SHIBAURA MECHATRONICS CORPORATION

ANNUAL REPORT 2001
Financial Section

For the year ended March 31, 2001

Consolidated Financial Statements

Shibaura Mechatronics Corporation and Subsidiaries

Years ended March 31, 1999, 2000 and 2001
with Report of Independent Certified Public Accountants

Contents

Consolidated Balance Sheets

	March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2001
	(Millions of yen)			(Thousands of U.S. dollars) (Note 1)
Assets				
Current assets:				
Cash and bank deposits	¥ 2,855	¥ 5,745	¥ 4,233	$ 34,165
Short-term investments	-	177	69	557
Marketable securities (Note 3)	343	479	-	-
Notes and accounts receivable, trade	19,403	27,821	23,196	187,213
Allowance for doubtful accounts	(134)	(117)	(106)	(853)
Inventories (Note 4)	11,123	18,192	21,447	173,097
Other current assets	570	1,528	879	7,094
Total current assets	34,160	53,825	49,718	401,273
Property, plant and equipment:				
Land	454	611	337	2,720
Buildings	27,529	28,801	27,889	225,088
Machinery and equipment	10,269	12,456	10,614	85,669
Construction in progress	148	650	79	636
Total	38,400	42,518	38,919	314,113
Accumulated depreciation	(13,571)	(16,467)	(16,882)	(136,251)
Net property, plant and equipment	24,829	26,051	22,037	177,862
Investments and other assets:				
Investment securities (Note 3)	832	800	588	4,747
Other assets	949	2,414	3,051	24,626
Allowance for doubtful accounts	(0)	(0)	(-)	(-)
Total investments and other assets	1,781	3,214	3,639	29,373
Total assets	¥ 60,770	¥ 83,090	¥ 75,394	$ 608,508

	March 31,			March 31,
	1999	2000	2001	2001
		(Millions of yen)		(Thousands of U.S. dollars)
Liabilities and shareholders' equity				
Current liabilities:				
Short-term bank loans (Note 5)	¥12,734	¥17,275	¥13,047	$105,304
Notes and accounts payable	10,386	24,634	21,782	175,805
Accrued expenses	2,791	4,416	4,310	34,786
Accrued income taxes (Note 7)	65	847	778	6,279
Accrued consumption tax	0	100	98	789
Other current liabilities	1,613	1,457	1,018	8,214
Total current liabilities	27,589	48,729	41,033	331,177
Long-term liabilities:				
Bonds (Note 5)	5,000	2,990	2,820	22,760
Long-term debt (Note 5)	6,635	5,848	2,123	17,132
Allowance for retirement benefits (Note 8)	1,988	2,415	6,306	50,892
Directors' retirement benefits	229	149	160	1,296
Other long-term liabilities	3,202	3,275	3,248	26,218
Total long-term liabilities	17,054	14,677	14,657	118,298
Contingent liabilities (Note 12)				
Shareholders' equity:				
Common stock, ¥50 par value:				
Authorized: 100,000,000 shares				
Issued:				
45,865,834 shares at March 31, 1999,				
49,863,822 shares at March 31, 2000,				
50,033,312 shares at March 31, 2001	3,776	5,783	5,868	47,361
Additional paid-in capital (Note 9)	7,759	9,763	9,848	79,481
Retained earnings (Notes 9 and 14)	4,592	4,138	4,149	33,490
Less treasury stock, at cost (Note 10)	(0)	(0)	(177)	(1,429)
Net unrealized holding gain on other securities	-	-	16	130
Total shareholders' equity	16,127	19,684	19,704	159,033
Total liabilities and shareholders' equity	¥60,770	¥83,090	¥75,394	$608,508

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

Consolidated Statements of Operations

	Year ended March 31, 1999	2000	2001	Year ended March 31, 2001
	(Millions of yen)			(Thousands of U.S. dollars)
Net sales	¥43,875	¥75,935	¥71,117	$573,989
Cost of sales	33,868	59,853	55,175	445,325
Gross profit	10,007	16,082	15,942	128,664
Selling, general and administrative expenses	9,506	13,347	12,680	102,339
Operating income	501	2,735	3,262	26,325
Other income (expenses):				
Interest and dividend income	73	25	16	135
Interest expense	(438)	(478)	(198)	(1,605)
Gain on transfer of business	387	-	-	-
Equity in losses of affiliates	(314)	-	-	-
Gain on sale of land	-	932	220	1,783
Gain on sale of investments in affiliates, etc.	-	-	824	6,650
Cumulative effect of initial adoption of accounting for retirement benefits	-	-	(5,074)	(40,959)
Special severance payments	-	(2,730)	-	-
Special amortization of past service costs of defined benefit pension plan	-	(320)	-	-
Other net	(164)	(1,132)	(247)	(1,995)
Income (loss) before income taxes	45	(968)	(1,197)	(9,666)
Income taxes (Note 7):				
Current	133	847	950	7,668
Deferred	23	(281)	(2,006)	(16,195)
Minority interests in losses of consolidated subsidiaries	-	(1,319)	-	-
Net loss	¥ (111)	¥ (215)	¥ (141)	$ (1,139)
		(Yen)		(U.S. dollars)
Per share of common stock:				
Net loss	¥ (2.80)	¥ (4.65)	¥ (2.83)	$ (0.02)
Cash dividends applicable to the year	3.00	5.00	5.00	0.04

