

# SHIBAURA MECHATRONICS CORPORATION

## **ANNUAL REPORT 2002** ***Financial Section***

For the year ended March 31, 2002



**Consolidated Financial Statements**

**Shibaura Mechatronics Corporation**  
**and Subsidiaries**

**Years ended March 31, 2000, 2001 and 2002**  
**with Report of Independent Certified Public Accountants**

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# Consolidated Balance Sheets

	March 31,			March 31,
	2000	2001	2002	2002
	(Millions of yen)			(Thousands of U.S. dollars)
				(Note 1)
<b>Assets</b>				
Current assets:				
Cash and bank deposits	¥ 5,745	¥ 4,233	¥ 3,256	\$ 24,436
Short-term investments	177	69	75	560
Marketable securities (Note 3)	479	-	-	-
Notes and accounts receivable, trade	27,821	23,196	20,245	151,932
Allowance for doubtful accounts	(117)	(106)	(98)	(742)
Inventories (Note 4)	18,192	21,447	17,507	131,391
Other current assets	1,528	879	948	7,120
Total current assets	53,825	49,718	41,933	314,697
Property, plant and equipment:				
Land	611	337	335	2,513
Buildings	28,801	27,889	28,103	210,905
Machinery and equipment	12,456	10,614	11,217	84,183
Construction in progress	650	79	127	950
Total	42,518	38,919	39,782	298,551
Accumulated depreciation	(16,467)	(16,882)	(18,734)	(140,596)
Property, plant and equipment, net	26,051	22,037	21,048	157,955
Investments and other assets:				
Investment securities (Note 3)	800	588	632	4,749
Other assets	2,414	3,051	4,034	30,273
Allowance for doubtful accounts	(0)	(-)	(-)	(-)
Total investments and other assets	3,214	3,639	4,666	35,022
Total assets	¥ 83,090	¥ 75,394	¥ 67,647	\$ 507,674

	March 31,			March 31,
	2000	2001	2002	2002
	(Millions of yen)			(Thousands of U.S. dollars)
Liabilities and shareholders' equity				(Note 1)
Current liabilities:				
Short-term bank loans (Note 5)	¥ 17,275	¥ 13,047	¥ 13,712	\$ 102,906
Notes and accounts payable	24,634	21,782	14,260	107,014
Accrued expenses	4,416	4,310	3,651	27,402
Accrued income taxes (Note 7)	847	778	100	749
Accrued consumption tax	100	98	62	469
Other current liabilities	1,457	1,018	951	7,134
Total current liabilities	48,729	41,033	32,736	245,674
Long-term liabilities:				
Bonds (Note 5)	2,990	2,820	2,820	21,163
Long-term debt (Note 5)	5,848	2,123	4,728	35,480
Allowance for retirement benefits (Note 8)	2,415	6,306	5,443	40,849
Directors' retirement benefits	149	160	142	1,065
Other long-term liabilities	3,275	3,248	3,264	24,497
Total long-term liabilities	14,677	14,657	16,397	123,054
Contingent liabilities (Note 12)				
Shareholders' equity:				
Common stock:				
Authorized: 100,000,000 shares				
Issued:				
49,863,822 shares at March 31, 2000,				
50,033,312 shares at March 31, 2001 and 2002	5,783	5,868	5,868	44,038
Additional paid-in capital (Note 9)	9,763	9,848	9,848	73,903
Retained earnings (Note 9)	4,138	4,149	2,969	22,284
Net unrealized holding gain on other securities	-	16	1	11
Foreign currency translation adjustments	-	-	5	43
Less treasury stock, at cost (Note 10)	(0)	(177)	(177)	(1,333)
Total shareholders' equity	19,684	19,704	18,514	138,946
Total liabilities and shareholders' equity	¥ 83,090	¥ 75,394	¥ 67,647	\$ 507,674

