ANNUAL REPORT 2012

Year ended March 31, 2012

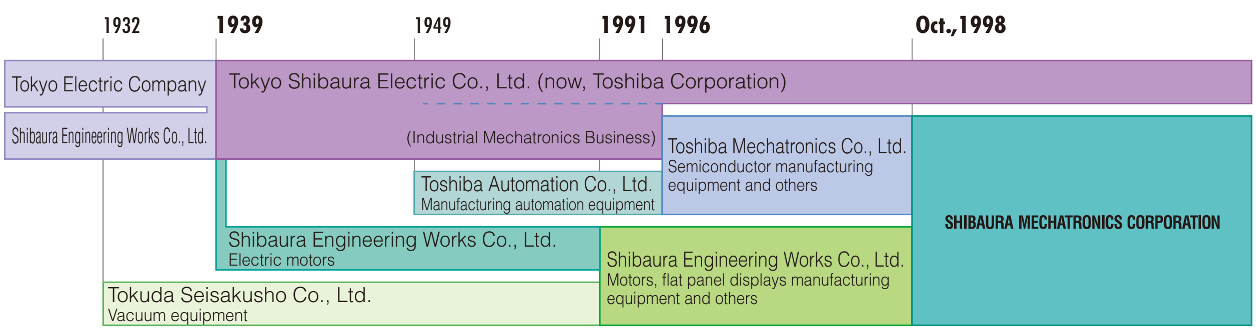
SHIBAURA MECHATRONICS CORPORATION

ANNUAL REPORT 2012

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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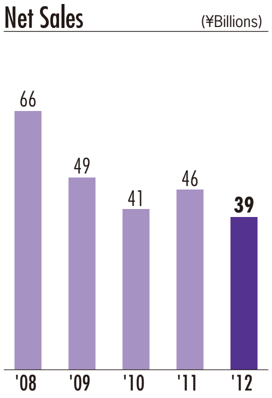
Forward-Looking Statements

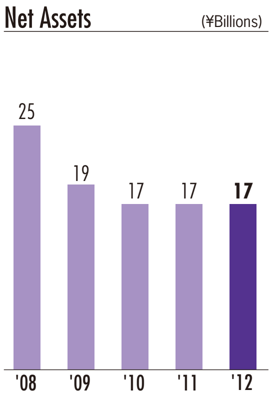
This annual report contains forward-looking statements concerning Shibaura Mechatronics' future plans, strategies and performance. These forward-looking statements are not historical facts, rather they represent assumptions and beliefs based on data currently available. Furthermore, they are subject 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

Consolidated	Year ended March 31, 2012	2011	2010	2009	2008	Year ended March 31, 2012
	(Millions of yen)					(Thousands of U.S. dollars) (Note 1)
Net sales	¥ 39,360	¥ 46,246	¥ 41,096	¥ 49,013	¥ 66,441	$ 478,883
Operating income (loss)	(370)	744	(1,870)	(1,462)	1,647	(4,506)
Net income (loss)	(394)	486	(1,752)	(5,525)	426	(4,796)
Depreciation and amortization	1,503	1,765	1,935	2,105	1,245	18,293
Facilities expenditures	1,120	1,154	847	1,487	694	13,630
R&D expenses	2,064	2,110	2,193	2,933	3,184	25,114
Total assets	52,943	54,250	52,658	55,649	64,995	644,161
Net assets	16,948	17,492	17,109	18,870	25,084	206,205
	(yen)					(U.S. dollars)
Net income (loss) per share	¥ (7.98)	¥ 9.83	¥ (35.47)	¥ (111.80)	¥ 8.62	$ (0.10)
Number of employees	1,496	1,532	1,631	1,694	1,802	1,496

Note 1 : The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥82.19 = U.S.$1.00, as of March 31, 2012.





To Our Shareholders

We will continue to promote business restructuring and cost structure improvement and work to strengthen our profitability.

In FY2011 business conditions remained harsh, impacted by such factors as financial instability in the EU, the continuing strengthening of the yen and the effects from the Great East Japan Earthquake. In the business environment in which Shibaura Mechatronics Group operates, the LCD panel industry is a major source of revenue, but continued oversupply and price declines in LCD panels for TVs resulted in sluggish new capital investment in production equipment for large-sized panels. On the other hand, the fast growing popularity of smartphones and tablets ensured that capital investment in equipment for small- and medium-sized panels remained at a healthy level.

The semiconductor industry has seen aggressive in capital investment in cutting-edge fields, driven by the increasing demand for smartphones and tablets. However, demand for PCs has slowed and capital investment in mass production equipment has been sluggish. Alongside this, a deterioration in the balance of supply and demand in the solar power industry has caused prices to fall and capital investment has been slow.

In these economic circumstances, Shibaura Mechatronics Group made every effort to strengthen sales activities and win orders in order to expand the number of customers for semiconductors, small and medium-sized LCD panels and touch screen panels, while at the same time directing energy into expanding into new growth business areas. Further to this, we have been working on initiatives to promote cost structure improvement in such areas as standardization, shortening lead times and reducing fixed costs. We are also promoting improvements in employee productivity, strengthening the management structure and working to improve the overall business structure.

However, even as we have promoted customer expansion and cultivated new growth business areas, the downturn in demand for large-sized LCD panel equipment has had a significant negative impact on our operations, resulting in net sales in FY2011 of 39,360 million yen and an operating loss of 370 million yen.

With concerns for a slowdown in the recovery of the US economy and worries about the sovereign debt crisis in the EU, as well as lower growth in China, we expect the future to remain unclear in FY2012. In the LCD panel market, demand for TVs is falling and capital investment in production equipment for large-sized panels continues to be severely constrained. Having said that, we have seen the appearance of some signs indicating that investment may resume. Aside from this, we expect to see continued capital investment in production equipment for small and medium-sized panels and touch screen panels on increasing demand for smartphones and tablets.

In the semiconductor market, the scale of capital investment is, generally, becoming lower, however we do expect to see growth in investment in cutting-edge areas and the forecast is for continued growth.

Despite the fact that the company continues to operate in a demanding environment, we will continue to promote accelerated launches of new products that utilize our core technologies and to expand our business into new growth areas in order to secure sales. We will also promote further cost structure improvement and reduce fixed costs in order to secure improvements in profitability.

Kenji Minami
President and Chief Executive Officer

Financial Review

Results Summary

In FY2011 Shibaura Mechatronics recorded net sales of 39,360 million yen (a year-on-year fall of 14.9%), an operating loss of 370 million yen (against operating income of 744 million yen in the previous fiscal year), an ordinary loss of 133 million yen (against ordinary income of 804 million yen in the previous fiscal year), and a net loss of 394 million yen (against net income of 486 million yen in the previous fiscal year).
Results for each business segment were as follows:

1. Fine Mechatronics Segment

The segment recorded net sales of 23,831 million yen (a year-on-year increase of 5.9%) and segment income of 1,412 million yen (a year-in-year increase of 131.8%).

Net sales of equipment for front-end LCD panel processes for small- and medium-sized panels and touch screen panels increased. However, this rise was not sufficient to compensate for a decline in demand of equipment for large-sized panels that reduced net sales , with the result that we recorded lower net sales than in the previous fiscal year. We won increased orders in equipment for small and medium-sized panels and touch screen panels, a positive outcome of initiatives to use wet-process technology and inkjet technology in new growth areas.

Orders received increased in wafer cleaning equipment and mask-related equipment for front-end semiconductor processes, and as a result the segment reported increased net sales.

2. Mechatronics System Segment

The segment recorded net sales of 11,936 million yen (a year-on-year fall of 40.8%), and a segment loss of 1,597 million yen (against segment income of 211 million yen in the previous fiscal year).

In LCD module manufacturing processes, reduced capital investment in large-sized panels for TVs resulted in greatly reduced net sales in our mainstay product area, outer lead bonders. In addition, sales for touch panel bonding equipment declined as other companies entered the market and competition intensified.

In semiconductor assembly processes we were able to increase sales in the field of cutting-edge packaging.

In solar cells, capital investment has been sluggish among existing customers, but we managed to expand our customer base by winning more orders from new customers for mass production equipment that is compatible with new production methods.

3. Vending Machines and Systems Segment

The segment recorded net sales of 1,864 million yen (a year-on-year increase of 4.1%), and a segment loss of 53 million yen (against a segment loss of 245 million yen in the previous fiscal year).

Sales from cigarette vending machine declined as a result of sluggish demand and a contraction of the market. However, we were able to increase sales of ticket vending machines through efforts to promote sales of touch panel ticket vending machines and of machines able to process e-money transactions.

4. Real Estate Leasing Segment

The segment recorded net sales of 1,729 million yen (a year-on-year fall of 3.8%) and segment income of 456 million yen (a year-on-year fall of 43.9%).