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

Consolidated Statements of Shareholders' Equity

	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings
		(Millions of yen)		
Balance as of March 31, 1998	33,455,333	¥3,155	¥4,776	¥4,409
Increase due to merger	12,410,501	621	2,983	394
Net loss	-	-	-	(111)
Increase in earnings arising from inclusion of affiliated companies accounted for by the equity method	-	-	-	0
Cash dividends paid	-	-	-	(100)
Balance as of March 31, 1999	45,865,834	3,776	7,759	4,592
Cumulative effect of change in accounting principles	-	-	-	338
Net loss	-	-	-	(215)
Decrease in earnings arising from inclusion of consolidated subsidiaries	-	-	-	(440)
Cash dividends paid	-	-	-	(137)
Conversion of convertible bonds	3,997,988	2,007	2,004	-
Balance as of March 31, 2000	49,863,822	5,783	9,763	4,138
Net loss	-	-	-	(141)
Increase in earnings arising from inclusion and exclusion of consolidated subsidiaries	-	-	-	535
Cash dividends paid	-	-	-	(349)
Bonuses to directors and statutory auditors	-	-	-	(34)
Conversion of convertible bonds	169,490	85	85	-
Balance as of March 31, 2001	50,033,312	¥5,868	¥9,848	¥4,149
		(Thousands of U.S. dollars)		
Balance as of March 31, 2000		$46,674	$78,795	$33,403
Net loss		-	-	(1,139)
Increase in earnings arising from inclusion and exclusion of consolidated subsidiaries		-	-	4,318
Cash dividends paid		-	-	(2,817)
Bonuses to directors and statutory auditors		-	-	(275)
Conversion of convertible bonds		687	686	-
Balance as of March 31, 2001		$47,361	$79,481	$33,490

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

Consolidated Statements of Cash Flows

	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2001
	(Millions of yen)			(Thousands of U.S. dollars)
Operating activities:				
Income (loss) before income taxes	¥ 45	¥ (968)	¥ (1,197)	$ (9,666)
Adjustments to reconcile income (loss) before income taxes to net cash (used in) provided by operating activities:				
Depreciation and amortization	2,502	3,302	2,065	16,670
Reversal of doubtful accounts	(278)	(56)	(16)	(126)
Provision for (reversal of) employees' retirement allowances	(143)	(1,049)	4,399	35,505
Interest and dividend income	(73)	(25)	(16)	(135)
Interest expense	438	478	198	1,605
Bond issuance expense	-	202	-	-
Gain on sale of property and equipment	-	(923)	(220)	(1,753)
Loss on disposal of property and equipment	81	38	40	322
Gain on sale of marketable and investment securities	(49)	(3)	-	-
Loss (gain) on revaluation of marketable and investment securities	42	(37)	-	-
Gain on sale of investment securities	-	-	(168)	(1,360)
Gain on sale of affiliates, etc.	-	-	(824)	(6,650)
Translation gains	(5)	-	(25)	(198)
Equity in earnings of unconsolidated subsidiaries and affiliates	(432)	-	-	-
Increase in accrued consumption tax	-	-	25	202
Special severance payments	-	2,730	-	-
Bonuses to directors and statutory auditors	-	-	(34)	(275)
Changes in assets and liabilities:				
Increase in advances received	-	-	(339)	(2,739)
Decrease (increase) in notes and accounts receivable	4,424	(2,367)	(1,693)	(13,664)
Increase in inventories	(1,638)	(5,425)	(5,166)	(41,693)
(Decrease) increase in notes and accounts payable	(3,618)	11,237	1,660	13,401
Other	(434)	(734)	552	4,427
Subtotal	862	6,400	(759)	(6,127)
Interest and dividends received	72	25	16	134
Interest payments	(438)	(436)	(217)	(1,754)
Special severance payments	-	(2,730)	-	-
Income taxes paid	(785)	(73)	(1,033)	(8,339)
Other payments	-	-	(255)	(2,057)
Net cash (used in) provided by operating activities	(289)	3,186	(2,248)	(18,143)

	Year ended March 31,			Year ended March 31,
	1999	2000	2001	2001
	(Millions of yen)			(Thousands of U.S. dollars)
Investment activities:				
Payments for deposits	¥ -	¥ (654)	¥ (69)	$ (557)
Proceeds from time deposits	-	477	177	1,429
Purchases of marketable securities	(496)	(2,098)	(1,800)	(14,527)
Proceeds from sale of marketable securities	695	2,001	1,900	15,337
Purchases of property and equipment	(3,053)	(1,287)	(1,004)	(8,102)
Proceeds from sale of property, plant and equipment	-	2,490	262	2,114
Purchases of investment securities	(927)	(307)	(79)	(641)
Proceeds from sale of investment securities	10	85	670	5,407
Proceeds from disposition of businesses	4,244	-	-	-
Payment with respect to sale of a consolidated subsidiary	-	-	(776)	(6,263)
Decrease (increase) in other assets	249	98	(18)	(146)
Net cash provided by (used in) investing activities	722	805	(737)	(5,949)
Financing activities:				
(Decrease) increase in short-term loans	(2,832)	(4,861)	3,845	31,032
Proceeds from long-term debt	3,000	805	600	4,842
Repayment of long-term debt	(1,017)	(576)	(2,703)	(21,814)
Proceeds from issuance of bonds	-	6,797	-	-
Redemption of bonds	-	(5,000)	-	-
Proceeds from issuance of stock to minority shareholders	-	600	-	-
Purchases of treasury stock	-	-	(177)	(1,424)
Cash dividends paid	(100)	(137)	(349)	(2,817)
Other	-	(0)	-	-
Net cash (used in) provided by financing activities	(949)	(2,372)	1,216	9,819
Effect of exchange rate changes on cash and bank deposits	-	12	19	150
Net increase (decrease) in cash	(516)	1,631	(1,750)	(14,123)
Cash and bank deposits at beginning of the year	2,681	2,855	5,745	46,375
(Decrease) increase arising from exclusion/inclusion of subsidiaries from/in consolidation	(182)	1,259	238	1,917
Cash arising from merger	872	-	-	-
Cash and bank deposits at end of the year	¥ 2,855	¥ 5,745	¥ 4,233	$ 34,169

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

Notes to Consolidated Financial Statements

1. Basis of Presenting Financial Statements

Shibaura Mechatronics Corporation (the "Company") and its consolidated subsidiaries (collectively the "Companies") maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted and applied in Japan. The accompanying consolidated financial statements have been prepared from the financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan. Accordingly, the consolidated financial positions, results of operations and cash flows presented in the accompanying financial statements may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. For the purposes of this document, certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

Effective the year ended March 31, 2000, under a new disclosure requirement, consolidated statements of cash flows have been included as part of the basic financial statements. The Company has made certain reclassifications of consolidated statements of cash flows for the year ended March 31, 1999 to conform to the 2000 presentation.

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 ¥123.90 = U.S.$1.00, the approximate rate of exchange at March 31, 2001. 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.