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



# Consolidated Statements of Operations

	Year ended March 31,			Year ended March 31,
	2000	2001	2002	2002
	(Millions of yen)			(Thousands of U.S. dollars)
				(Note 1)
Net sales	¥ 75,935	¥ 71,117	¥ 54,917	\$ 412,140
Cost of sales	59,853	55,175	44,519	334,105
Gross profit	16,082	15,942	10,398	78,035
Selling, general and administrative expenses	13,347	12,680	11,934	89,563
Operating income (loss)	2,735	3,262	(1,536)	(11,528)
Other income (expenses):				
Interest and dividend income	25	16	5	43
Interest expense	(478)	(198)	(162)	(1,217)
Equity in earnings of affiliates	-	-	104	784
Gain on sales of land	932	220	482	3,616
Loss on disposals of inventories	-	-	(359)	(2,698)
Gain on sales of investments in affiliates and other	-	824	-	-
Cumulative effect of initial adoption of accounting for retirement benefits	-	(5,074)	-	-
Special severance payments	(2,730)	-	-	-
Special amortization of past service cost of defined benefit pension plan	(320)	-	-	-
Other net	(1,132)	(247)	(344)	(2,587)
Loss before income taxes	(968)	(1,197)	(1,810)	(13,587)
Income taxes (Note 7):				
Current	847	950	114	862
Deferred	(281)	(2,006)	(806)	(6,052)
Minority interests in loss of consolidated subsidiaries	(1,319)	-	-	-
Net loss	¥ (215)	¥ (141)	¥ (1,118)	\$ (8,397)
	(Yen)			(U.S. dollars)
Per share of common stock:				
Net loss	¥ (4.65)	¥ (2.83)	¥ (22.43)	\$ (0.16)
Cash dividends applicable to the year	5.00	5.00	0.00	0.00

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	Net unrealized holding gains on other securities	Foreign currency translation adjustments	Treasury stock
	(Millions of yen)						
<b>Balance as of March 31, 1999</b>	45,865,834	¥ 3,776	¥ 7,759	¥ 4,592	¥ -	¥ -	¥ (0)
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	-	-	-	-
Net decrease in treasury stock	-	-	-	-	-	-	0
<b>Balance as of March 31, 2000</b>	49,863,822	5,783	9,763	4138	-	-	(0)
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	-	-	-	-
Net change	-	-	-	-	16	-	-
Net increase in treasury stock	-	-	-	-	-	-	(177)
<b>Balance as of March 31, 2001</b>	50,033,312	5,868	9,848	4,149	16	-	(177)
Net loss	-	-	-	(1,118)	-	-	-
Increase in earnings arising from inclusion of consolidated subsidiaries	-	-	-	53	-	-	-
Increase in earnings arising from inclusion of affiliates	-	-	-	41	-	-	-
Cash dividends paid	-	-	-	(150)	-	-	-
Bonuses to directors and statutory auditors	-	-	-	(6)	-	-	-
Net change	-	-	-	-	(15)	-	-
Foreign currency translation adjustments	-	-	-	-	-	5	-
Net increase in treasury stock	-	-	-	-	-	-	(0)
<b>Balance as of March 31, 2002</b>	50,033,312	¥ 5,868	¥ 9,848	¥ 2,969	¥ 1	¥ 5	¥ (177)
	(Thousands of U.S. dollars) (Note 1)						
<b>Balance as of March 31, 2001</b>		\$ 44,038	\$ 73,903	\$ 31,139	\$ 121	\$ -	\$ (1,328)
Net loss		-	-	(8,397)	-	-	-
Increase in earnings arising from inclusion of consolidated subsidiaries		-	-	400	-	-	-
Increase in earnings arising from inclusion of affiliates		-	-	308	-	-	-
Cash dividends paid		-	-	(1,122)	-	-	-
Bonuses to directors and statutory auditors		-	-	(44)	-	-	-
Net change		-	-	-	(110)	-	-
Foreign currency translation adjustments		-	-	-	-	43	-
Net increase in treasury stock		-	-	-	-	-	(5)
<b>Balance as of March 31, 2002</b>		\$ 44,038	\$ 73,903	\$ 22,284	\$ 11	\$ 43	\$ (1,333)