Research and Development Expenditure

The Shibaura Mechatronics Group as a whole recorded research and development costs of 2,064 million yen (including development costs of 437 million yen for basic technologies that could not be appropriated to any specific segment).
R&D is advanced by the development and design departments in business divisions, Research and Development Division and by the technology divisions in our consolidated subsidiary companies. In addition, we are pushing forward efficient research and development and the commercialization of advanced technologies as a result of strengthening our relations and collaboration with Toshiba Corporation's Research and Development Center and Manufacturing Engineering Center and Toshiba Corporation Semiconductor & Storage Products Company.
The research and development expenditures and research results for each segment are as follows:

1. Fine Mechatronics Segment

R&D expenditure for the segment totaled 758 million yen.

In LCD panel production equipment we have worked on the development of wet process equipment, PI inkjet coaters and cell assembly equipment suitable for high-definition small and medium-sized panels.

In semiconductor equipment we have worked on the development of wet cleaning equipment that can be used on next generation devices and on dry etching equipment for masks.

2. Mechatronics System Segment

R&D expenditure for the segment totaled 708 million yen.

In LCD module equipment we have worked on the development of COG bonder for small- and medium-sized panels, and of vacuum bonding equipment for touch screen panels. In semiconductor assembly equipment we have worked on the development of high speed, high precision bonding equipment. In the field of solar cells we have worked on the development of sputtering equipment for solar cells and a CF TAB stringer. In the field of electronic and vacuum equipment we have been working on the development of sputtering equipment for semiconductor backside contacts.

3. Vending Machine and Systems Segment

R&D expenditure for the segment totaled 159 million yen.

In the field of vending machines we have carried out development work on touch screen panels that enable vending machines to function in four different languages, vending machines compatible with multiple types of e-money systems, touch-screen-panel type vending machines for the entry ticket market, and identification units that can recognize high denomination bills inserted into vending machines.

Financial Condition

Total assets at the end of the fiscal year were 52,943 million yen, a reduction of 1,307 yen compared to the end of the previous fiscal year.

Current assets were evaluated at 38,481 million yen, a reduction of 509 million yen lower compared to the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts receivable.

Fixed assets were evaluated at 14,462 million yen, a reduction of 797 million yen compared to the end of the previous fiscal year. This fall was mainly due to a reduction in leased assets and depreciation of fixed assets, etc.

Total liabilities at the end of the fiscal year stood at 35,995 million yen, a reduction of 763 million yen compared to the end of the previous fiscal year. This was mainly due to a reduction in the amount of notes and accounts payable.

Total net assets at the end of the fiscal year were 16,948 million yen, a reduction of 544 million yen compared to the end of the previous fiscal year. This was mainly due to the company recording a net loss in the period, resulting in a reduction of retained earnings.

Cash Flows

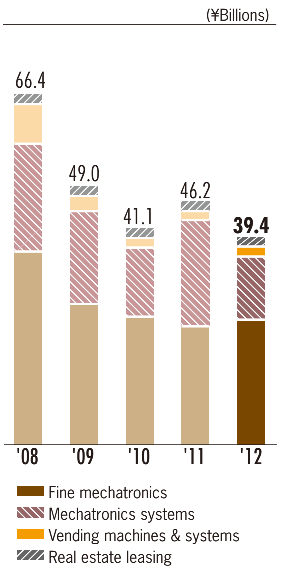
The balance of cash and cash equivalents at the end of the current fiscal year was 5,024 million yen, an increase of 1,671 million yen compared to the end of the last fiscal year.

Cash flow from operating activities increased by 1,533 million yen during the fiscal year (against a fall of 2,764 million in the previous fiscal year). This was mainly due to an increase in cash resulting from a decrease in trade receivables.

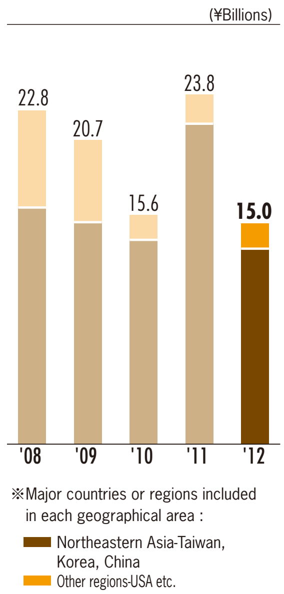
Cash flow from investment activities fell by 178 million yen during the fiscal year (against a fall of 458 million in the previous fiscal year). This was mainly due to a decrease in cash due to the acquisition of tangible fixed assets.

Cash flow from financing activities increased by 392 million yen during the fiscal year (against an increase of 485 million in the previous fiscal year). This was mainly due to an increase in funds due to an increase in short-term borrowing.

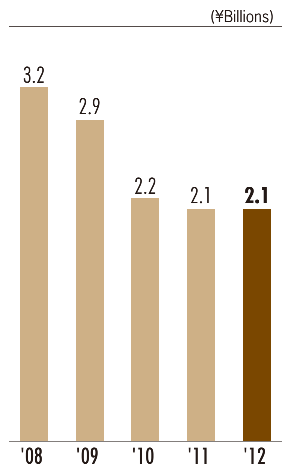
Sales by Segment



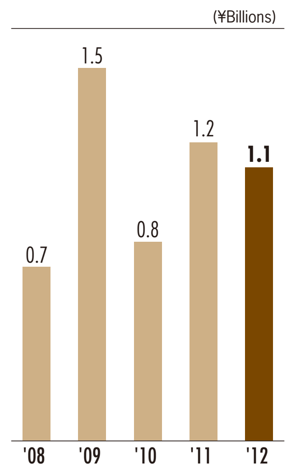
Overseas Sales by Region



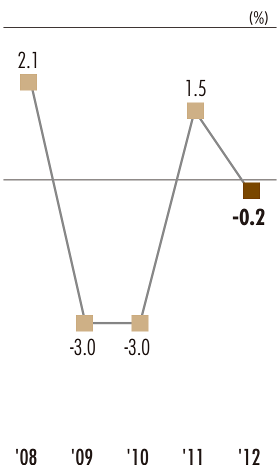
R&D Expenditures



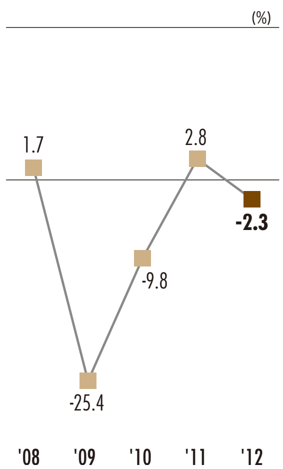
Facilities Expenditures



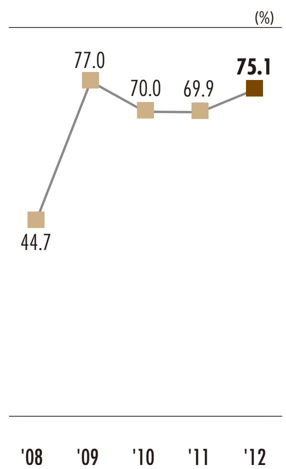
ROA



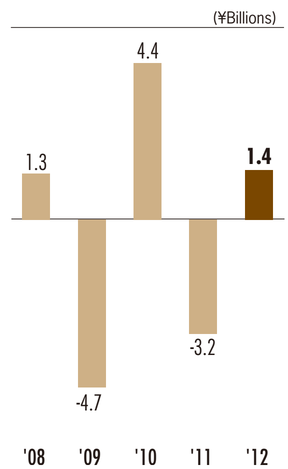
ROE



D/E Ratio



Free Cash Flows



FINANCIAL SECTION

ANNUAL REPORT 2012 Year ended March 31, 2012

Financial Section

Contents

Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Balance Sheet

	March 31, 2012	March 31, 2011	March 31, 2012
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Assets			
Current assets:			
Cash and bank deposits *(Notes 10 and 13)*	¥ 5,024	¥ 3,353	$ 61,132
Short-term investments	43	38	522
Notes and accounts receivable, trade *(Note 13)*	24,576	26,940	299,018
Allowance for doubtful accounts	(72)	(61)	(873)
Inventories *(Note 5)*	6,864	6,680	83,507
Deferred tax assets *(Note 8)*	978	1,071	11,897
Accounts receivable, other	793	715	9,644
Other current assets	275	254	3,347
Total current assets	38,481	38,990	468,194
Property, plant and equipment:			
Land	119	119	1,452
Buildings and structures	28,225	28,822	343,408
Machinery and equipment	2,090	1,343	25,428
Lease assets	1,075	1,751	13,083
Construction in progress	586	518	7,140
Total	32,095	32,553	390,511
Accumulated depreciation	(19,425)	(19,143)	(236,348)
Property, plant and equipment, net	12,670	13,410	154,163
Investments and other assets:			
Investments in securities *(Notes 4 and 13)*	199	203	2,423
Deferred tax assets *(Note 8)*	157	181	1,902
Other assets	1,438	1,468	17,498
Allowance for doubtful accounts	(2)	(2)	(19)
Total investments and other assets	1,792	1,850	21,804
Total assets	¥ 52,943	¥ 54,250	$ 644,161

