year, outer lead bonders for LCD

Net Sales

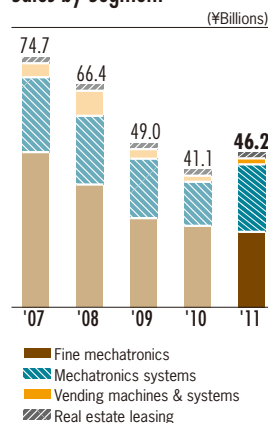


Year ended March 31

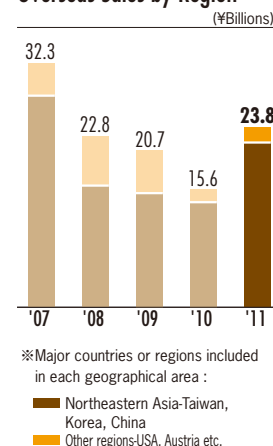
Operating Income



Sales by Segment



Overseas Sales by Region



module processing equipment performed strongly, while in the second half display vacuum bonding equipment performed well. Both recorded increases in orders and sales.

We sought to secure expansion in semiconductor assembly process equipment by cultivating new customers and were able to achieve some positive results. In PV cells, we saw an increase in inquiries.

In optical discs, orders improved in the second half of the fiscal year and sales increased.

Due to weakening demand for ticket vending machines and cigarette vending machines, sales decreased slightly compared with the previous fiscal year.

3. Vending Machines and Systems Segment

Segment sales of 1,790 million yen represented a 1.5% decrease from the previous fiscal term to, and we recorded an operating loss of 245 million yen (against a 196 million yen operating loss for the previous fiscal year). Sales of both ticket and cigarette vending machines were down against the previous fiscal year, due to weak demand.

4. Real Estate Leasing Segment

Segment sales stood at 1,796 million yen, 1.3% down from the previous fiscal year, and we recorded operating income of 814 million yen, 48.8% up from the previous fiscal year.

Research and Development Expenditure

Research and development expenditure by the Group as a whole stood at 2,110 million yen (this includes 498 million yen for the development of core technologies that cannot be broken down by segment).

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

Key research activities and results and R&D expenditure in each segment are described below.

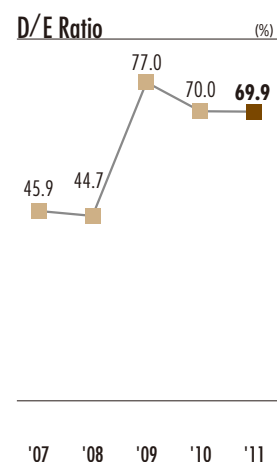
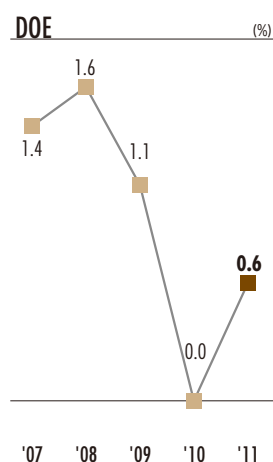
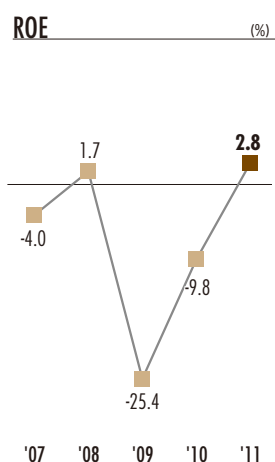
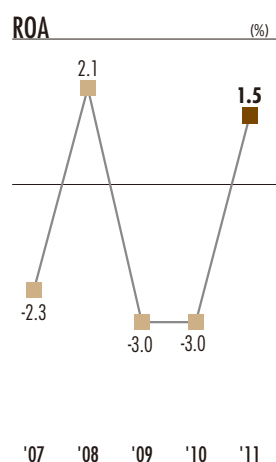
1. Fine Mechatronics Segment

R&D costs for the segment totaled 743 million yen. Development work on LCD manufacturing equipment encompassed wet processing equipment for high-definition and medium-sized panels, PI inkjet coaters and cell assembly equipment.