2. Summary of Significant Accounting Policies

(a) Scope of Consolidation

The accompanying consolidated financial statements include the accounts of Shibaura Mechatronics Corporation and one subsidiary for the year ended March 31, 1999, four subsidiaries for the year ended March 31, 2000, and four subsidiaries for the year ended March 31, 2001. Effective the year ended March 31, 2000, the scope of consolidation has been changed from including a subsidiary whose voting interests are 50% or more owned by the parent, to expanding the scope to include a subsidiary whose voting interests are owned by the parent at 40% or more but less than 50% and, in addition, whose decision making with respect to its operations is significantly affected by the parent through financial or technical support, personnel, or transactions, etc. For the years ended March 31, 1999, 2000 and 2001, six, seven, and three subsidiaries, respectively, have been excluded from the scope of consolidation. The exclusion of these subsidiaries is not deemed material to the consolidated financial statements.

(b) Application of the Equity Method

The accounts of Shibaura Nidec Corporation ("SNC") were included in the consolidated financial statements for the year ended March 31, 1999 and were acccounted for by the equity method. SNC became a consolidated subsidiary as a result of the change in the scope of consolidation made for the year ended March 31, 2000. However, SNC and its subsidiary have been excluded from consolidation for the year ended March 31, 2001 because the shares of SNC which were owned by the Company were sold to Nidec Corporation, a shareholder of SNC.

For the years ended March 31, 1999, 2000 and 2001, six, seven and three investments in unconsolidated subsidiaries, respectively, are stated at cost because they had no material effect on the consolidated financial statements.

(c) Elimination of Intercompany Investments and Relevant Shareholders' Equity

The Company's investment in each consolidated subsidiary and the Company's share of the relevant shareholders' equity of such consolidated subsidiaries have been eliminated as of the date of each acquisition.

(d) Elimination of Unrealized Profits or Losses

a. Unrealized profits or losses resulting from intercompany transactions included in assets remaining within the Companies have been eliminated.

b. In connection with the elimination of unrealized profits or losses relating to "Property, plant and equipment" and "Intangible assets", related depreciation and amortization have been adjusted accordingly.

(e) Translation of Items in the Financial Statements of Overseas Subsidiaries and Affiliates

Items in the financial statements of overseas subsidiaries and affiliates are translated into yen at the exchange rates in effect at the balance-sheet dates of such subsidiaries, except for the components of shareholders' equity, which are translated at their historical rates. The resulting foreign currency translation adjustment is included in other assets.

(f) Cash and Cash Equivalents

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

(g) Securities

Held-to-maturity securities are either amortized or accumulated to face value. Other securities with quoted market prices are carried at market value. The difference between the acquisition cost and the carrying value of other securities, including unrealized gains and losses, is recognized as a component of the shareholders' equity under "Net unrealized holding gain on other securities." The cost of other securities sold is computed based on the moving average method. Other securities without quoted market prices are stated at cost based on the moving average method.

Effective the year ended March 31, 2001, the Company adopted a new accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council (the "BADC") on January 22, 1999). The effect of this change was to increase income before income taxes by ¥105 million compared with the amount which would have been recorded by the method applied in the previous year.

This accounting standard for financial instruments requires the Company to classify its securities into the following three categories: trading, held-to-maturity and other. At the beginning of the year, the Company reviewed the classification of all its securities. Based on this classification, any held-to-maturity securities with a maturity of less than one year have been included in current assets. All other securities have been included in investment securities as non-current assets. As a result, securities in current assets decreased by ¥377 million and investment securities increased by ¥377 million at March 31, 2001.

(h) Inventories

Inventories of the Company and its consolidated subsidiaries are stated at cost determined principally by the following methods:

Finished goods, raw materials and supplies	- -	Primarily by the moving average method
Semi-finished goods	- -	Primarily by the individual cost method
Work in process	- -	Primarily by the individual cost method

(i) Depreciation and Amortization

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 adopted for the certain building acquired during the year ended March 31, 1995, and to all buildings acquired since April 1, 1998.

Intangible assets are amortized by the straight-line method. Development costs for software intended for their internal use are amortized by the straight-line method over a period of 5 years based on the estimated useful life of the software.

(j) Severance Benefits and Pension Plans

Effective the year ended March 31, 2001, the Company adopted a new accounting standard for retirement benefits ("Opinion Concerning the Establishment of Accounting Standard for Retirement Benefits" issued by the BADC on June 16, 1998). In accordance with this standard, an allowance for employees' retirement benefits has been provided based on the projected retirement benefit obligation and the pension fund assets. In prior years, retirement allowances had been provided at 50% of the retirement benefits payable at the year end for employees, if all the employees terminated their services voluntarily.

The transition difference of ¥5,074 million resulting from the initial adoption of the new accounting standard charged to income as an extraordinary loss for the year ended March 31, 2001.

In addition, prior service cost of ¥130 million in the aggregate with respect to the revision of the lump-sum retirement payment plan and the funded non-contributory pension plan was charged to income as an extraordinary gain for the year ended March 31, 2001.

Furthermore, the Company provides for retirement benefits to directors and statutory auditors based on the Company's internal rules at the amount which would be required to be paid if all directors and statutory auditors retired or left at the balance sheet date.

(k) Accrual for Periodic Repairs

The certain building acquired in the year ended March 31, 1995 requires periodic repairs. Accrual for repair expenses is recorded based on the current portion of the total expenses estimated for such repairs.

(l) Leases

Finance leases other than those, which are deemed to transfer the ownership of the leased assets to the lessee, are not capitalized, but are accounted for by a method similar to that applicable to operating leases.

(m) Research and Development Expenses

Research and development expenses are charged to income when incurred.

(n) Per Share Information

Net income (loss) per share of common stock is based on the weighed average number of shares of common stock outstanding during each period. Cash dividends per share shown for each period in the consolidated statements of operations represent dividends applicable to the respective period.

(o) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and income tax 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.