	March 31, 2012	March 31, 2011	March 31, 2012
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Liabilities and net assets			
Current liabilities:			
Short-term bank loans *(Notes 6 and 13)*	¥ 9,775	¥ 7,705	$ 118,935
Current portion of long-term debt *(Notes 6 and 13)*	500	3,200	6,084
Notes and accounts payable, trade *(Note 13)*	9,932	11,993	120,837
Provision for contract losses	138	120	1,677
Current portion of lease obligations	189	381	2,304
Advances received	753	435	9,166
Accrued expenses	2,748	2,627	33,434
Accrued income taxes *(Note 8)*	182	201	2,213
Provision for directors' bonuses	—	35	—
Asset retirement obligations	11	11	135
Other current liabilities	616	393	7,494
Total current liabilities	24,844	27,101	302,279
Long-term liabilities:			
Long-term debt *(Notes 6 and 13)*	2,000	500	24,334
Provision for retirement benefits *(Note 9)*	5,365	5,211	65,276
Lease obligations	265	440	3,224
Long-term accounts payable-other	22	22	265
Provision for directors' retirement benefits	7	23	90
Reserve for repair and maintenance	437	407	5,316
Asset retirement obligations	32	32	395
Long-term lease deposits *(Note 13)*	3,023	3,022	36,777
Total long-term liabilities	11,151	9,657	135,677
Total liabilities	35,995	36,758	437,956
Contingent liabilities *(Note 11)*			
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 100,000,000 shares			
Issued: 51,926,194 shares at March 31, 2012 and 2011	6,762	6,762	82,267
Additional paid-in capital	9,995	9,995	121,613
Retained earnings	1,933	2,426	23,520
Less treasury stock, at cost	(1,720)	(1,719)	(20,929)
Total shareholders' equity	16,970	17,464	206,471
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	25	30	303
Foreign currency translation adjustments	(47)	(2)	(569)
Total valuation and translation adjustments	(22)	28	(266)
Minority interest in consolidated subsidiaries	—	—	—
Total net assets	16,948	17,492	206,205
Total liabilities and net assets	¥ 52,943	¥ 54,250	$ 644,161

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Statement of Operations

	Years ended March 31, 2012	Years ended March 31, 2011	Year ended March 31, 2012
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Net sales	¥ 39,360	¥ 46,246	$ 478,883
Cost of sales *(Notes 7 and 9)*	30,994	35,895	377,096
Gross profit	8,366	10,351	101,787
Selling, general and administrative expenses *(Notes 7,9 and 17)*	8,736	9,607	106,293
Operating (loss) income	(370)	744	(4,506)
Other income (expenses):			
Interest and dividend income	17	35	202
Interest expense	(195)	(178)	(2,370)
Foreign exchange gain (loss), net	199	(11)	2,423
Amortization of negative goodwill	—	40	—
Commission fee	(10)	(51)	(114)
Loss on abandonment of noncurrent assets	(8)	(7)	(99)
Gain on reversal of allowance for doubtful accounts	—	136	—
Gain on negative goodwill	—	35	—
Loss on disaster	—	(17)	—
Business structure improvement expenses	—	(172)	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	(46)	—
Other, net	234	96	2,845
(Loss) income before income taxes and minority interest	(133)	604	(1,619)
Income taxes *(Note 8)*:			
Current	147	252	1,783
Deferred	114	(11)	1,394
	261	241	3,177
(Loss) income before minority interest	(394)	363	(4,796)
Minority interest in losses of consolidated subsidiaries	—	(123)	—
Net (loss) income	¥ (394)	¥ 486	$ (4,796)

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income

	Years ended March 31, 2012	Years ended March 31, 2011	Year ended March 31, 2012
	(Millions of yen)		*(Thousands of U.S. dollars) (Note 1)*
Net (loss) income before minority interests	¥ (394)	¥ 363	$ (4,796)
Other comprehensive income			
Valuation difference on available-for-sale securities	(5)	(20)	(66)
Foreign currency translation adjustments	(45)	(41)	(546)
Total other comprehensive loss	(50)	(61)	(612)
Comprehensive (loss) income	¥ (444)	¥ 302	$ (5,408)
(Breakdown)			
Comprehensive income attributable to owners of the parent	(444)	343	(5,408)
Comprehensive income attributable to minority interests	—	(41)	—

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Statement of Changes in Net Assets

	Shareholders' equity					Valuation and translation adjustments			Total
	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Valuation difference on available-for -sale securities	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	
				(Millions of yen)					
Balance as of March 31, 2010	51,926,194	¥ 6,762	¥ 10,738	¥ 1,197	¥ (1,719)	¥ 50	¥ 39	¥ 42	¥ 17,109
Net income	–	–	–	486	–	–	–	–	486
Net change during the year	–	–	–	–	–	(20)	(41)	(42)	(103)
Net decrease in treasury stock	–	–	–	–	(0)	–	–	–	(0)
Reversal of other capital surplus	–	–	(743)	743	–	–	–	–	–
Balance as of March 31, 2011	51,926,194	6,762	9,995	2,426	(1,719)	30	(2)	–	17,492
Net loss	–	–	–	(394)	–	–	–	–	(394)
Net change during the year	–	–	–	–	–	(5)	(45)	–	(50)
Net decrease in treasury stock	–	–	–	–	(1)	–	–	–	(1)
Cash dividends	–	–	–	(99)	–	–	–	–	(99)
Balance as of March 31, 2012	51,926,194	¥ 6,762	¥ 9,995	¥ 1,933	¥ (1,720)	¥ 25	¥ (47)	¥ –	¥ 16,948
				(Thousands of U.S. dollars) (Note 1)					
Balance as of March 31, 2011		$ 82,267	$ 121,613	$ 29,518	$ (20,920)	$ 369	$ (23)	$ –	$ 212,824
Net loss		–	–	(4,796)	–	–	–	–	(4,796)
Net change during the year		–	–	–	–	(66)	(546)	–	(612)
Net decrease in treasury stock		–	–	–	(9)	–	–	–	(9)
Cash dividends		–	–	(1,202)	–	–	–	–	(1,202)
Balance as of March 31, 2012		$ 82,267	$ 121,613	$ 23,520	$ (20,929)	$ 303	$ (569)	$ –	$ 206,205

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Consolidated Statement of Cash Flows

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Operating activities:			
(Loss) income before income taxes and minority interest	¥ (133)	¥ 604	$ (1,619)
Depreciation and amortization	1,503	1,765	18,293
Amortization of negative goodwill	–	(40)	–
Amortization of goodwill	20	–	243
Allowance for doubtful accounts	12	(185)	144
Increase provision for retirement benefits	210	168	2,559
Interest and dividend income	(17)	(35)	(202)
Interest expense	195	178	2,370
Loss on disposal of property, plant and equipment	1	5	15
Gain on sale of land	(44)	8	(531)
Foreign exchange gain, net	36	19	439
Decrease (increase) in advances received	321	(369)	3,905
Decrease (increase) in notes and accounts receivable, trade	2,339	(4,865)	28,456
Increase in inventories	(801)	(13)	(9,751)
(Increase) decrease in notes and accounts payable, trade	(1,646)	1,301	(20,033)
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	46	–
(Increase) decrease in accrued consumption taxes	(59)	9	(720)
Other, net	(131)	(1,097)	(1,588)
Subtotal	1,806	(2,501)	21,980
Interest and dividends received	16	35	200
Interest paid	(195)	(179)	(2,375)
Income taxes paid	(94)	(119)	(1,149)
Net cash provided by (used in) operating activities	1,533	(2,764)	18,656
Investment activities:			
Payments for time deposits	(7)	(10)	(81)
Proceeds from time deposits	–	19	–
Purchases of property, plant and equipment	(268)	(123)	(3,259)
Proceeds from sale of property, plant and equipment	364	94	4,427
Purchase of software	(109)	(364)	(1,324)
Other, net	(158)	(74)	(1,924)
Net cash used in financing activities	(178)	(458)	(2,161)
Financing activities:			
Increase in short-term bank loans, net	2,068	977	25,161
Repayments of finance lease obligations	(376)	(605)	(4,576)
Proceeds from long-term loans payable	2,000	–	24,334
Repayments of long-term loans payable	(3,200)	–	(38,934)
Proceeds from stock issuance to minority shareholders	–	113	–
Purchases of treasury stock	(1)	(0)	(9)
Cash dividends paid	(99)	–	(1,202)
Net cash provided by financing activities	392	485	4,774
Effect of exchange rate changes on cash and cash equivalents	(76)	(27)	(932)
Net increase (decrease) in cash and cash equivalents	1,671	(2,764)	20,337
Cash and cash equivalents at beginning of year	3,353	6,117	40,795
Cash and cash equivalents at end of year	¥ 5,024	¥ 3,353	$ 61,132

The accompanying notes are an integral part of the consolidated financial statements.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2012

1. Basis of Presentation

Shibaura Mechatronics Corporation (the "Company") and its consolidated subsidiaries (collectively, the "Companies" or the "Group") maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which differ in certain respects from the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan. In addition, the non-consolidated balance sheet of the Company as of March 31, 2012 and the non-consolidated statement of operations for the year then ended are included, as other information, in the accompanying consolidated financial statements.