Development of semiconductor manufacturing equipment included wet cleaning equipment for next generation devices, etching equipment and wafer inspection equipment.

2. Mechatronics Systems Segment

R&D costs for the segment totaled 716 million yen. In the



Year ended March 31

area of LCD module assembly equipment, we advanced the development of high-speed, high-definition, space saving OLBs (outer lead bonders) and PWBs (PWB bonders), and of vacuum bonding equipment for touch panels.

In semiconductor assembly equipment, we developed high-speed, high-definition bonding equipment. In batteries, development work included sputtering equipment for solar batteries, solar battery tabbed string equipment, and manufacturing equipment for rechargeable batteries for automotive applications.

In electronic & vacuum systems, we developed single-layer sputtering equipment for Blu-ray Discs, multi-layer sputtering equipment, and sputtering equipment for semiconductor backside contacts.

3. Vending Machines and Systems Segment

R&D costs in this segment amounted to 151 million yen. In the field of vending machines and ticket vending machines, development activities centered on network-enabled general-purpose vending machines capable of handling high-denomination bills, electronic-money compatible, touch-panel ticket vending machines for railroads, model changes of popular types of vending machines, and new types of printer units for ticket vending machines.

Financial Condition

Total assets at the end of the fiscal year amounted to 54,250 million yen, an increase of 1,591 million yen compared to the end of the previous fiscal year.

Current assets amounted to 38,990 million yen, an increase of 2,737 million yen compared to the end of the previous fiscal year. The primary reason for this was an increase in notes and accounts receivable-trade.

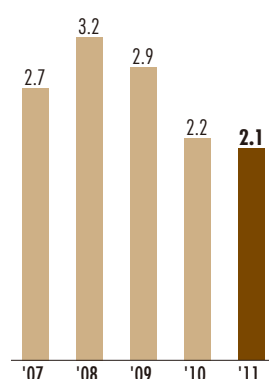
In addition, fixed assets amounted to 15,260 million yen, a decrease of 1,145 million yen against the end of the previous fiscal year. This was largely attributable to a decrease in leased assets, and depreciation of tangible fixed assets.

Total liabilities at the end of the fiscal year were 36,758 million yen, 1,209 million yen higher than at the end of the previous fiscal year. The major reason for this was an increase in notes and accounts payable-trade, as well as short-term loans payable.

Total net assets at the end of the fiscal year stood at 17,492 million yen, 382 million yen higher than at the end of the previous fiscal year. The underlying reason for this was an increase in retained earnings as a result of recording a net profit for the fiscal year.

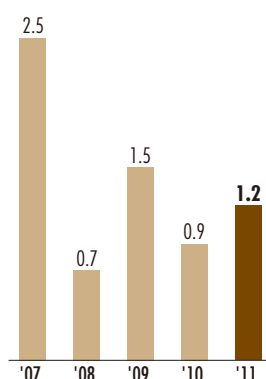
R&D Expenditures

(¥Billions)

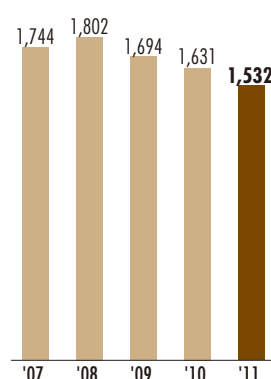


Facilities Expenditures

(¥Billions)

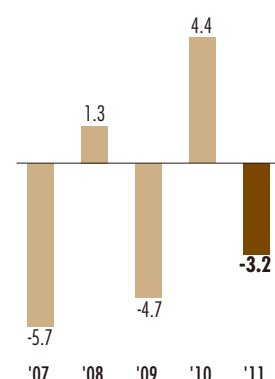


Number of Employees



Free Cash Flows

(¥Billions)



Year ended March 31

Cash Flows

Total cash and cash equivalents (hereinafter referred to as “funds”) at the end of the fiscal year stood at 3,352 million yen, a decrease of 2,764 million yen from the end of the previous fiscal year.