Effective the year ended March 31, 2000, in accordance with a change in accounting principles, the method of accounting for income taxes has been changed to adopting tax-effect accounting. Tax-effect accounting was applied only to limited temporary differences in previous years. The effect of this change was to increase deferred tax assets by ¥445 million (current assets by ¥319 million and other assets by ¥126 million), to increase net income by ¥302 million and to increase consolidated retained earnings by ¥640 million at March 31, 2000.

3. Securities

At March 31, 2001, available-for-sale securities with quoted market prices, which were classified under the new accounting standard for financial instruments, are summarized as follows:

	Acquisition cost	Amount recorded in the balance sheet	Difference	Acquisition cost	Amount recorded in the balance sheet	Difference
	(Millions of yen)			(Thousands of U.S. dollars)		
Other securities whose market values recorded in the balance sheet exceed their acquisition costs:						
Equity securities	¥ 86	¥137	¥ 51	$ 695	$1,103	$ 408
Debt securities	10	10	-	85	85	-
Other	-	-	-	-	-	-
Subtotal	96	147	51	780	1,188	408
Other securities whose market values recorded in the balance sheet do not exceed their acquisition costs:						
Equity securities	110	88	(22)	886	707	(179)
Debt securities	-	-	-	-	-	-
Other	20	19	(1)	162	156	(6)
Subtotal	130	107	(23)	1,048	863	(185)
Total	¥226	¥254	¥ 28	$1,828	$2,051	$ 223

At March 31, 2001, other securities without quoted market prices are summarized as follows:

	Amount recorded in the balance sheet	
	(Millions of yen)	(Thousands of U.S. dollars)
Investments in subsidiaries and affiliates:		
Unlisted equity securities except for those traded on the over-the-counter market	¥232	$1,873
Other securities unlisted securities except for those traded on the over-the-counter market	101	822

A comparison of the aggregate carrying and market value of marketable and investment securities at March 31, 1999 and 2000 is as follows:

	March 31, 1999	March 31, 2000
	(Millions of yen)	
Marketable securities:		
Cost (carrying value)	¥343	¥381
Aggregate market value	393	620
Unrealized gain	¥ 50	¥239
Investment securities:		
Cost (carrying value)	¥ 23	¥ 23
Aggregate market value	49	50
Unrealized gain	¥ 26	¥ 27

4. Inventories

Inventories at March 31, 1999, 2000 and 2001 are summarized as follows:

	March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2001
	(Millions of yen)			(Thousands of U.S. dollars)
Finished products	¥ 5,820	¥ 8,185	¥ 7,094	$ 57,258
Raw materials	128	219	104	834
Work in process	5,175	9,788	14,249	115,005
Total	¥11,123	¥18,192	¥21,447	$173,097

5. Short-Term Bank Loans and Other Long-Term Debt

The annual interest rates of the Companies' short-term bank loans at March 31, 1999, 2000 and 2001 principally ranged from 0.62 per cent to 1.15 per cent., from 0.57 per cent. to 1.13 per cent., and from 0.57 per cent. to 1.625 per cent., respectively.

A summary of bonds and long-term debt at March 31, 1999, 2000 and 2001 is as follows:

	March 31, 1999	2000	2001	March 31, 2001
	(Millions of yen)			(Thousands of U.S. dollars)
Unsecured:				
Non-interest-bearing convertible bonds due March 2004	¥ -	¥ 2,990	¥ 2,820	$ 22,760
Straight bonds	5,000	-	-	-
0.61 per cent. to 3.19 per cent. loans from banks and insurance companies due 2001 - 2005	5,500	5,800	4,600	37,127
Loans from Pension Welfare Service Public Corporation due 2001 - 2035	37	51	24	190
Secured:				
Loans from banks	1,950	2,600	-	-
Loans from Pension Welfare Service Public Corporation due 2001 - 2008	2	1	1	10
Total	12,489	11,442	7,445	60,087
Current portion	(854)	(2,604)	(2,502)	(20,195)
Long-term debt less current portion	¥ 11,635	¥ 8,838	¥ 4,943	$ 39,892

Loans from the Pension Welfare Service Public Corporation represent financing housing loans to the Company's employees and the same amount is stated as a portion of other assets (loans to the employees). The Company pays the interest on such loans to the lender and collects the same amount from the employees as the borrowers.

On February 7, 2000, the Company issued Euro yen 7,000 million ($56,497 thousand) non-interest-bearing convertible bonds due March 2004 without security. The convertible bonds are convertible into shares of common stock of the Company at ¥803 per share, which was adjusted from ¥1,003.00 per share on February 26, 2001, subject to certain adjustments, during the period from February 21, 2000 to March 24, 2004.

On February 18, 2000, the Company entered into a debt assumption agreement with the Sakura Bank regarding its 2.8 per cent. straight bonds due October 2000 (the "Bonds"), under which the Sakura Bank assumed the obligation to redeem the Bonds from the bondholders in exchange for receiving the amount necessary for the redemption of the Bonds from the Company. The Bonds were eliminated from the Company's books of account as of March 31, 2000; however, the Company still has a contingent liability to the bondholders until the bonds will be fully redeemed.

The long-term debt by maturity subsequent to March 31, 2001 are summarized as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
2002	¥2,502	$20,195
2003	2	15
2004	4,422	35,688
2005 and thereafter	519	4,189
Total	¥7,445	$60,087

6. Research and Development Expenses

Research and development expenses charged to income for the three years ended March 31, 2001 were as follows:

1999	2000	2001	2001
(Millions of yen)			(Thousands of U.S. dollars)
¥1,443	¥2,115	¥2,685	$21,676

7. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in statutory tax rates of approximately 46 per cent., 42 per cent. and 42 per cent. for 1999, 2000 and 2001, respectively. Income taxes of the foreign subsidiaries are based generally on the tax rates applicable in their countries of incorporation. The effective tax rates reflected in the accompanying consolidated statements of operations differ from the statutory tax rates primarily due to the effect of permanent nondeductible expenses for income tax purpose.