The accompanying consolidated financial statements are stated in yen, the currency of the country in which the Company is incorporated and operates. The translation of yen amounts into U.S. dollar amounts has been included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥ 82.19 = U.S. $ 1.00, the approximate rate of exchange in effect on March 31, 2012. This translation should not be construed as a representation that yen could be converted into U.S. dollars at the above or any other rate.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements

(1) Basis of consolidation

The accompanying consolidated financial statements include the accounts of Shibaura Mechatronics Corporation and eight subsidiaries over which the Company exerts substantial control, either through majority ownership of voting stock and/or by other means. All assets and liabilities of the subsidiaries are revalued at fair value on acquisition, if applicable. All significant intercompany balances and transactions have been eliminated in consolidation.

Investment in an unconsolidated subsidiary that is not deemed material to the consolidated financial statements is stated at cost.

Certain subsidiaries have year end which differs from that of the Company. As a result, adjustments have been made for any significant transactions which took place during the period between the year end of the subsidiaries and the year end of the Company.

(2) Foreign currency translation

The revenue and expense accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the average exchange rate during the year. The balance sheet accounts, except for the components of shareholders' equity, are also translated into yen at the rate of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates. Differences arising from translations are presented as "Foreign currency translation adjustments," a component of net assets in the accompanying consolidated financial statements.

Foreign currency monetary assets and liabilities are translated into Japanese yen at the exchange rates in effect at each balance sheet date and the resulting translation gains or losses are credited or charged to income.

(3) Cash and cash equivalents

The Company and its subsidiaries consider all highly liquid investments with a maturity of three months or less from their purchase dates to be cash equivalents.

(4) Securities

Marketable securities categorized as other securities are carried at fair value with unrealized holding gain or loss, net of applicable income taxes, accounted for as a separate component of net assets. Non-marketable securities classified as other securities are stated at cost. Cost of securities sold is computed based on the moving average method.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (continued)

(5) Derivatives

All derivatives are carried at fair value.

(6) Inventories

Finished goods and raw materials	— moving average method (in cases where the profitability has declined, the book value is reduced accordingly)
Semi-finished goods and work in process	— individual cost method (in cases where the profitability has declined, the book value is reduced accordingly)

(7) Depreciation and amortization (except for lease asset)

Depreciation of property, plant and equipment is generally computed by the declining-balance method, based on the estimated useful lives of the respective assets. The straight-line method is applied to certain research facilities acquired during the year ended March 31, 1995, and buildings acquired after April 1, 1998. Foreign consolidated subsidiaries compute depreciation primarily using the straight-line method. The following summarizes the estimated useful lives of property, plant and equipment by major category:

Buildings and structures	3 – 60 years
Machinery and equipment	2 – 17 years

Intangible assets, which are included in “other assets” of the accompanying consolidated balance sheet, are amortized by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over a period of 5 years, based on the estimated useful life of the software.

The Company amortizes goodwill over an estimated useful life of 5 years by the straight-line method.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (continued)

(8) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. The amount of the allowance is determined based on their historical experience with write-offs, plus an estimate of specific probable doubtful accounts based on a review of the collectibility of individual receivables.

(9) Provision for directors' bonuses

To provide for the payment of bonuses to directors and statutory auditors, an allowance is made based on projected amount incurred.

(10) Provision for contract losses

Provision for contract losses is provided at an amount considered to cover the estimated possible losses involved in orders for which loss occurrence is highly anticipated where the loss amount can be reasonably estimated at the balance sheet date.

(11) Provision for retirement benefits

An allowance for employees' retirement benefits is provided, based on the projected retirement benefit obligation and the pension fund assets. Actuarial gain or loss is amortized effective the year subsequent to the year in which they arise by the straight-line method over a period of 10 years, which is shorter than the average remaining years of service of the employees.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (continued)

(12) Provision for directors' retirement benefits

Certain directors, statutory auditors and corporate officers of the Company and certain consolidated subsidiaries are entitled to lump-sum payments under their respective unfunded retirement benefit plans. Provision for retirement allowances for these officers has been made at the estimated amounts which would be paid if all directors, statutory auditors and corporate officers resigned as of the balance sheet date.

(13) Reserve for repair and maintenance

Certain research facilities acquired during the year ended March 31, 1995 requires periodic repairs and maintenance. An accrual for these repair and maintenance expenses is recorded based on the current portion of the total expenses estimated for such repairs.

(14) Revenues and costs of construction contracts

Revenues and costs of construction contracts are recognized by the percentage of completion method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost.
The completed-contract method continues to be applied for contracts for which the percentage of completion cannot be reliably estimated.

(15) Lease assets

The depreciation of leased assets under finance lease is calculated using the straight-line method over the lease term with residual value of zero.

(16) Hedging accounting

Interest rate swaps which meet specific hedge criteria and qualify for special hedge accounting treatment are not remeasured at fair value.

Hedging instruments and hedged items are summarized as follows:

Hedging instruments		Hedged items
Interest rate swap agreements	・・・	Interest on long-term debt

The Company uses financial instruments to hedge interest rate fluctuation risk exposed to long-term debt.

For interest rate swaps which meet the criteria for special hedge accounting, the assessment of hedge effectiveness is omitted.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Items for the Presentation of Consolidated Financial Statements (continued)

(17) Research and development costs

Research and development costs are expensed as incurred and included in cost of sales or selling, general and administrative expenses.

(18) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and tax-based reporting of the assets and liabilities, and are measured using the statutory tax rates which will be in effect when the differences are expected to be realized.

(19) Adoption of consolidated tax accounting system

The Company and some of its consolidated subsidiaries have adopted the consolidated taxation system.

3. Additional Information

Adoption of accounting standard for accounting changes and error corrections
The Company has adopted the "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan (ASBJ) Statement No. 24 of December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24 of December 4, 2009), for accounting changes and corrections of past errors made as of the beginning of the fiscal year under review.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Investments in securities

At March 31, 2012 and 2011, marketable securities classified as other (available-for-sale) securities are summarized as follows:

	March 31,						March 31,		
	2012			2011			2012		
	Acquisition costs	Amount recorded in the balance Sheet	Difference	Acquisition costs	Amount recorded in the balance sheet	Difference	Acquisition costs	Amount recorded in the balance Sheet	Difference
	(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
Other securities whose market value recorded in the balance sheet exceed their acquisition costs:									
Equity securities	¥ 52	¥ 93	¥ 41	¥ 101	¥ 142	¥ 41	$ 634	$ 1,127	$ 493
Debt securities	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total	¥ 52	¥ 93	¥ 41	¥ 101	¥ 142	¥ 41	$ 634	$ 1,127	$ 493
Other securities whose market value recorded in the balance sheet do not exceed their acquisition costs:									
Equity securities	58	53	(5)	9	8	(1)	713	655	(58)
Debt securities	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total	¥ 58	¥ 53	¥ (5)	¥ 9	¥ 8	¥ (1)	$ 713	$ 655	$ (58)

At March 31, 2012 and 2011, non-marketable securities carried at cost are summarized as follows:

	March 31,		March 31,
	2012	2011	2012
	(Millions of yen)		(Thousands of U.S. dollars)
Investments in affiliates:			
Affiliates	¥ 52	¥ 52	$ 634
Other	1	1	7

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Inventories

Inventories at March 31, 2012 and 2011 are summarized as follows:

	March 31, 2012	March 31, 2011	March 31, 2012
	(Millions of yen)		(Thousands of U.S. dollars)
Finished products	¥ 2,295	¥ 2,138	$ 27,918
Raw materials	192	315	2,337
Work in process	4,377	4,227	53,252
Total	¥ 6,864	¥ 6,680	$ 83,507

6. Short-Term Bank Loans and Long-Term Debt

The weighted average interest rate per annum on the short-term bank loans outstanding at March 31, 2012 and 2011 were 1.2%, respectively.