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



# Consolidated Statements of Cash Flows

	Year ended March 31,			Year ended
	2000	2001	2002	March 31,
	(Millions of yen)			2002
				(Thousands of U.S. dollars)
				(Note 1)
<b>Operating activities:</b>				
Loss before income taxes	¥ (968)	¥ (1,197)	¥ (1,810)	\$ (13,587)
Adjustments to reconcile loss before income taxes to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,302	2,065	2,144	16,091
Reversal of doubtful accounts	(56)	(16)	(7)	(52)
(Reversal of) provision for allowance for employees' retirement benefits	(1,049)	4,399	(888)	(6,663)
Interest and dividend income	(25)	(16)	(5)	(43)
Interest expense	478	198	162	1,217
Bond issuance expense	202	-	-	-
Gain on sales of property and equipment	(923)	(220)	(482)	(3,616)
Loss on disposal of property and equipment	38	40	11	89
Gain on sales of marketable and investment securities	(3)	-	-	-
(Gain) loss on revaluation of marketable and investment securities	(37)	-	26	202
Gain on sales of investment securities	-	(168)	(0)	(3)
Gain on sales of affiliates, etc.	-	(824)	-	-
Translation gains	-	(25)	(1)	(14)
Equity in earnings of unconsolidated subsidiaries and affiliates	-	-	(78)	(588)
Increase (decrease) in accrued consumption tax	-	25	(43)	(325)
Special severance payments	2,730	-	-	-
Bonuses to directors and statutory auditors	-	(34)	(6)	(44)
Changes in assets and liabilities:				
Increase in advances received	-	(339)	(22)	(168)
(Increase) decrease in notes and accounts receivable	(2,367)	(1,693)	3,067	23,022
(Increase) decrease in inventories	(5,425)	(5,166)	3,956	29,693
Increase (decrease) in notes and accounts payable	11,237	1,660	(8,293)	(62,241)
Other	(734)	552	57	429
Subtotal	6,400	(759)	(2,212)	(16,601)
Interest and dividends received	25	16	5	43
Interest payments	(436)	(217)	(174)	(1,311)
Special severance payments	(2,730)	-	-	-
Income taxes paid	(73)	(1,033)	(796)	(5,974)
Other payments	-	(255)	-	-
Net cash provided by (used in) operating activities	3,186	(2,248)	(3,177)	(23,843)

	Year ended March 31,			Year ended March 31,
	2000	2001	2002	2002
	(Millions of yen)			(Thousands of U.S. dollars) (Note 1)
<b>Investment activities:</b>				
Payments for deposits	¥ (654)	¥ (69)	¥ (80)	\$ (601)
Proceeds from time deposits	477	177	74	560
Purchases of marketable securities	(2,098)	(1,800)	-	-
Proceeds from sales of marketable securities	2,001	1,900	-	-
Purchases of property and equipment	(1,287)	(1,004)	(1,166)	(8,754)
Proceeds from sales of property, plant and equipment	2,490	262	383	2,872
Purchases of intangible fixed assets	-	-	(274)	(2,057)
Purchases of investment securities	(307)	(79)	(16)	(122)
Proceeds from sales of investment securities	85	670	21	156
Payment with respect to sale of a consolidated subsidiary	-	(776)	-	-
Decrease (increase) in other assets	98	(18)	63	473
Net cash provided by (used in) investing activities	805	(737)	(995)	(7,473)
<b>Financing activities:</b>				
(Decrease) increase in short-term loans	(4,861)	3,845	2,942	22,081
Proceeds from long-term debt	805	600	2,850	21,388
Repayment of long-term debt	(576)	(2,703)	(2,522)	(18,928)
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)	(5)
Cash dividends paid	(137)	(349)	(149)	(1,123)
Other	(0)	-	-	-
Net cash (used in) provided by financing activities	(2,372)	1,216	3,120	23,413
Effect of exchange rate changes on cash and bank deposits	12	19	1	14
Net increase (decrease) in cash	1,631	(1,750)	(1,051)	(7,889)
Cash and bank deposits at beginning of the year	2,855	5,745	4,233	31,767
Increase arising from exclusion/inclusion of subsidiaries from/in consolidation	1,259	238	74	558
Cash and bank deposits at end of the year	¥ 5,745	¥ 4,233	¥ 3,256	\$ 24,436

The accompanying notes are an integral part of the 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.

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 ¥133.25 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2002. 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 four subsidiaries for the years ended March 31, 2000 and 2001, and five subsidiaries for the year ended March 31, 2002, over which the Company exerts substantial control either through majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

The investments in unconsolidated subsidiaries which are not deemed material to the consolidated financial statements are stated at cost, except for one subsidiary which is accounted for by the equity method.

### (b) Foreign currency translation

The revenue and expense accounts of the foreign consolidated subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date. 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. The differences arising from translation when two exchange rates have been used are presented as translation adjustments, a component of shareholders' equity in the accompanying consolidated financial statements.

All monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated at the current exchange rates in effect at each balance sheet date. Gains and losses resulting from the settlement of these items are credited or charged currently to income.

### (c) Cash and cash equivalents

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

### (d) 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 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 the Establishment of Accounting Standards 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 over the amount which would have been recorded if the method applied in the previous year had been followed.

This accounting standard for financial instruments also

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.

**(e) 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 individual cost method
- Work in process
  - Primarily by individual cost method

**(f) 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 a 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 internal use are amortized by the straight-line method over a period of 5 years based on the estimated useful life of the software.

Development costs for software intended to be sold are amortized by the straight-line method over a period of 3 years (the estimated number of salable years) or at the percentage of the actual annual volume of sales to the estimated maximum volume of sales, whichever is higher.

**(g) 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 Standards 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 assuming that all employees terminated their services voluntarily.

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

In addition, prior service cost of ¥130 million and ¥23 million (\$173 thousand) in the aggregate with respect to the revision of the lump-sum retirement payment plan and the funded non-contributory pension plan has been charged to income as an other income for the years ended March 31, 2001 and 2002, respectively.

The Company also 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 resigned at the balance sheet date.

**(h) Accrual for periodic repairs**

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

**(i) 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.

**(j) Research and development expenses**

Research and development expenses are charged to income when incurred.

**(k) Per share information**

Net 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.

**(l) 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.

### 3. Securities

At March 31, 2001 and 2002, available-for-sale securities with quoted market prices, as classified under the new accounting standard for financial instruments, are summarized as follows:

	March 31,						March 31,		
	2001			2002			2002		
	Amount recorded in			Amount recorded in			Amount recorded in		
	Acquisition costs	the balance sheet	Difference	Acquisition costs	the balance sheet	Difference	Acquisition costs	the balance sheet	Difference
	(Millions of yen)			(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	¥ 52	¥ 79	¥ 27	\$ 395	\$ 594	\$ 199
Debt securities	10	10	0	10	10	0	73	75	2
Other	-	-	-	-	-	-	-	-	-
Subtotal	96	147	51	62	89	27	468	669	201
Other securities whose market values recorded in the balance sheet do not exceed their acquisition costs:									
Equity securities	110	88	(22)	145	96	(49)	1,086	718	(368)
Debt securities	20	19	(1)	1	1	(0)	7	7	(0)
Other	-	-	-	-	-	-	-	-	-
Subtotal	130	107	(23)	146	97	(49)	1,093	725	(368)
Total	¥226	¥254	¥ 28	¥208	¥186	¥(22)	\$1,561	\$1,394	\$(167)

At March 31, 2001 and 2002, other securities without quoted market prices are summarized as follows:

	Amounts recorded in the balance sheet		
	March 31,		March 31,
	2001	2002	2002
	(Millions of yen)		(Thousands of U.S. dollars)
Investments in subsidiaries and affiliates:			
Unlisted equity securities other than those traded on the over-the-counter market	¥232	¥347	\$2,606
Other unlisted securities other than those traded on the over-the-counter market	101	100	748

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

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

### 4. Inventories

Inventories at March 31, 2000, 2001 and 2002 are summarized as follows:

	March 31,			March 31,
	2000	2001	2002	2002
	(Millions of yen)			(Thousands of U.S. dollars)
Finished products	¥ 8,185	¥ 7,094	¥ 6,836	\$ 51,308
Raw materials	219	104	77	580
Work in process	9,788	14,249	10,594	79,503
Total	¥18,192	¥21,447	¥17,507	\$131,391

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

The annual interest rates of the Companies' short-term bank loans at March 31, 2000, 2001 and 2002 ranged principally from 0.57 per cent. to 1.13 per cent., from 0.57 per cent. to 1.625 per cent., and from 0.48 per cent. to 2.30 per cent., respectively.