Cash flow from operating activities decreased by 2,764 million yen (against an increase of 4,439 million yen in the previous fiscal year).

This was mainly due to fewer funds at hand as a result of an increase in accounts receivable, despite increased funds from recording a net profit before income tax adjustment for the fiscal year and a rise in accounts payable.

Cash flow from investment activities decreased 457 million yen (against a decrease of 45 million yen in the previous fiscal year). This was largely attributable to a decrease in funds following the acquisition of software.

Cash flow from financing activities increased 484 million yen (against a decrease of 2,681 million yen in the previous fiscal year). This was mainly due to an increase in funds as a result of a rise in short-term loans payable.

Five-year Summary

| | Year ended March 31, | | | | | Year ended March 31, |
|-----------------------------------|----------------------|-----------|------------|----------|-----------|--------------------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2011 |
| | (Millions of yen) | | | | | (Thousands of U.S. dollars) |
| Consolidated | | | | | | |
| Net sales | ¥ 46,246 | ¥ 41,096 | ¥ 49,013 | ¥ 66,441 | ¥ 74,663 | \$ 556,174 |
| Cost of sales | 35,895 | 33,750 | 39,309 | 52,070 | 65,322 | 431,692 |
| Operating income (loss) | 743 | (1,870) | (1,462) | 1,647 | (1,630) | 8,938 |
| Income (loss) before income taxes | 604 | (1,612) | (2,232) | 1,482 | (1,727) | 7,264 |
| Net income (loss) | 486 | (1,752) | (5,525) | 426 | (1,047) | 5,841 |
| Depreciation and amortization | 1,765 | 1,935 | 2,105 | 1,245 | 1,165 | 21,232 |
| R&D expenses | 2,110 | 2,193 | 2,933 | 3,184 | 2,713 | 25,381 |
| Total assets | 54,250 | 52,658 | 55,649 | 64,995 | 73,197 | 652,442 |
| Net assets | 17,492 | 17,109 | 18,870 | 25,045 | 25,084 | 210,367 |
| | | | | | | |
| | | | (yen) | | | (U.S. dollars) |
| Net income (loss) per share | ¥ 9.83 | ¥ (35.47) | ¥ (111.80) | ¥ 8.62 | ¥ (20.60) | \$ 0.12 |
| Number of employees | 1,532 | 1,631 | 1,694 | 1,802 | 1,744 | 1,532 |

Corporate Governance

Fundamental Approach to Corporate Governance

Shibaura Mechatronics 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 Mechatronics Group Code of Conduct".

Summary of Corporate Governance

- (1) The board of directors comprises 11 members, none of whom have been appointed from outside the company. Meetings of the board of directors are held on a monthly basis, and the role of the meeting is not simply confined to making decisions on important issues. Every director is required to give a specific report on the status of business operations, an approach that allows the other directors and auditors to contribute to business oversight, and that also promotes lively discussions and exchanges of ideas regarding operational policies and other issues.
- (2) The board of auditors has four members, three of them outside auditors, and is charged with reinforcing corporate governance. Two of the corporate auditors serve full-time and are thus able to conduct proactive audits and to work in close cooperation with the part-time auditors. Prior to the board of directors meeting,

the auditors discuss the proposals that the directors will bring to the meeting, allowing them to play a proactive role and to offer appropriately timed and worded comments during the meeting.

Audits by the board of auditors are carried out in accordance with auditing policies and plans, as decided at the board of auditors meeting. This follows consultation with the Management Audit Division, which is part of the Internal Control Department.