The major components of deferred tax assets and liabilities as of March 31, 2000 and 2001 are summarized as follows:

	2000	2001	2001
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Employees' retirement benefits	¥ 677	¥2,446	$19,744
Accrued employees' bonuses	237	410	3,312
Accrual for periodic repairs	95	104	836
Enterprise tax payable	70	88	712
Net loss carried forward	1,318	-	-
Other	334	204	1,651
Total gross deferred tax assets	2,731	3,252	26,255
Valuation allowance	(1,500)	(40)	(326)
Total deferred tax assets	1,231	3,212	25,929
Deferred tax liabilities:			
Deferred gain on sale of properties	(558)	(517)	(4,177)
Special depreciation	(40)	(43)	(345)
Total deferred tax liabilities	(598)	(560)	(4,522)
Deferred tax assets, net	¥ 633	¥2,652	$21,407

8. Retirement Benefits

The Companies have defined benefit pension plans and lump-sum retirement payment plans which cover substantially all employees who terminate their employment with the Companies. In addition, an employee, if eligible, may receive additional payments under the plans.

The following information is a summary of the plans:

Retirement benefit obligation:

	March 31, 2001 (Millions of yen)	(Thousands of U.S. dollars)
Projected benefit obligation	¥(9,242)	$(74,595)
Fair value of plan assets	2,077	16,767
Funded status	(7,165)	(57,828)
Unrecognized actuarial loss	859	6,936
Obligation recognized in the consolidated balance sheet	(6,306)	(50,892)
Allowance for retirement benefits	¥(6,306)	$(50,892)

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

Components of net periodic pension cost:

	Year ended March 31, 2001	
	(Millions of yen)	(Thousands of U.S. dollars)
Service cost - benefits earned during the year	¥ 394	$ 3,179
Interest cost on projected benefit obligation	309	2,495
Expected return on assets	(69)	(559)
Amortization of transition obligation	5,074	40,959
Amortization of prior service cost	(130)	(1,054)
Net periodic pension cost	¥5,578	$45,020

(1) The transition obligation of ¥5,074 ($40,959) was charged to income as an extraordinary loss for the year ended March 31, 2001.

(2) Prior service cost of ¥130 ($1,054) was recognized as an extraordinary gain for the year ended March 31, 2001.

(3) The allowance for retirement benefits was determined by the simplified method by the consolidated subsidiaries and has been included in service cost - benefits earned during the year.

Assumptions used in the actuarial calculation:

Actuarial cost method:	Projected unit credit method
Discount rate:	3.0% per annum
Expected rate of return:	3.5% per annum
Amortization period for prior service cost:	1 year
Amortization period for actuarial loss:	10 years (within the employees' average remaining years of service)
Amortization period for transition obligation:	1 year

9. Legal Reserve and Additional Paid-In Capital

The Commercial Code of Japan provides that an amount equivalent to at least 10% of all cash appropriations of retained earnings, and exactly 10% of interim cash dividends, be transferred to the legal reserve until such reserve equals 25% of the stated amount of common stock. The Code also provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to eliminate or reduce a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors.

Retained earnings in the accompanying financial statements include the legal reserve of ¥552 million ($4,457 thousand) as of March 31, 2001.

10. Stock Option Plan

On June 15, 2000, the shareholders approved a stock option plan for directors and key employees to purchase shares of the Company's common stock which had been purchased by the Company on stock exchanges in accordance with Clause 2 of Article 210-2 of the Commercial Code of Japan. Under this plan, a maximum of 104,000 shares and 51,000 shares may be granted to directors and key employees, respectively.

The option price is determined, subject to adjustments, by multiplying the average final price of the Company's common stock traded on the Tokyo Stock Exchange in the month prior to the date of the options grant by 1.05.

The Company purchased the maximum number of shares and these have been disclosed as treasury stock and stated at their market value of ¥230 million ($1,856 thousand) as of March 31, 2000.

The stock options will become exercisable during the period from July 1, 2002 to June 30, 2004.

11. Leases

Non-cancelable lease transactions are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements, which stipulate the transfer of ownership of the leased assets to the lessee, are accounted for as finance leases. Lease expenses related to finance leases accounted for as operating leases amounted to ¥425 million, ¥699 million and ¥ 455 million ($ 3,677 thousand) for the years ended March 31, 1999, 2000 and 2001, respectively.

Future minimum lease payments subsequent to March 31, 2001 for finance lease transactions accounted for as operating leases are summarized as follows:

	March 31, 2001	
	(Millions of yen)	(Thousands of U.S. dollars)
Due within one year	¥ 405	$3,267
Due after one year	638	5,152
Total	¥1,043	$8,419

12. Contingent Liabilities

The Company had the following contingent liabilities:

	March 31, 2001	
	(Millions of yen)	(Thousands of U.S. dollars)
As guarantor for housing loans of employees	¥128	$1,037
As joint guarantor with agencies regarding lease contracts of the agencies' customers	78	630
Total contingent liabilities	¥206	$1,667

As to a contingent liability regarding a debt assumption agreement, see Note 5.

13. Derivatives and Hedging Activities

The Company has entered into interest swap contracts to reduce the cost of borrowing. The Company uses these contracts to manage its exposure to interest rate risks. As a matter of policy, the Company does not speculate in derivative transactions. 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, controls the risks and performance on a daily basis and reports these to management of the Company, if and when necessary.

Interest Rate Related Transactions

	For the year ended March 31, 1999			
	Contract amounts	(Including portion in excess of one year)	Fair value	Unrealized loss
	(Millions of yen)			
Interest rate swaps:				
Receipt floating/ payment fixed	¥6,000	¥(6,000)	¥(149)	¥(149)

	For the year ended March 31, 2000			
	Contract amounts	(Including portion in excess of one year)	Fair value	Unrealized loss
	(Millions of yen)			
Interest rate swaps:				
Receipt floating/ payment fixed	¥6,000	¥(6,000)	¥(154)	¥(154)

	For the year ended March 31, 2001			
	Contract amounts	(Including portion in excess of one year)	Fair value	Unrealized loss
	(Millions of yen)			
Interest rate swaps:				
Receipt floating/ payment fixed	¥1,000	¥ (500)	¥ (13)	¥ (13)

	For the year ended March 31, 2001			
	Contract amounts	(Including portion in excess of one year)	Fair value	Unrealized loss
	(Thousands of U.S. dollars)			
Interest rate swaps:				
Receipt floating/ payment fixed	$8,071	$(4,035)	$(109)	$(109)

The contract amounts in the above tables do not fully represent the market risk amounts relating to derivative transactions.