A summary of bonds and long-term debt at March 31, 2000, 2001 and 2002 is as follows:

	March 31,			March 31,
	2000	2001	2002	2002
	(Millions of yen)			(Thousands of U.S. dollars)
Unsecured:				
Non-interest-bearing convertible bonds due March 2004	¥ 2,990	¥ 2,820	¥ 2,820	\$21,163
0.65 per cent. to 2.40 per cent. loans from banks and insurance companies due 2002-2006	5,800	4,600	4,939	37,070
Loans from Pension Welfare Service Public Corporation due 2002-2035	51	24	13	98
Secured:				
Loans from banks	2,600	-	-	-
Loans from Pension Welfare Service Public Corporation	1	1	-	-
Total	11,442	7,445	7,772	58,331
Current portion	(2,604)	(2,502)	(224)	(1,688)
Long-term debt less current portion	¥ 8,838	¥ 4,943	¥ 7,548	\$56,643

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 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 during the period from February 21, 2000 to March 24, 2004 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.

The long-term debt subsequent to March 31, 2002 is summarized by maturity as follows:

	(Millions of yen)	(Thousands of U.S. dollars)
2003	¥ 224	\$ 1,688
2004	4,536	34,044
2005	501	3,758
2006 and thereafter	2,511	18,841
Total	¥7,772	\$58,331

## 6. Research and Development Expenses

Research and development expenses charged to income for the three years ended March 31, 2002 were as follows:

2000	2001	2002	2002
(Millions of yen)			(Thousands of U.S. dollars)
¥2,115	¥2,685	¥2,313	\$17,358

## 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 a statutory tax rate of approximately 42 per cent. for 2000, 2001 and 2002. 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, 2001 and 2002 are summarized as follows:

	2000	2001	2002	2002
	(Millions of yen)			(Thousands of U.S. dollars)
Deferred tax assets:				
Employees' retirement benefits	¥ 677	¥2,446	¥2,308	\$17,319
Accrued employees' bonuses	237	410	254	1,908
Accrual for periodic repairs	95	104	110	827
Enterprise tax payable	70	88	12	86
Net loss carried forward	1,318	-	590	4,427
Other	334	204	267	2,006
Gross deferred tax assets	2,731	3,252	3,541	26,573
Valuation allowance	(1,500)	(40)	(71)	(534)
Total deferred tax assets	1,231	3,212	3,470	26,039
Deferred tax liabilities:				
Deferred gain on sale of properties	(558)	(517)	(-)	(-)
Special depreciation	(40)	(43)	(0)	(3)
Total deferred tax liabilities	(598)	(560)	(0)	(3)
Deferred tax assets, net	¥ 633	¥2,652	¥3,470	\$26,036

## 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 is a summary of the plans:

Retirement benefit obligation:

	March 31,		March 31,
	2001	2002	2002
	(Millions of yen)		(Thousands of U.S. dollars)
Projected benefit obligation	¥(9,242)	¥(10,031)	\$(75,280)
Fair value of plan assets	2,077	2,460	18,464
Funded status	(7,165)	(7,571)	(56,816)
Unrecognized actuarial loss	859	2,128	15,967
Obligation recognized in the consolidated balance sheet	(6,306)	(5,443)	(40,849)
Allowance for retirement benefits	¥(6,306)	¥ (5,443)	\$(40,849)

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

Components of net periodic pension cost:

	March 31,		March 31,
	2001	2002	2002
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost - benefits earned during the year	¥ 394	¥405	\$3,038
Interest cost on projected benefit obligation	309	273	2,051
Expected return on plan assets	(69)	(74)	(557)
Amortization of retirement benefit obligation at transition	5,074	-	-
Amortization of prior service cost	(130)	23	173
Amortization of actuarial loss	-	81	612
Net periodic pension cost	¥5,578	¥708	\$5,317

(1) The retirement benefit obligation at transition of ¥5,074 was charged to income as an other expense for the year ended March 31, 2001.

(2) Prior service cost of ¥130 was recognized as another income 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.

	March 31,	
	2001	2002
Assumptions used in the actuarial calculation:		
Actuarial cost method	Projected unit credit method	
Discount rate	3.0% per annum	3.0% per annum
Expected rate of return on plan assets	3.5% per annum	3.5% per annum
Amortization period for prior service cost	1 year	1 year
Amortization period for actuarial loss	10 years (within the employees' average remaining years of service)	
Amortization period for retirement benefit obligation at transition	1 year	1 year

## 9. Legal Reserve and Additional Paid-In Capital

On October 1, 2001, an amendment ("Amendment") to the Commercial Code of Japan (the "Code") became effective. The Amendment eliminates the stated par value of the Company's outstanding shares which results in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that share issuances after September 30, 2001 will be of shares with no par value. Before the amendment, the Company's share had par value of ¥50 per share.