Long-term debt at March 31, 2012 and 2011 are summarized as follows:

	March 31, 2012	March 31, 2011	March 31, 2012
	(Millions of yen)		(Thousands of U.S. dollars)
Unsecured:			
1.24% to 1.26% loans from banks due 2011 to 2015	2,500	3,700	30,417
Lease obligations	454	821	5,529
Total	2,954	4,521	35,946
Less current portion	689	3,581	8,387
Long-term debt and lease obligations, net	¥ 2,265	¥ 940	$ 27,559

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Short-Term Bank Loans and Long-Term Debt (continued)

Aggregate annual maturities of long-term debt and lease obligations at March 31, 2012 are summarized as follows:

	March 31, 2012	
	(Millions of yen)	*(Thousands of U.S. dollars)*
2013	¥ 689	$ 8,388
2014	100	1,211
2015	2,056	25,021
2016 and thereafter	109	1,326
Total	¥ 2,954	$ 35,946

The Company entered into one-year contracts for commitment lines of credit with six banks in the aggregated amount of ¥5,000 million ($60,835 thousand) for efficient financial arrangements for operating funds. These contracts have been expired on March 30, 2012. However, the loans under these commitment lives of credit are due on April 27, 2012.
The Company has newly entered into one-year and three-month contracts for commitment lines of credit with these six banks in the aggregating amount of ¥6,800 million ($82,735 thousand) effective on April 20, 2012.

7. Research and Development Expenses

Research and development expenses charged to income for the years ended March 31, 2012 and 2011 are as follows:

Year ended March 31,		Year ended March 31,
2012	2011	2012
(Millions of yen)		*(Thousands of U.S. dollars)*
¥ 2,064	¥ 2,110	$ 25,114

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Income Taxes

The major components of deferred tax assets and liabilities as of March 31, 2012 and 2011 are summarized as follows:

	March 31,		March 31,
	2012	**2011**	**2012**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Employees' retirement benefits	¥ 2,029	¥ 2,113	$ 24,690
Accrued employees' bonuses	519	580	6,315
Provision for contract losses	53	49	638
Accrual for periodic repairs	127	187	1,544
Enterprise tax payable	24	26	293
Tax loss carried forward	2,442	2,940	29,705
Other	720	1,071	8,762
Gross deferred tax assets	5,914	6,966	71,947
Valuation allowance	(4,709)	(5,650)	(57,295)
Total deferred tax assets	1,205	1,316	14,652
Deferred tax liabilities:			
Unrecognized holding gain on other securities	(12)	(11)	(142)
Other	(58)	(53)	(711)
Total deferred tax liabilities	(70)	(64)	(853)
Net deferred tax assets	¥ 1,135	¥ 1,252	$ 13,799

The reconciliation between the effective tax rate and the statutory tax rate for the year ended March 31, 2011 was omitted since the difference between the statutory tax rate and the effective tax rate of less than 5%.

The reconciliation between the effective tax rate and the statutory tax rate for the year ended March 31, 2012 was omitted since loss before income taxes and minority interests was recorded.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Income Taxes (continued)

In response to the issuance of the "Act regulating revision of part of the Income Tax Act and other related laws/regulations on December 2, 2011, in order to establish a taxation system that reflects structural changes in the economy and society" (2011, Law No. 114) and the "Act regarding securing funds necessary for implementing programs promoting recovery from the Great East Japan Earthquake," (2011, Law No.117), the Company has changed the statutory tax rate used for calculating the deferred tax assets and deferred tax liabilities as of March 31, 2012 from 40.6% to 38.0% for the three fiscal years beginning on April 1, 2012, and to 35.6% for the fiscal years beginning on and after April 1, 2015.
The effect of changes in tax rates is immaterial.

Income taxes of the overseas subsidiaries are based on the tax rates applicable in their countries of incorporation.

9. Retirement Benefits

The Companies have defined benefit pension plans and lump-sum retirement payment plans which cover substantially all employees who retire from the Companies. Eligible employees may also receive additional payments under the plans.

The following is a summary of the plans:

	March 31,		March 31,
	2012	2011	2012
	(Millions of yen)		*(Thousands of U.S. dollars)*
Projected benefit obligation	¥ (9,667)	¥ (9,509)	$ (117,620)
Fair value of plan assets	3,255	3,223	39,600
Funded status	(6,412)	(6,286)	(78,020)
Unrecognized actuarial loss	1,478	1,395	17,984
Unrecognized prior service cost (Reduced obligation)	(167)	–	(2,024)
Prepaid pension cost	(264)	(320)	(3,216)
Allowance for retirement benefits	¥ (5,365)	¥ (5,211)	$ (65,276)

The consolidated subsidiaries have adopted a simplified method, as permitted, to calculate the projected benefit obligation.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Retirement Benefits (continued)

Components of net periodic pension cost for the years ended March 31, 2012 and 2011 are summarized as follows:

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012
	(Millions of yen)		*(Thousands of U.S. dollars)*
Service cost	¥ 517	¥ 517	$ 6,296
Interest cost on projected benefit obligation	181	184	2,197
Expected return on plan assets	(113)	(114)	(1,372)
Amortization of prior service cost	(3)	–	(34)
Amortization of actuarial loss	341	411	4,148
Extra retirement payments	–	127	–
Net periodic pension cost	¥ 923	¥ 1,125	$ 11,235

The provision for retirement benefits was determined using the simplified method by the consolidated subsidiaries and has been included in service cost.

Assumptions used in the actuarial calculation for the years ended March 31, 2012 and 2011 are summarized as follows:

	March 31, 2012	March 31, 2011
Actuarial cost method	Projected unit credit method	
Discount rate	2.0 % per annum	2.0 % per annum
Expected rate of return on plan assets	3.5 % per annum	3.5 % per annum
Gain on plan amendment (Prior service cost)	10 years (within the employees' average remaining years of service)	
Amortization period for actuarial loss	10 years (within the employees' average remaining years of service)	

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Pledged Assets

Assets pledged as collateral for loans payable at foreign subsidiaries as of March 31, 2012 are summarized as follows:

	March 31, 2012	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Bank deposits	¥ 3	$ 33
Total	¥ 3	$ 33

11. Contingent Liabilities

The Company had the following contingent liability as of March 31, 2012:

	March 31, 2012	
	(Millions of yen)	*(Thousands of U.S. dollars)*
Guarantee for housing loans of employees	¥ 23	$ 283

12. Derivatives and Hedging Activities

The Company has entered into interest-rate swap contracts to manage its exposure to interest-rate risk on long-term debt. As a matter of policy, the Company does not enter into derivative transactions for trading purposes. The Company does not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are domestic financial institutions with high credit ratings.

In accordance with the Company's policy, derivative transactions are entered into under the decision-making rules approved by the Management Strategy Committee of the Company. The department which has the responsibility to enter into such contracts monitors and controls the inherent risk and performance on a daily basis and reports these to management of the Company, if and when necessary.

In accordance with the special hedge accounting under the Accounting Standard for Financial Instruments, the Company does not record certain interest-rate swap arrangements at fair value but charges or credits the net cash flows from the swap arrangements to the interest arising from the respective hedged borrowings.

At March 31, 2012 and 2011, the fair value information for derivatives was not presented since all derivatives were accounted for using the special hedge accounting and accordingly their fair value recorded as part of fair value of the hedged bowings.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Derivatives and Hedging Activities (continued)

Ⅰ. Derivative transactions which do not qualify for hedge accounting

There is no derivative transactions which do not qualify forehead accounting for the years ended March 31, 2012 and 2011.

Ⅱ. Derivative transactions which qualify for hedge accounting

Interest-related transaction

		Year ended March 31, 2012		
Type of derivative transaction	**Principal Item Hedged**	**Contract Amount**	**Contract Amount Over 1 Year**	**Fair Value**
			(Millions of yen)	
Interest rate swap transaction Pay fixed/Receive variable	Long-term debt	¥ 2,000	¥ 2,000	¥ ―

		Year ended March 31, 2011		
Type of derivative transaction	**Principal Item Hedged**	**Contract Amount**	**Contract Amount Over 1 Year**	**Fair Value**
			(Millions of yen)	
Interest rate swap transaction Pay fixed/Receive variable	Long-term debt	¥ 1,500	¥―	¥ ―

		Year ended March 31, 2012		
Type of derivative transaction	**Principal Item Hedged**	**Contract Amount**	**Contract Amount Over 1 Year**	**Fair Value**
			(Thousands of U.S. dollars)	
Interest rate swap transaction Pay fixed/Receive variable	Long-term debt	$ 24,334	$ 24,334	$ ―

Notes:

The current price by the exception handling of interest swap is the current price of the long-term debt.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments

① Matters relating to financial instruments

(1) Policy of Financial Instruments

The Company and its consolidated subsidiaries procure capital investments such primarily through bank loans. Derivatives are used, not for speculative nor trading purposes, but to manage risk exposure arising from business operations.