Corporate auditors and accounting auditors cooperate closely with one another in respect of auditing policies and plans, and exchange information and hold prior consultations before meetings.

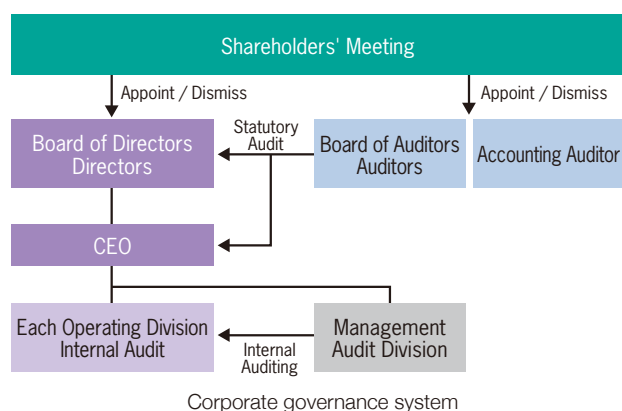
- (3) The Internal Control Department reports directly to the president and is responsible for the Management Audit Division, which has a staff of two. The section is responsible for monitoring the company's efforts to reinforce corporate governance, and for the permeation of compliance and corporate ethics throughout the company, with a main emphasis on auditing to assure the appropriateness of management. When improvement is found to be necessary, improvement programs are requested and the progress of each department in promoting remedies for itself is monitored.
- (4) Ernst & Young have been appointed as accounting auditors to Shibaura Mechatronics and cooperate with the board of auditors to conduct audits on corporate law and on the financial instruments and exchange law.

Internal Audit and Audit of Corporate Auditors

- (1) The mission of the Management Audit Division is to audit the propriety of management, which focuses mainly on financial results. 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.

- (2) A board of auditors support group has been established



(consisting of three staff members) to support the auditors in carrying out their duties. The evaluation and treatment of the support group are subject to prior consultation with the board of auditors so as to guarantee its independence.

Outside Directors and Outside Corporate Auditors

Full-time outside corporate auditors do not merely attend the board of directors meetings, but also many other meetings. These include the Management Strategy Meeting, which as a rule is held every week, whose members consist of senior executive directors, including the CEO, as well as the directors responsible for management planning, marketing, technology, accounting and operations. Other major meetings are held monthly by each of the reporting bodies which are responsible for the functions related to the budget, sales, production and development planning. Important monthly committees meetings are also held to discuss policy and planning related to issues such as compliance, risk management and CSR. Attendance at all of these meetings serves to link the board of auditors to the wider functions of the company. The entire board of auditors, including part-time outside auditors, conduct interviews with directors and accompany the Management Audit Division on site visits internal audit, where they can to interview representatives of business units and affiliated companies. This enables them to perform management audits on the legality of business operations, and also from the perspective of ensuring efficiency. Thorough execution of these auditing and supervisory functions allow the three outside corporate auditors to fill the role that would generally be expected of outside directors. So whilst Shibaura Mechatronics does not now appoint outside directors, we believe this current structure is capable of enforcing corporate governance. Notwithstanding the foregoing, and irrespective of our internal company logic, we do realize the value of experienced outside directors who can cast an objective eye over the overall corporate environment. In coming months, we hope to be able to select a suitable candidate for outside director, and if possible we would like to nominate that person at the next general shareholders' meeting.

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 management, 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.

Guided by the management philosophy of "offer superior technology and services that help people to realize more affluent lifestyles" we ensure appropriate business activities by achieving and making use of following systems and by appropriately assessing and improving our operations.