The Code provides that an amount equal to at least 10% of the amount to be disbursed as a distribution of earnings be appropriated to the legal reserve until such reserve and the amount of additional paid-in capital equals 25% of the common stock account. The Code also provides to the extent that the sum of the additional paid-in capital account and the legal reserve exceed 25% of the common stock account then the amount of the excess (if any) is

available for appropriations by resolution of the shareholders.

The retained earnings account in the accompanying consolidated financial statements at March 31, 2002 included a legal reserve of ¥570 million (\$4,279 thousand).

## 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 exercise 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 on which the stock options are granted by 1.05%.

The Company purchased the maximum number of shares allowable and these have been disclosed as treasury stock and stated at their market value of ¥230 million (\$1,856 thousand) as of March 31, 2002.

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 (regardless of 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 ¥699 million, ¥455 million and ¥475 million (\$3,569 thousand) for the years ended March 31, 2000, 2001 and 2002, respectively.

Future minimum lease payments subsequent to March 31, 2002 for finance lease transactions accounted for as operating leases are summarized as follows:

	March 31, 2002	
	(Millions of yen)	(Thousands of U.S. dollars)
Due within one year	¥ 436	\$3,274
Due after one year	639	4,795
Total	¥1,075	\$8,069

## 12. Contingent Liabilities

The Company had the following contingent liabilities:

	March 31, 2002	
	(Millions of yen)	(Thousands of U.S. dollars)
As guarantor for housing loans of employees	¥ 114	\$ 856
As joint guarantor with agencies regarding lease contracts of the agencies' customers	8	58
Total contingent liabilities	¥ 122	\$ 914

A contingent liability regarding a debt assumption agreement is described in Note 5.

### 13. Derivatives and Hedging Activities

The Company has entered into interest rate swap contracts to reduce the cost of borrowing. The Company uses these contracts to manage its exposure to interest rate risk. 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 risk 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, 2000				
Contract amounts	(Including portion in excess of one year)	Fair value	Unrealized loss	
(Millions of yen)				
Interest rate swaps:				
Receive floating/ pay 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:				
Receive floating/ pay fixed	¥1,000	¥ (500)	¥ (13)	¥ (13)

For the year ended March 31, 2002				
Contract amounts	(Including portion in excess of one year)	Fair value	Unrealized loss	
(Millions of yen)				
Interest rate swaps:				
Receive floating/ pay fixed	¥ 500	¥ (-)	¥ (2)	¥ (2)

For the year ended March 31, 2002				
Contract amounts	(Including portion in excess of one year)	Fair value	Unrealized loss	
(Thousands of U.S. dollars)				
Interest rate swaps:				
Receive floating/ pay fixed	\$3,752	\$ (-)	\$ (21)	\$ (21)

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

### 14. Segment Information

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2000, 2001 and 2002 is summarized as follows:

#### Business segments

Year ended March 31, 2000							
	Electric power components	Electric equipment	Automation equipment	Real estate leasing	Total	Eliminations or unallocated amounts	Consolidated
(Millions of yen)							
<b>I. Sales and operating income</b>							
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
<b>II. Total assets, depreciation and capital expenditures</b>							
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

Notes:

**a) Basis of segmentation**

Business segments are divided into product categories by the same criteria as 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.

(3) Automation equipment

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

(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 ¥6,581 million for the year ended March 31, 2000, which consisted primarily of surplus funds (cash and marketable securities) of the Company.

e) Included in depreciation is 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, 2000 because this business segment was transferred to Shibaura Nidec Corporation ("SNC") during the year then ended.

**Year ended March 31, 2000**

	Fine mechatronics equipment	Automation systems & vacuum equipment	Vending machine & systems	Real estate leasing	Total	Eliminations or unallocated amounts	Consoli- dated
	(Millions of yen)						
<b>I. Sales and operating income</b>							
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	7,029	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
<b>II. Total assets, depreciation and capital expenditures</b>							
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, 2002**