14. Subsequent Event

The following appropriations of retained earnings, which have not been reflected in the accompanying financial statements for the year ended March 31, 2001, will be approved at a shareholders' meeting held on June 14, 2001:

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends		
(¥3 = $0.024 per share)	¥150	$1,208
Transfer to legal reserve	15	121

15. Segment Information

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 1999, 2000 and 2001 is summarized as follows:

Business segments

	Year ended March 31, 1999						
	Electric power components	Electric equipment	Automation equipment	Real estate leasing	Total	Eliminations or unallocated amounts	Consolidated
	(Millions of yen)						
I. Sales and operating income							
Sales to external customers	¥ 7,194	¥21,250	¥12,928	¥ 2,503	¥43,875	¥ -	¥43,875
Intersegment sales or transfers	-	-	-	-	-	(-)	-
Total sales	7,194	21,250	12,928	2,503	43,875	-	43,875
Operating expenses	8,232	20,862	12,686	1,342	43,122	252	43,374
Operating income (loss)	¥(1,038)	¥ 388	¥ 242	¥ 1,161	¥ 753	¥ (252)	¥ 501
II. Total assets, depreciation and capital expenditures							
Total assets	¥ -	¥27,407	¥16,350	¥14,047	¥57,804	¥ 2,966	¥60,770
Depreciation	324	1,052	472	650	2,498	-	2,498
Capital expenditures	327	1,327	250	2	1,906	-	1,906

Notes:

a) Basis of segmentation

Business segments are divided into product categories by the same criteria as those applied for internal control purposes.

b) Major products in each business segment.

(1) Electric power components:

Motors for household electrical appliances such as air conditioners, washing machines and other appliances, motors for hot water-supply facilities, motors for automatic doors, motors for home use, water-supply pumps, power supplies for communication equipment, equipment for railroad maintenance, electric power tools, bolt-tightening and other tools.

(2) Electronic equipment

LCD manufacturing equipment (wet cleaning equipment, stripping equipment, etching equipment, cell assembly equipment, outer lead bonding equipment), semiconductor manufacturing equipment (etching equipment, ashing equipment, die-bonding equipment, wire-bonding equipment, automatic molding equipment), media devices manufacturing equipment (sputtering equipment, vacuum plating equipment), magnetically levitated transportation systems, high-speed chip mounting equipment, soldering paste printing equipment, the non-destructive inspection business and other items.

(3) Automation equipment

Picture tube manufacturing equipment, automatic envelope filling and sealing systems, precision parts manufacturing equipment, media devices manufacturing equipment, laser applied processing equipment, microwave applied equipment, robots, vending machines (for cigarettes, food, dry batteries, films, groceries and others), ticket vending machines (for food tickets, admission tickets and other), entrance/exit gate control systems, environment-related machines (mini-recycling and othe mills) and other itemes.

(4) Real estate leasing

Real estate leasing and management and other business.

c) Included in eliminations or unallocated amounts of operating expenses are unallocable amounts relating to development expenses incurred for the entire company as part of the Company's research and development costs.

d) Included in the eliminations or unallocated amounts of total assets were unallocable amounts totaling ¥4,006 million and ¥6,581 million for the years ended March 31, 1999 and 2000, respectively, which primarily consisted of surplus funds (cash and marketable securities) of the Company.

e) Included in depreciation was amortization, and in capital expenditures, additions of long-term prepaid expenses.

f) There were no assets belonging to the electric power components business at March 31, 1999 and 2000 because this business segment was transferred to Shibaura Engineering Works Co., Ltd. during the year then ended.

	Year ended March 31, 2000						
	Electric power components	Electric equipment	Automation equipment	Real estate leasing	Total	Eliminations or unallocated amounts	Consoli-dated
	(Millions of yen)						
I. Sales and operating income							
Sales to external customers	¥18,519	¥39,351	¥15,721	¥ 2,344	¥75,935	¥ -	¥75,935
Intersegment sales or transfers	-	-	-	-	-	(-)	-
Total sales	18,519	39,351	15,721	2,344	75,935	-	75,935
Operating expenses	17,813	38,438	15,408	1,325	72,984	216	73,200
Operating income	¥ 706	¥ 913	¥ 313	¥ 1,019	¥ 2,951	¥ (216)	¥ 2,735
II. Total assets, depre-ciation and capital expenditures							
Total assets	¥15,966	¥35,857	¥16,340	¥13,401	¥81,564	¥ 1,526	¥83,090
Depreciation	669	1,018	540	652	2,879	-	2,879
Capital expenditures	728	714	111	11	1,564	-	1,564

	Year ended March 31, 2001						
	Fine mechatronics equipment	Automation systems & vaccum equipment	Vending machine & systems	Real estate leasing	Total	Eliminations or unallocated amounts	Consoli-dated
	(Millions of yen)						
I. Sales and operating income							
Sales to external customers	¥46,367	¥15,507	¥ 7,029	¥ 2,214	¥71,117	¥ -	¥71,117
Intersegment sales or transfers	-	-	-	-	-	(-)	-
Total sales	¥46,367	¥15,507	¥ 7,721	¥ 2,214	¥71,117	-	¥71,117
Operating expenses	44,269	14,849	6,966	1,286	67,370	485	67,855
Operating income	¥ 2,098	¥ 658	¥ 63	¥ 928	¥ 3,747	¥ (485)	¥ 3,262
II. Total assets, depre-ciation and capital expenditures							
Total assets	¥34,617	¥20,223	¥ 5,795	¥12,736	¥73,371	¥ 2,023	¥75,394
Depreciation	838	454	124	649	2,065	-	2,065
Capital expenditures	533	212	197	10	952	-	952