- (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) We introduced the Shibaura Mechatronics Group Code of Conduct as a means to ensure business operations and corporate ethics that meet the expectations of society. The directors of the company take the initiative in putting the Code into practice and in ensuring that all employees comply with its content.
 - (b) Meetings of the board of directors are managed in accordance with the regulations on board meetings and held once a month, as a general rule. The board deliberates and decides upon important managerial issues, and also oversees the directors in the execution of their duties by receiving regular reports from them on the status of their responsibilities.
- (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.
 - (a) In accordance with the regulations on risk management, we carry out risk management during day-to-day operations and have put in place management measures for dealing with any emergency. This is done in order to prevent or otherwise minimize any damages and to assure the reasonable disclosure of information.
 - (b) The head of the Management Audit Division acts to prevent

risk-related damage by developing and planning audit-related policy and objectives in cooperation with the corporate auditors, by enforcing internal audits, and by ensuring that all departments carry out independent audits of their operations in the same way.

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

(a) In respect of important managerial issues, the board of directors, along with the CEO and executive directors and the directors responsible for management of corporate planning, marketing and sales, technology, products and procurement, finance and accounting and general affairs, hold management strategy meetings in order to achieve rapid decision-making and to optimize business operations.

(b) 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.

(c) 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 (Corporate Social Responsibility) Committee was established to ensure that all employees abide by the Shibaura Mechatronics Group Code of Conduct and to promote the thorough penetration of and systematic compliance with corporate ethics, as well as laws and regulations.

(b) A "Risk Consultation Hotline" was established as a means to allow employees to anonymously consult on and report information regarding illegal activity, in order to detect and resolve any problems at an early stage. When necessary, consultation with legal advisors is also available.

- (6) A system for ensuring appropriate business operations by Shibaura Mechatronics and the subsidiaries that together comprise the corporate group.

(a) Under the Shibaura Mechatronics Group Code of Conduct,

the Group's direction and goals are identified, and the entire Shibaura Group works towards achieving these goals.

- (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) Business management (in respect of matters that require subsidiaries to provide prior notification to or receive approval from the parent company) must be carried out in by reference to and in accordance with the regulations of domestic subsidiaries and overseas subsidiaries.

- (7) A system to ensure the practical effectiveness of audits carried out by the auditors.

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

(b) When auditors seek support staff to assist them in carrying out their duties, such assistants shall be selected from an appropriate department after consultation with the auditors, and assigned to the auditor support group.

(c) In the event that directors or employees discover any important matters that will impact on performance, or any actions that represent serious breaches of laws and regulations, they shall, without delay, inform the corporate auditors.

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

- (8) 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.

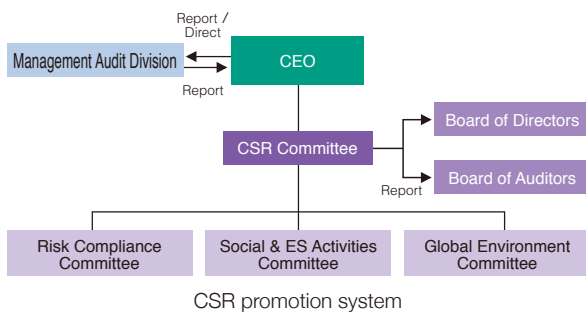
(c) The head of Finance and Accounting Division shall, at certain intervals, exchange information with the auditors.

(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 Groupwide 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 Approach

Worldwide environmental problems, including climate change, are some of the most important issues that mankind must solve.

Over the course of many years, Shibaura Mechatronics Group has cultivated core technologies in areas that include precision mechatronics, vacuum, wet cleaning, sputtering, bonding and laser applications. We apply this know-how to manufacturing equipment for flat panel displays, semiconductors, optical discs, electrical components and batteries, all the way from development through to service. As a maker of manufacturing equipment we give consideration to the environment in manufacturing activities, and promote and supply environmentally friendly products.

Specific activities are detailed below

1. Promoting environmental management

By reducing our use of the planet's resources, the burdens that we impose on the Earth's environment, and the CO₂ emissions that result from our business

activities, we promote business with a balance that emphasizes both "management and "environment".

2. Providing environmentally conscious products

We fully recognize the finite nature of our planet and its resources, and act on this awareness to proactively expand our line of environmentally conscious products.