	Fine mechatronics equipment	Automation systems & vacuum equipment	Vending machine & systems	Real estate leasing	Total	Eliminations or unallocated amounts	Consoli- dated
(Millions of yen)							
<b>I. Sales and operating income</b>							
Sales to external customers	¥35,552	¥11,150	¥6,071	¥ 2,144	¥54,917	¥ -	¥54,917
Intersegment sales or transfers	-	-	-	-	-	(-)	-
Total sales	35,552	11,150	6,071	2,144	54,917	-	54,917
Operating expenses	35,335	13,237	6,086	1,302	55,960	493	56,453
Operating income (loss)	¥ 217	¥ (2,087)	¥ (15)	¥ 842	¥ (1,043)	¥ (493)	¥ (1,536)
<b>II. Total assets, depreciation and capital expenditures</b>							
Total assets	¥32,225	¥15,559	¥5,751	¥12,129	¥36,664	¥1,983	¥67,647
Depreciation	897	470	128	649	2,144	-	2,144
Capital expenditures	788	338	123	23	1,272	-	1,272

**Year ended March 31, 2002**

	Fine mechatronics equipment	Automation systems & vacuum equipment	Vending machine & systems	Real estate leasing	Total	Eliminations or unallocated amounts	Consoli- dated
(Millions of yen)							
<b>I. Sales and operating income</b>							
Sales to external customers	\$266,811	\$ 83,675	\$45,564	\$16,090	\$412,140	\$ -	\$412,140
Intersegment sales or transfers	-	-	-	-	-	(-)	-
Total sales	266,811	83,675	45,564	16,090	412,140	-	412,140
Operating expenses	265,179	99,341	45,675	9,773	419,968	3,700	423,668
Operating income (loss)	\$ 1,632	\$ (15,666)	\$ (111)	\$ 6,317	\$ (7,828)	\$ (3,700)	\$ 11,528
<b>II. Total assets, depreciation and capital expenditures</b>							
Total assets	\$241,841	\$116,766	\$43,161	\$91,023	\$592,791	\$14,883	\$507,674
Depreciation	6,730	3,525	962	4,874	16,091	-	16,091
Capital expenditures	5,917	2,537	925	170	9,549	-	9,549

Notes:

**a) Changes in components of business segments**

In connection with the business transfer to SNC, 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 applicable if the same categories as those presented for the year ended March 31, 2001 had been adopted is as follows:

**Year ended March 31, 2000**

	Fine mechatronics 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	2,344	75,935	-	75,935
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.

**(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) and ¥5,502 million (\$41,293 thousand) for the years ended March 31, 2001 and 2002, 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, 2000, 2001 and 2002 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, 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, 2002		
	Northeastern		
	Asia	Other	Total
	(Millions of yen)		
I. Overseas sales	¥17,722	¥6,302	¥24,024
II. Consolidated net sales			54,917
III. % of consolidated net sales	32.2%	11.5%	43.7%

	Year ended March 31, 2002		
	Northeastern		
	Asia	Other	Total
	(Thousands of U.S. dollars)		
I. Overseas sales	\$132,997	\$47,294	\$180,291
II. Consolidated net sales			412,140
III. % of consolidated net sales	32.2%	11.5%	43.7%

**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	- Singapore, U.S.A.



## Report of Independent Certified Public Accountants



Shin Nihon & Co.

**Certified Public Accountants**

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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, 2000, 2001 and 2002, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2002, 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, 2000, 2001 and 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2002 in conformity with accounting principles and practices generally accepted in Japan, consistently applied during the period except for the change described in Note 14, with which we concur, in the method of presentation of their business segments.


As described in Note 2, 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 translation 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, 2002 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.

*Shin Nihon & Co.*

June 13, 2002

*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.*



Supplemental Information  
Shibaura Mechatronics Corporation

# Non-Consolidated Balance Sheets

	March 31,			March 31,
	2000	2001	2002	2002
	(Millions of yen)			(Thousands of U.S. dollars)
<b>Assets</b>				
Current assets:				
Cash and bank deposits	¥ 4,299	¥ 2,857	¥ 1,757	\$ 13,189
Marketable securities	473	0	-	-
Notes and accounts receivable, trade:				
Notes	3,732	2,960	966	7,250
Accounts	16,184	18,533	15,932	119,563
Allowance for doubtful accounts	(87)	(106)	(83)	(623)
Inventories	15,295	19,924	16,128	121,036
Deferred taxes	271	386	213	1,602
Other current assets	722	802	1,579	11,847
Total current assets	40,889	45,356	36,492	273,864
Property, plant and equipment:				
Land	138	137	135	1,013
Buildings	27,468	27,664	27,859	209,071
Machinery and equipment	9,919	10,269	10,765	80,790
Construction in progress	219	78	127	950
Total	37,744	38,148	38,886	291,824
Accumulated depreciation	(15,044)	(16,612)	(18,373)	(137,885)
Property, plant and equipment, net	22,700	21,536	20,513	153,939
Investments and other assets:				
Investment securities	399	495	267	2,006
Investments in subsidiaries and affiliates	1,590	447	796	5,976
Deferred taxes	96	2,064	2,994	22,473
Other assets	1,017	818	820	6,152
Allowance for doubtful accounts	(0)	(-)	(-)	(-)
Total investments and other assets	3,102	3,824	4,877	36,607
Total assets	¥ 66,691	¥ 70,716	¥ 61,882	\$ 464,410