	Year ended March 31, 2001						
	Fine mechatronics equipment	Automation systems & vaccum equipment	Vending machine & systems	Real estate leasing	Total	Eliminations or unallocated amounts	Consoli-dated
	(Thousands of U.S. dollars)						
I. Sales and operating income							
Sales to external customers	$374,231	$125,157	$56,735	$ 17,866	$573,989	$ -	$573,989
Intersegment sales or transfers	-	-	-	-	-	(-)	-
Total sales	$374,231	$125,157	$56,735	$ 17,866	$573,989	-	$573,989
Operating expenses	357,302	119,847	56,222	10,374	543,745	3,919	547,664
Operating income	$ 16,929	$ 5,310	$ 513	$ 7,492	$ 30,244	$ (3,919)	$ 26,325
II. Total assets, depreciation and capital expenditures							
Total assets	$279,396	$163,222	$46,767	$102,793	$592,178	$ 16,330	$608,508
Depreciation	6,764	3,664	1,002	5,240	16,670	-	16,670
Capital expenditures	4,307	1,709	1,588	80	7,684	-	7,684

Notes:

a) Change in components of segments

In connection with the business transfer to Shibaura Engineering Works Co., Ltd., the Company moved its electric power tools section to the segment of electric components and the name was then changed to electric power components. In addition, the Company divided the segment of applied electric equipment into two segments: electric equipment and automation equipment following the merger with Toshiba Mechatronics Corporation. This change was made to reflect more accurately the actual business of the Company.

Previous information by business segment, for the year ended March 31, 2000, which would have been applied under the same categories as those presented for the years ended March 31, 2001, is as follows:

	Year ended March 31, 2000							
	Fine mechatro-nics equipment	Automation systems & vacuum equipment	Vending machine & systems	Electric power components	Real estate leasing	Total	Eliminations or unallocated amounts	Consoli-dated
	(Millions of yen)							
I. Sales and operating income								
Sales to external customers	¥ 35,213	¥ 13,619	¥ 6,240	¥ 18,519	¥ 2,344	¥ 75,935	¥ -	¥ 75,935
Intersegment sales or transfers	-	-	-	-	-	-	(-)	-
Total sales	35,213	13,619	6,240	18,519	2,343	75,935	-	5,935
Operating expenses	34,549	12,820	6,477	17,813	1,325	72,984	216	73,200
Operating income (loss)	¥ 664	¥ 799	¥ (237)	¥ 706	¥ 1,019	¥ 2,951	¥ (216)	¥ 2,735
II. Total assets, depreciation and capital expenditures								
Total assets	¥ 29,468	¥ 16,964	¥ 5,765	¥ 15,966	¥13,401	¥ 81,564	¥ 1,526	¥83,090
Depreciation	817	570	171	669	652	2,879	-	2,879
Capital expenditures	701	74	50	728	11	1,564	-	1,564

b) Major products in each business segment

(1) Fine Mechatronics Equipment

FPD manufacturing equipment (wet cleaning equipment, stripping equipment, etching equipment, developing equipment, cell assembly equipment, outer lead bonding equipment), semiconductor manufacturing equipment (wet cleaning equipment, etching equipment, ashing equipment, die-bonding equipment, wire-bonding equipment, inner lead bonding equipment, flip chip bonding equipment, auto molding equipment), the non-destructive inspection business, equipment for railroad maintenance, and other items.

(2) Automation Systems & Vacuum Equipment

Picture tube manufacturing equipment, automatic envelope filling and sealing systems, battery manufacturing equipment, precision parts manufacturing equipment, laser applied processing equipment, microwave applied equipment, cartesian robots, media devices manufacturing equipment (sputtering equipment, vacuum bonding equipment), industrial vacuum plating equipment, vacuum pumps, and other items.

(3) Vending Machine & Systems

Vending machines, ticket vending machines, entrance/exit gate control systems, and other

(4) Real estate leasing

Real estate leasing and management and other business.

c) Included in eliminations or unallocated amounts of operating expenses are unallocable amounts relating to development expenses incurred for the entire company as part of the Company's research and development costs.

d) Included in the eliminations or unallocated amounts of total assets were unallocable amounts totaling ¥5,492 million ($44,324 thousand) for the years ended March 31, 2001, respectively, which primarily consisted of surplus funds (cash and marketable securities) of the Company.

e) Included in depreciation was amortization of and additions to long-term prepaid expenses.

Geographical segments

No information by geographical segment for the years ended March 31, 1998, 1999 and 2000 has been presented due to the fact that the net sales and total assets of operations in Japan exceeded 90% of those in all segments.

Overseas sales

	Year ended March 31, 1999		
	Northeastern Asia	Other	Total
	(Millions of yen)		
I. Overseas sales	¥ 6,508	¥2,536	¥ 9,044
II. Consolidatednet sales			43,875
III. % of consolidated net sales	14.8%	5.8%	20.6%

	Year ended March 31, 2000		
	Northeastern Asia	Other	Total
	(Millions of yen)		
I. Overseas sales	¥24,267	¥3,232	¥27,499
II. Consolidated net sales			75,935
III. % of consolidated net sales	32.0%	4.2%	36.2%

	Year ended March 31, 2001		
	Northeastern Asia	Other	Total
	(Millions of yen)		
I. Overseas sales	¥23,569	¥4,378	¥27,947
II. Consolidated net sales			71,117
III. % of consolidated net sales	33.1%	6.2%	39.3%

	Year ended March 31, 2001		
	Northeastern Asia	Other	Total
	(Thousands of U.S. dollars)		
I. Overseas sales	$190,226	$35,339	$225,565
II. Consolidated net sales			573,989
III. % of consolidated net sales	33.1%	6.2%	39.3%

Notes:

a) Overseas sales are those of the Company and its consolidated subsidiaries in countries or regions other than Japan.

b) The division of overseas sales into countries or regions and the names of such countries or regions are as follows:

(1) Overseas sales by country or region:

Geographical areas are divided into categories based on their geographical proximity.

(2) Major countries or regions included in each geographical area:

Northeastern Asia	- Korea, Taiwan
Other	- U.S.A., Netherlands

Report of Independent Certified Public Accountants

Century Ota Showa & Co.

Certified Public Accountants
hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo, 100-0011
C.P.O. Box 1196, Tokyo 100-8641

Phone:03 3503-1100
Fax: 03 3503-1197

The Board of Directors
Shibaura Mechatronics Corporation

We have examined the accompanying consolidated balance sheets of Shibaura Mechatronics Corporation and consolidated subsidiaries as of March 31, 1999, 2000 and 2001, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2000, all expressed in yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Shibaura Mechatronics Corporation and consolidated subsidiaries at March 31, 1999, 2000 and 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2001 in conformity with accounting principles and practices generally accepted in Japan, consistently applied during the period except for the change described in Note 15, with which we concur, in the method of presentation of their business segments.