(2) Contents and risk management for financial instruments

Receivables such as trade notes and accounts receivable are exposed to customer's credit risk. Receivables from each customer are constantly checked to reduce risk of costumer's default.
Investment securities are mainly debt or equity securities of customers of the Company and its consolidated subsidiaries and exposed to the issuer's credit risk and market price fluctuation risk.
Trade payables, which are operating payables, are due for payment within a year. While foreign currency-denominated operating receivables are exposed to exchange rate fluctuation risk, we evade this risk by, as a general rule, primarily utilizing a forward exchange contract of foreign currency-denominated operating payables. Short-term bank loans are used to primarily to procure business transaction's funds, while long-term debt is used to procure funds required for long-term stability. Although some items with variable interest rates are exposed to interest rate fluctuation risk, we used derivative transactions (interest rate swaps) in part to fix interest payments. Derivatives which are shown in the below table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk. To control credit risk related to derivatives, based on an internal guide line, the Group has derivatives with counterparties which has high credit grade. In addition, the Treasury Division of the Group regularly monitors risk and profit and loss, and reports them to it's Executive Committee.
Operating payables and bank loans are exposed to the liquidity risk.
Each of the Group performs cash management using monthly cash flow information.

(3) Supplements on fair value of financial instruments

Fair values of financial instruments are based on their quoted price in active markets. If the quoted price is not available, other rational valuation techniques are used instead. The results of valuation may differ among assumptions because the rational techniques include variable factors. The contract or notional amounts of derivatives which are shown in the below table do not represent the amounts exchanged by the parties and do not measure the Companies' exposure to credit or market risk.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

② Matters concerning the market value of financial instruments, etc.

Amounts on the consolidated balance sheet as of March 31, 2012, fair value and variance are as follows.

	March 31, 2012		
	Carrying Value	**Fair Value**	**Difference**
		(Millions of yen)	
(1) Cash and bank deposits	¥ 5,067	¥ 5,067	¥ —
(2) Notes and accounts receivable, trade	24,576	24,576	—
(3) Investment securities:			
Other securities	147	147	—
(4) Notes and accounts payable, trade	(9,932)	(9,932)	—
(5) Short-term bank loans	(9,775)	(9,775)	—
(6) Current portion of long-term debt	(500)	(500)	—
(7) Long-term debt	(2,000)	(1,982)	18
(8) Other long-term liabilities	(3,023)	(2,136)	887

	March 31, 2011		
	Carrying Value	**Fair Value**	**Difference**
		(Millions of yen)	
(1) Cash and bank deposits	¥ 3,391	¥ 3,391	¥ —
(2) Notes and accounts receivable, trade	26,940	26,940	—
(3) Investment securities	151	151	—
Other securities			
(4) Notes and accounts payable, trade	(11,993)	(11,993)	—
(5) Short-term bank loans	(7,705)	(7,705)	—
(6) Current portion of long-term debt	(3,200)	(3,200)	—
(7) Long-term debt	(500)	(497)	(3)
(8) Other long-term liabilities	(3,022)	(2,012)	(1,010)

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

	March 31, 2012		
	Carrying Value	Fair Value	Difference
	(Thousands of U.S. dollars)		
(1) Cash and bank deposits	$ 61,654	$ 61,654	$ —
(2) Notes and accounts receivable, trade	299,018	299,018	—
(3) Investment securities	1,789	1,789	—
Other securities			
(4) Notes and accounts payable, trade	(120,837)	(120,837)	—
(5) Short-term bank loans	(118,935)	(118,935)	—
(6) Current portion of long-term debt	(6,084)	(6,084)	—
(7) Long-term debt	(24,334)	(24,113)	221
(8) Other long-term liabilities	(36,777)	(25,985)	10,792

(*)A liability is persecuted in parentheses in the above table.

Notes:

a) Method of measurement of fair value of financial instruments and matters concerning securities and derivative transactions

(1) Cash and bank deposits, (2) Notes and accounts receivable, trade

As these items are settled in a short period of time and the fair value is almost equal to the book value, their book value is presented.

(3) Investment securities - Other securities

The fair value of equity securities represents the price on the stock exchange.

(4) Notes and accounts payable, trade, (5) Short-term bank loans

As these items are settled in a short period of time and the fair value is almost equal to the book value, their book value is presented.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

13. Financial Instruments (continued)

(6) Long-term debt

As for fair value of long-term debt, future cash flows from payments for principal and interest are discounted at the interest rate applicable to similar new loan to the present value. As for long-term debt with floating interest rate subject to the special hedge accounting with designated interest rate swap, future cash flows from payments for principal and interest, combined with cash flows from the designated interest rate swap, are discounted at the interest rate applicable to similar new loan to the present value.

(7) Other long-term liabilities

Other long-term liabilities consist of lease deposits. The fair value of other long-term liabilities is discounted at the risk-free interest rates of future cash flows to the present value.

(8) Derivatives transaction

See Note 11 for the detail of derivative transactions.

b) As non-marketable equity securities of ¥52 million ($634 thousand) do not have a quoted market price and the future cash flow cannot be estimated, we consider it extremely difficult to determine their fair value. Hence, the items are not included in "(3) Investment securities - Other securities."

c) Financial assets due subsequent to the balance sheet date

Cash and bank deposits of ¥5,044 million ($61,373 thousand), Notes and accounts receivable, trade of ¥24,576 million ($299,018 thousand) are due within one year subsequent to March 31, 2012 and Cash and bank deposits of ¥3,371 million, Notes and accounts receivable, trade of ¥26,940 million are due within one year subsequent to March 31, 2011.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Investment in Rental Property

The Company owns an office building (including land) for rent for third parties in Yokohama city, part of which is used by the Company.

Information on Consolidated Balance Sheet

	Carrying Amount			
	March 31, 2011	Decrease	March 31, 2012	At March 31, 2012 Fair Value
	(Millions of yen)			
Rental property	¥ 7,030	¥ 167	¥ 6,863	¥ 7,347

	Carrying Amount			
	March 31, 2010	Decrease	March 31, 2011	At March 31, 2011 Fair Value
	(Millions of yen)			
Rental property	¥ 7,376	¥ 346	¥ 7,030	¥ 7,649

	Carrying Amount			
	March 31, 2011	Decrease	March 31, 2012	At March 31, 2012 Fair Value
	(Thousands of U.S. dollars)			
Rental property	$ 85,530	$ 2,029	$ 83,501	$ 89,390

Notes:

a) The carrying amount on the consolidated balance sheet is determined at the amount of acquisition costs less accumulated depreciation and impairment loss.

b) Decrease represents depreciation during the year.

c) Fair value at March 31, 2012 and 2011 is internally determined by the Company based on the real-estate appraisal standard.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Investment in Rental Property (continued)

Information on Consolidated Statement of Operations

	Year ended March 31, 2012		
	Rental income	Rental costs	Difference
	(Millions of yen)		
Rental property	¥ 1,729	¥ 1,272	¥ 456

	Year ended March 31, 2011		
	Rental income	Rental costs	Difference
	(Millions of yen)		
Rental property	¥ 1,797	¥ 983	¥ 814

	Year ended March 31, 2012		
	Rental income	Rental costs	Difference
	(Thousands of U.S. dollars)		
Rental property	$ 21,032	$ 15,479	$ 5,553

Notes:

Because the rental property includes an office space internally used by the Company, rental income related to the internally－used office space is not included in the above. Costs incidental to this real estate, such as depreciation, repair cost, insurance cost, taxes and public charges, are included in rental costs.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Segment Information

① Segment Information

(1) Overview of reporting segments

The Company’s reporting segments are determined as the Group's units for which separate financial information is also obtainable, and the Board of Directors regularly monitor in order to decide allocation of business resources and evaluate business performance.

The Company adopts the division system in its Group organization based on the product or service lines.

Each division draws up a domestic and overseas comprehensive strategy about its responsible products or services to deal with and develop operations.

The Company has four reporting segments: Fine mechatronics, Mechatronics systems, Vending machines & systems, and Real estate leasing.

The product or service lines belonging to each reporting segment are as follows.

Fine mechatronics :
Flat Panel Display ("FPD") manufacturing equipment (wet cleaning equipment, developing equipment, Etching equipment, Stripping equipment, PI inkjet coater, Cell assembly equipment), Semiconductor manufacturing equipment (wafer inspection equipment, etching equipment, ashing equipment, wet cleaning equipment), Railroad maintenance equipment, and other items.

Mechatronics systems:
FPD manufacturing equipment (outer lead bonders), Semiconductor manufacturing equipment (die bonders, flip chip bonders, inner lead bonders), Media device manufacturing equipment (sputtering equipment, vacuum bonding equipment), Industrial vacuum evaporation equipment, Laser equipment, Microwave equipment, Rechargeable battery manufacturing equipment, Precision parts manufacturing equipment, Other automation equipment, Vacuum pumps, and other items.

Vending machines & systems :
Vending machines, ticket vending machines, and others.