	Year ended March 31,			Year ended
	2000	2001	2002	March 31,
	(Millions of yen)			2002
				(Thousands of U.S. dollars)
<b>Liabilities and shareholders' equity</b>				
Current liabilities:				
Short-term bank loans	¥ 5,970	¥ 9,578	¥ 12,210	\$ 91,632
Current portion of long-term debt	2,603	2,502	0	7
Notes and accounts payable:				
Notes	7,868	5,834	4,041	30,324
Accounts	11,331	14,556	8,653	64,937
Other	51	96	6	48
Advances from customers	554	214	196	1,468
Accrued expenses	4,045	4,098	3,316	24,884
Accrued income taxes	772	555	46	345
Other current liabilities	147	126	151	1,135
Total current liabilities	33,341	37,559	28,619	214,780
Long-term liabilities:				
Bonds	2,990	2,820	2,820	21,163
Long-term debt	4,025	2,023	4,512	33,862
Allowance for retirement benefits	1,796	6,174	5,292	39,716
Directors' retirement benefits	134	118	111	831
Accrual for periodic repairs	229	248	264	1,983
Other long-term liabilities	3,000	3,000	3,000	22,514
Total long-term liabilities	12,174	14,383	15,999	120,069
Shareholders' equity:				
Common stock:				
Authorized: 100,000,000 shares				
Issued and outstanding:				
49,863,822 shares at March 31, 2000,				
50,033,312 shares at March 31, 2001				
and 2002	5,783	5,868	5,868	44,038
Additional paid-in capital	9,763	9,848	9,848	73,904
Legal reserve	500	538	553	4,150
Retained earnings	5,130	2,504	1,171	8,792
Net unrealized holding gain on other securities	-	16	1	10
Less treasury stock, at cost	-	-	(177)	(1,333)
Total shareholders' equity	21,176	18,774	17,264	129,561
Total liabilities and shareholders' equity	¥66,691	¥70,716	¥61,882	\$464,410



Supplemental Information  
Shibaura Mechatronics Corporation

# Non-Consolidated Statements of Operations

	Year ended March 31,			Year ended March 31,
	2000	2001	2002	2002
	(Millions of yen)			(Thousands of U.S. dollars)
Net sales	¥52,562	¥63,149	¥45,406	\$340,759
Cost of sales	42,681	52,376	39,891	299,370
Gross profit	9,881	10,773	5,515	41,389
Selling, general and administrative expenses	7,886	8,124	7,194	53,991
Operating income (loss)	1,995	2,649	(1,679)	(12,602)
Other income (expenses):				
Interest and dividend income	30	32	56	422
Interest expense	(336)	(185)	(149)	(1,120)
Gain on sales of land	932	220	481	3,616
Loss on disposals of inventories	-	-	(359)	(2,698)
Cumulative effect of initial adoption of accounting for retirement benefits	-	(5,055)	-	-
Loss on sales of investments in affiliates	-	(1,190)	-	-
Special severance payments	(991)	-	-	-
Other, net	(497)	(117)	(245)	(1,846)
Income (loss) before income taxes	1,133	(3,646)	(1,895)	(14,228)
Income taxes:				
Current	795	660	20	150
Deferred	(272)	(2,093)	(747)	(5,613)
Net income (loss)	¥ 610	¥ (2,213)	¥ (1,168)	\$ (8,765)
	(Yen)			(U.S. dollars)
Per share of common stock:				
Net income (loss)	¥ 13.18	¥ (44.25)	¥ (23.42)	\$ (0.17)
Cash dividends applicable to the year	5.00	5.00	0.00	0.00



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