As described in Note 1, Shibaura Mechatronics Corporation and consolidated subsidiaries have adopted new accounting standards for consolidation and tax-effect accounting effective the year ended March 31, 2000, and for employees' retirement benefits, financial instruments, and foreign currency translations effective the year ended March 31, 2001 in the preparation of their consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our examination also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Century Ota Showa & Co.

June 14, 2001

See Note 1 which explains the basis of preparation of the consolidated financial statements of Shibaura Mechatronics Corporation and consolidated subsidiaries under Japanese accounting principles and practices.

Non-Consolidated Balance Sheets

	March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2001
	(Millions of yen)			(Thousands of U.S. dollars)
Assets				
Current assets:				
Cash and bank deposits	¥ 2,539	¥ 4,299	¥ 2,857	$ 23,059
Marketable securities	344	473	0	0
Notes and accounts receivable, trade:				
Notes	4,493	3,732	2,960	23,890
Accounts	14,206	16,184	18,533	149,584
Allowance for doubtful accounts	(115)	(87)	(106)	(856)
Inventories	10,855	15,295	19,924	160,807
Deferred taxes	-	271	386	3,112
Other current assets	611	722	802	6,476
Total current assets	32,933	40,889	45,356	366,072
Property, plant and equipment:				
Land	254	138	137	1,107
Buildings	27,338	27,468	27,664	223,281
Machinery and equipment	10,071	9,919	10,269	82,878
Construction in progress	148	219	78	631
Total	37,811	37,744	38,148	307,897
Accumulated depreciation	(13,434)	(15,044)	(16,612)	(134,080)
Net property, plant and equipment	24,377	22,700	21,536	173,817
Investments and other assets:				
Investment securities	483	399	495	3,997
Investments in subsidiaries and affiliates	1,149	1,590	447	3,608
Deferred taxes	-	96	2,064	16,658
Other assets	888	1,017	818	6,600
Allowance for doubtful accounts	(0)	(0)	(-)	(-)
Total investments and other assets	2,520	3,102	3,824	30,863
Total assets	¥ 59,830	¥ 66,691	¥ 70,716	$ 570,752

	March 31,			March 31,
	1999	2000	2001	2001
		(Millions of yen)		(Thousands of U.S. dollars)
Liabilities and shareholders' equity				
Current liabilities:				
Short-term bank loans	¥11,810	¥ 5,970	¥ 9,578	$ 77,304
Current portion of long-term debt	854	2,603	2,502	20,195
Notes and accounts payable:				
Notes	4,950	7,868	5,834	47,088
Accounts	4,675	11,331	14,556	117,480
Other	95	51	96	779
Advances from customers	594	554	214	1,730
Accrued expenses	3,032	4,045	4,098	33,073
Accrued income taxes	63	772	555	4,480
Other current liabilities	208	147	126	1,013
Total current liabilities	26,281	33,341	37,559	303,142
Long-term liabilities:				
Bonds	5,000	2,990	2,820	22,760
Long-term debt	6,635	4,025	2,023	16,325
Allowance for retirement benefits	1,891	1,796	6,174	49,833
Directors' retirement benefits	223	134	118	949
Accrual for periodic repairs	202	229	248	2,005
Other long-term liabilities	3,000	3,000	3,000	24,213
Total long-term liabilities	16,951	12,174	14,383	116,085
Shareholders' equity:				
Common stock, ¥50 par value:				
Authorized: 100,000,000 shares				
Issued and outstanding:				
45,865,834 shares at March 31, 1999,				
49,863,822 shares at March 31, 2000,				
50,033,312 shares at March 31, 2001	3,776	5,783	5,868	47,361
Additional paid-in capital	7,760	9,763	9,848	79,481
Legal reserve	487	500	538	4,342
Retained earnings	4,575	5,130	2,504	20,211
Net unrealized holding gain on other securities	-	-	16	130
Total shareholders' equity	16,598	21,176	18,774	151,525
Total liabilities and shareholders' equity	¥59,830	¥66,691	¥70,716	$570,752

Non-Consolidated Statements of Operations

	Year ended March 31, 1999	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2001
	(Millions of yen)			(Thousands of U.S. dollars)
Net sales	¥41,548	¥52,562	¥63,149	$509,681
Cost of sales	32,549	42,681	52,376	422,734
Gross profit	8,999	9,881	10,773	86,947
Selling, general and administrative expenses	8,678	7,886	8,124	65,567
Operating income	321	1,995	2,649	21,380
Other income (expenses):				
Interest and dividend income	113	30	32	259
Interest expense	(437)	(336)	(185)	(1,501)
Gain on sale of land	-	932	220	1,782
Cumulative effect of initial adoption of accounting for retirement benefits	-	-	(5,055)	(40,806)
Loss on sale of investment in affiliates	-	-	(1,190)	(9,604)
Special severance payments	-	(991)	-	-
Gain on transfer of business	422	-	-	-
Other, net	(115)	(497)	(117)	(944)
Income (loss) before income taxes	304	1,133	(3,646)	(29,434)
Income taxes:				
Current	92	795	660	5,326
Deferred	-	(272)	(2,093)	(16,898)
Net income (loss)	¥ 212	¥ 610	¥ (2,213)	$ (17,862)
		(Yen)		(U.S. dollars)
Per share of common stock:				
Net income (loss)	¥ 4.63	¥ 13.18	¥ (44.25)	$ (0.35)
Cash dividends applicable to the year	3.00	5.00	5.00	0.04

SHIBAURA

SHIBAURA MECHATRONICS CORPORATION

2-5-1,Kasama,Sakae-ku,
Yokohama,Japan,247-8610
PHONE : +81-45-897-2421
FAX : +81-45-897-2470
http://www.shibaura.co.jp/

PRINTED WITH SOY INK
Trademark of American Soybean Association

Printed on Recycled Paper
SEB-0003B 1T 0106