Real estate leasing :
Real estate leasing and management, and other businesses.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Segment Information (continued)

(2) Methods of calculating amounts for net sales, income or loss, assets and other items by reporting segment

The accounting policies applied by each reporting business segment are those outlined in "Significant items for the preparation of consolidated financial statements".
Reporting segment is an ordinary income basis.
Internal sales between segments are mainly based on price to be applied for third-party transactions.

(3) Information on sales, income or loss, assets and other items by reporting segment

Information for the fiscal years ended March 31, 2012 and 2011 is summarized as follows:

	Year ended March 31, 2012				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
			(Millions of yen)		
Sales					
Sales to external customers	¥ 23,831	¥ 11,936	¥ 1,864	¥ 1,729	¥ 39,360
Intersegment sales or transfers	16	203	1	–	220
Total sales	23,847	12,139	1,865	1,729	39,580
Segment income (loss)	1,412	(1,597)	(53)	456	218
Segment assets	24,686	15,307	1,568	7,240	48,801
Other					
Depreciation	646	417	61	379	1,503
Depreciation of goodwill	20	–	–	–	20
Interest income	12	0	0	–	12
Interest expense	8	7	2	–	17
Increase in tangible and intangible fixed assets	488	550	1	81	1,120

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Segment Information (continued)

	Year ended March 31, 2011				
	Fine mechatronics	**Mechatronics systems**	**Vending machines & systems**	**Real estate leasing**	**Total**
			(Millions of yen)		
Sales					
Sales to external customers	¥ 22,514	¥ 20,145	¥ 1,790	¥ 1,797	¥ 46,246
Intersegment sales or transfers	17	193	–	–	210
Total sales	22,531	20,338	1,790	1,797	46,456
Segment income (loss)	609	211	(245)	814	1,389
Segment assets	21,862	20,929	1,532	7,385	51,708
Other					
Depreciation	906	420	78	361	1,765
Depreciation of goodwill	12	–	–	–	12
Amortization of negative goodwill	40	–	–	–	40
Interest income	6	0	0	–	6
Interest expense	6	9	3	–	18
Increase in tangible and intangible fixed assets	530	567	23	34	1,154

	Year ended March 31, 2012				
	Fine mechatronics	**Mechatronics systems**	**Vending machines & systems**	**Real estate leasing**	**Total**
			(Thousands of U.S. dollars)		
Sales					
Sales to external customers	$ 289,952	$ 145,219	$ 22,680	$ 21,032	$ 478,883
Intersegment sales or transfers	200	2,473	5	–	2,678
Total sales	290,152	147,692	22,685	21,032	481,561
Segment income (loss)	17,176	(19,434)	(645)	5,553	2,650
Segment assets	300,350	186,242	19,072	88,087	593,751
Other					
Depreciation	7,857	5,074	742	4,620	18,293
Depreciation of goodwill	243	–	–	–	243
Interest income	147	1	1	–	149
Interest expense	96	89	18	–	203
Increase in tangible and intangible fixed assets	5,938	6,696	12	984	13,630

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Segment Information (continued)

(4) Reconciliations between the reporting segment total and the amounts presented in the consolidated financial statements.

a) Segment income

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Reporting segments	¥ 218	¥ 1,389	$ 2,651
Unallocated amounts	(438)	(499)	(5,323)
Other	87	(86)	1,053
Consolidated	¥ (133)	¥ 804	$ (1,619)

Notes:

Included in the "Unallocated amounts" above are unallocable operating expenses which primarily relate to research and development expenses incurred over the entire Group as part of the Company's research and development activities.

b) Segment assets

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012
	(Millions of yen)	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Reporting segments	¥ 48,800	¥ 51,708	$ 593,752
Unallocated amounts	4,143	2,542	50,409
Consolidated	¥ 52,943	¥ 54,250	$ 644,161

Notes:

Included in the "Unallocated amounts" above are unallocable assets which primarily consist of surplus funds (cash and bank deposits) and investment funds (investment securities) owned by the Company and deferred tax assets.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Segment Information (continued)

c) Other

	Year ended March 31, 2012					
	Reporting segments	Adjustment amount	Consolidated	Reporting segments	Adjustment amount	Consolidated
		(Millions of yen)			*(Thousands of U.S. dollars)*	
Depreciation	¥ 1,503	¥ –	¥ 1,503	$ 18,293	$ –	$ 18,293
Depreciation of goodwill	20	–	20	243	–	243
Interest income	12	0	13	149	6	155
Interest expense	17	178	195	203	2,166	2,370
Increase in tangible and intangible fixed assets	1,120	–	1,120	13,630	–	13,630

	Year ended March 31, 2011		
	Reporting segments	Adjustment amount	Consolidated
		(Millions of yen)	
Depreciation	¥ 1,765	¥ –	¥ 1,765
Depreciation of goodwill	12	–	12
Amortization of negative goodwill	40	–	40
Interest income	6	1	7
Interest expense	18	160	178
Increase in tangible and intangible fixed assets	1,154	–	1,154

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Segment Information (continued)

② Related information

(1) Information by each product and service
Information by each product and service is omitted because equivalent information has been disclosed in segment information.

(2) Information by geographical area

a) Sales

Year ended March 31, 2012			
Japan	**Northeastern Asia**	**Other**	**Total**
	(Millions of yen)		
¥ 24,329	¥ 13,261	¥ 1,770	¥ 39,360

Year ended March 31, 2011			
Japan	**Northeastern Asia**	**Other**	**Total**
	(Millions of yen)		
¥ 22,468	¥ 21,800	¥ 1,978	¥ 46,246

Year ended March 31, 2012			
Japan	**Northeastern Asia**	**Other**	**Total**
	(Thousands of U.S. dollars)		
$ 296,002	$ 161,348	$ 21,533	$ 478,883

Notes:
Sales are based on the location of customers, classified by country or region.

b) Tangible fixed assets

Year ended March 31, 2012		
Japan	**Northeastern Asia**	**Total**
	(Millions of yen)	
¥ 12,664	¥ 6	¥ 12,670

Year ended March 31, 2011		
Japan	**Northeastern Asia**	**Total**
	(Millions of yen)	
¥ 13,075	¥ 335	¥ 13,410

Year ended March 31, 2012		
Japan	**Northeastern Asia**	**Total**
	(Thousands of U.S. dollars)	
$ 154,080	$ 83	$ 154,163

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Segment Information (continued)

c) Information by main customer

There are no material single unaffiliated customers greater than 10% of consolidated net sales.

③ Impairment losses on fixed assets by reporting segment

No applicable items

④ Depreciation and remaining carrying value of goodwill by reporting segment

	Year ended March 31, 2012				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
			(Millions of yen)		
Balance as of March 31, 2012	¥ 30	¥ –	¥ –	¥ –	¥ 30

	Year ended March 31, 2011				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
			(Millions of yen)		
Balance as of March 31, 2011	¥ 50	¥ –	¥ –	¥ –	¥ 50

	Year ended March 31, 2012				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
			(Thousands of U.S. dollars)		
Balance as of March 31, 2012	$ 365	$ –	$ –	$ –	$ 365

⑤ Gain on negative goodwill by reporting segment

Gain on negative goodwill by reporting segment at March 31, 2012 and 2011 was not significant.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

16. Non-cash Transactions

Lease assets and lease obligations recorded relating to lease transactions were ¥20 million ($243 thousand) and ¥20 million ($243 thousand), respectively for the year ended March 31, 2012 and ¥35 million and ¥35 million, respectively for the year ended March 31, 2011.

17. Selling, General and Administrative Expenses

For the years ended March 31, 2012 and 2011, major selling, general and administrative expenses are summarized as follows:

	March 31,		March 31,
	2012	2011	2012
	(Millions of yen)		*(Thousands of U.S. dollars)*
Packing and delivery expenses	¥ 183	¥ 161	$ 2,226
Sales commission	251	279	3,058
Advertising expenses	17	17	205
Employees' salaries and allowances	4,758	5,324	57,885
Provision of allowance for doubtful accounts	13	8	163
Provision for retirement benefits	381	484	4,634
Provision for directors' retirement benefits	3	6	42
Depreciation	741	847	9,015
Rent expenses	150	196	1,821
Development and research expenses	2,064	2,110	25,112

18. Related Party Transactions

Toshiba Corporation held 39.1 % of the Company’s voting rights as of March 31, 2012.

The Company sold semiconductor manufacturing equipment to Toshiba Corporation and received rent revenue from Toshiba Corporation. The aggregate amounts of these transactions were ¥3,048 million ($37,087 thousand) and ¥4,086 million for the years ended March 31, 2012 and 2011, respectively.

The Company purchased raw materials from Toshiba Corporation totaling ¥325 million ($3,955 thousand) and ¥330 million for the year ended March 31, 2012 and 2011, respectively.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Related Party Transactions (continued)

Amounts due from and to Toshiba Corporation at March 31, 2012 and 2011 were as follows:

	March 31, 2012	March 31, 2011	March 31, 2012
	(Millions of yen)		*(Thousands of U.S. dollars)*
Due from Toshiba Corporation	¥ 650	¥ 1,081	$ 7,910
Due to Toshiba Corporation	3,222	3,230	39,198

19. Per Share Information

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted-average number of shares of common stock outstanding during each year, assuming full dilution of common stock equivalents. A net asset per share is computed based on the weighted-average number of shares of common stock outstanding at each balance sheet date.