3. Promoting business activities

We set environmental targets and goals regarding the environmental aspects of our business activities, such as reducing the effects of climate change, making full and effective use of resources, properly managing and reducing use of chemicals. In all of our business processes we seek to reduce environmental loads.

4. A Socially Aware Company

- We comply with environmental laws and regulations, our own guidelines and voluntary standards.
- We strive to raise the environmental awareness of every single person who works for Shibaura Mechatronics, and to approach environmental issues by acting together as a whole.
- Shibaura Mechatronics Group promotes environmental practices and contributes to society through the development and provision of superior environmental technologies and products, by engaging in environmental activities in partnership with local communities, and by proactively disclosing and communicating information in order to promote mutual understanding.

In our Environmental Charter, we recognize that "humankind has the duty to hand on the irreplaceable global environment to the next generation in a sound state" as the core concept in our environmental policy. Acting on this, we will continue to promote environmental management.

* For full details of Shibaura Mechatronics Group's CSR activities please refer to the "2011 Shibaura Mechatronics Group CSR report" at the below link.
http://www.shibaura.co.jp/csr/pdf/CSR_2011.pdf

Board of Directors

As of June 22, 2011

Directors



Kenji Minami

President and Chief Executive Officer



Masahiro Abe

Executive Vice President
Executive General Manager of
Technology Headquarters



Shigeki Fujita

Senior Vice President
Executive General Manager of
Fine Mechatronics Division



Shunichi Kishimoto

Senior Vice President
Executive General Manager of
Mechatronics System Division



Kazuhiko Igarashi

Senior Vice President
General Manager of
Corporate Management & Finance Division



Shuichi Shimada

Vice President
Executive General Manager of
Production & Procurement Headquarters



Satoru Hara

Vice President
Deputy General Manager of
Technology Headquarters



Masaharu Yamanaka

Vice President
Deputy General Manager of
Mechatronics System Division



Hitoshi Dojima

Vice President
General Manager of
Human Resources & Legal Division



Akira Nakai

Vice President
General Manager of
Customer Relations & Marketing Division



Yoshitsugu Ogawa

Vice President
Deputy General Manager of
Fine Mechatronics Division

Auditor



Kazumasa Uchida

Auditor



Haruhiko Washio

Auditor



Yoshiaki Sato

Auditor



Sennosuke Yoshida

Auditor

Investor Information

As of March 31, 2011

| | |
|--|---|
| Date Established | October 12, 1939 |
| Capital | 6,761 Million-Yen |
| Number of Employees | Consolidated : 1,532 Non-consolidated : 962 |
| Common Stock | Authorized : 100,000,000 shares Issued and outstanding : 51,926,194 shares |
| Number of Shareholders | 7,857 |
| 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 LLC |
| 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, | | | | |
|------------|----------------------|------|------|------|-------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| High (yen) | 508 | 472 | 687 | 824 | 1,374 |
| Low (yen) | 162 | 244 | 234 | 388 | 525 |

Principal Shareholders

| | Number of shares hold (thousand shares) | Percentage of total shares outstanding (%) |
|--|--|---|
| Toshiba Corporation | 18,977 | 38.4 |
| Japan Trustee Services Bank, Limited (trust accounts) | 740 | 1.4 |
| The Master Trust Bank of Japan, Limited (trust accounts) | 441 | 0.8 |
| Japan Trustee Services Bank, Limited (trust accounts 9) | 371 | 0.8 |

SHIBAURA MECHATRONICS CORPORATION

5-1, Kasama 2-chome, Sakae-ku, Yokohama,
Kanagawa Pref. 247-8610, Japan

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FAX : +81-45-897-2470

<http://www.shibaura.co.jp/>

※Blu-ray Disc is a trademark of Blu-ray
Disc Association.

※All the other trademarks mentioned in
this report belong to their respective
companies.

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