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012
	(Yen)		*(U.S. dollars)*
Net income (loss):			
– Basic	¥ (7.98)	¥ 9.83	$ (0.10)
Net assets	342.99	353.98	4.17

Notes:

The information regarding diluted net income per share for the years ended 2012 and 2011 is omitted because of no stock with dilutive effect.

Shibaura Mechatronics Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

20. Subsequent events

The Company's Board of Director's meeting held on April 26, 2012 resolved to implement a voluntary early retirement program for employees as fallows:

(1) Reason for the implementation of voluntary early retirement

The Company has achieved good results in intense global competition by business restructuring and personal productivity improvement after the recovery from Lehman shock.
However, appreciation of yen against foreign currencies in the recent years and the future global economy still remains unclear. In addition, demands of liquid crystal panel for television are expected to continue to decline.
Under these circumstances, the Company decided to implement a voluntary early retirement program for employees as an indispensable business structure in order to reduce a number of employees to the proper level and further improve its productivity.

(2) Eligible employees

Shibaura Mechatronics Corporation and domestic subsidiaries

(3) Number of employees

10% of eligible employees

(4) Period of application

First half of the fiscal year ending March 31, 2013

(5) Contents of scheme

Currently, the Company cannot make an estimate of impact because the content of the program is not clear.

(6) Others

Although the contents of the program are to be determined based on discussions with the labor union. An extra retirement benefit is to be paid in abdication to the regular retirement benefits, determined on the Company's own convenience basis. In addition, the Company will support them for seeking new employment.

Other Information

Shibaura Mechatronics Corporation

Non-Consolidated Balance Sheet

	March 31, 2012	March 31, 2011	March 31, 2012
	(Millions of yen)		*(Thousands of U.S. dollars)*
Assets			
Current assets:			
Cash and bank deposits	¥ 2,714	¥ 1,479	$ 33,023
Notes and accounts receivable, trade:			
Notes	262	1,794	3,187
Accounts	21,308	22,308	259,254
Allowance for doubtful accounts	(523)	(512)	(6,360)
Inventories	5,556	5,146	67,597
Deferred tax assets	801	897	9,738
Short-term loans receivable from subsidiaries and affiliates	1,490	1,300	18,129
Other current assets	1,525	1,480	18,556
Total current assets	33,133	33,892	403,124
Property, plant and equipment:			
Land	69	68	837
Buildings and structures	27,585	27,579	335,632
Machinery and equipment	1,697	943	20,646
Lease assets	585	1,151	7,117
Construction in progress	587	518	7,140
Total	30,523	30,259	371,372
Accumulated depreciation	(18,488)	(17,923)	(224,944)
Property, plant and equipment, net	12,035	12,336	146,428
Investments and other assets:			
Investments in securities	124	136	1,505
Investments in subsidiaries and affiliates	526	683	6,405
Deferred tax assets	109	131	8,730
Intangible assets	717	688	1,327
Other assets	571	620	6,948
Allowance for doubtful accounts	(0)	(0)	(3)
Total investments and other assets	2,047	2,258	24,912
Total assets	¥ 47,215	¥ 48,486	$ 574,464

	March 31,		March 31,
	2012	2011	2012
	(Millions of yen)		*(Thousands of U.S. dollars)*
Liabilities and net assets			
Current liabilities:			
Short-term bank loans	¥ 9,500	¥ 7,300	$ 115,586
Current portion of long-term debt	500	3,200	6,083
Notes and accounts payable:			
Notes	2,226	2,209	27,079
Accounts	5,524	7,889	67,211
Advances received	545	334	6,634
Lease obligations	124	290	1,512
Provision for directors' bonuses	—	35	—
Provision for contract losses	138	120	1,677
Accrued expenses	2,500	2,332	30,420
Accrued income taxes	45	47	548
Other current liabilities	320	137	3,896
Total current liabilities	21,422	23,893	260,646
Long-term liabilities:			
Long-term debt	2,000	500	24,334
Lease obligations	78	206	953
Long-term accounts payable-other	22	22	265
Provision for retirement benefits	4,870	4,729	59,251
Reserve for repair and maintenance	437	407	5,316
Other long-term liabilities	3,023	3,023	36,777
Asset retirement obligations	20	20	245
Total long-term liabilities	10,450	8,907	127,141
Total liabilities	31,872	32,800	387,787
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 100,000,000 shares			
Issued: 51,926,194 shares at March 31, 2012 and 2011	6,761	6,762	82,266
Additional paid-in capital	9,995	9,995	121,613
Retained earnings	292	622	3,547
Less treasury stock, at cost	(1,720)	(1,719)	(20,929)
Total shareholders' equity	15,328	15,660	186,497
Valuation and translation adjustments:			
Net unrealized holding gain on other securities	15	26	180
Total net assets	15,343	15,686	186,677
Total liabilities and net assets	¥ 47,215	¥ 48,486	$ 574,464

Other Information

Shibaura Mechatronics Corporation

Non-Consolidated Statement of Operations

	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2012
	(Millions of yen)		(Thousands of U.S. dollars)
Net sales	¥ 30,197	¥ 36,696	$ 367,401
Cost of sales	24,843	29,444	302,261
Gross profit	5,354	7,252	65,140
Selling, general and administrative expenses	6,579	7,369	80,041
Operating loss	(1,225)	(117)	(14,901)
Other income (expenses):			
Interest and dividend income	678	485	8,246
Interest expense	(178)	(160)	(2,166)
Business advisory fee	279	290	3,402
Commission fee	(9)	(51)	(113)
Loss on valuation of subsidiaries' stock	(156)	(252)	(1,902)
Provision of allowance for doubtful accounts for subsidiaries and affiliates	(10)	(30)	(125)
Loss on disaster	–	(17)	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	–	(8)	–
Other, net	450	353	5,476
(Loss) income before income taxes	(171)	493	(2,083)
Income taxes:			
Current	(60)	28	(728)
Deferred	121	(156)	1,472
	61	(128)	744
Net (loss) income	¥ (232)	¥ 621	$ (2,827)
	(Yen)		(U.S. dollars)
Per share of common stock:			
Net loss	¥ (4.70)	¥ 12.60	$ (0.06)
Cash dividends applicable to the year	0.00	2.00	0.00

ERNST & YOUNG

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Independent Auditor's Report

The Board of Directors
Shibaura Mechatronics Corporation

We have audited the accompanying consolidated financial statements of Shibaura Mechatronics Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of operations, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shibaura Mechatronics Corporation and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in Note 20 to the consolidated financial statements, on April 24, 2012, the Board of Directors of Shibaura Mechatronics Corporation resolved to implement a voluntary early retirement program for employees.

Our opinion is not qualified in respect of this matter.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 21, 2012

A member firm of Ernst & Young Global Limited

Board of Directors

As of June 21, 2012

Directors

Kenji Minami

President and Chief Executive Officer

Masahiro Abe

Executive Vice President

Executive General Manager of Technology & Development Division

Shigeki Fujita

Senior Vice President

Executive General Manager of Fine Mechatronics Division

Shunichi Kishimoto

Senior Vice President

Executive General Manager of Mechatronics System Division

Shuichi Shimada

Vice President

Deputy Executive General Manager of Mechatronics System Division

Satoru Hara

Vice President

Deputy Executive General Manager of Technology & Development Division

Hitoshi Dojima

Vice President

Executive General Manager of Corporate Management Division
General Manager of Customer Relations & Marketing Division

Yoshitsugu Ogawa

Vice President

Deputy Executive General Manager of Fine Mechatronics Division

Auditors

Haruhiko Washio

Auditor

Yoshihiro Maeda

Auditor

Sennosuke Yoshida

Auditor

Investor Information

As of March 31, 2012

Date Established	October 12, 1939
Capital	6,761Million-Yen
Number of Employees	Consolidated : 1,496
Common Stock	Authorized : 100,000,000 shares Issued and outstanding : 51,926,194 shares
Number of Shareholders	7,728
Stock Listings	The Tokyo Stock Exchange (Code : 6590)
Transfer Agent for Common Stock	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Independent Auditor	ERNST & YOUNG SHINNIHON LLC
Headquarters	2-5-1, Kasama, 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,				
	2012	2011	2010	2009	2008
High (yen)	344	508	472	687	824
Low (yen)	191	162	244	234	388

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)	1,250	2.5
The Master Trust Bank of Japan, Limited (trust accounts)	537	1.1
Shibaura Mechatronics Employee Accumulation Stock Plan	460	0.9

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