SHIBAURA

FINANCIAL SECTION

ANNUAL REPORT 2010 Year ended March 31, 2010

SHIBAURA MECHATRONICS CORPORATION

Contents

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
Shibaura Mechatronics Corporation

We have audited the accompanying consolidated balance sheets of Shibaura Mechatronics Corporation (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shibaura Mechatronics Corporation and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit 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.

Supplemental Information

As described in Note 2(n), Shibaura Mechatronics Corporation has adopted "the Accounting Standard for Construction Contracts" and "The Guidance on Accounting Standard for Construction Contracts" from the fiscal year.

June 22, 2010

Ernst & Young ShinNihon

Consolidated Balance Sheets

Shibaura Mechatronics Corporation and Subsidiaries

Assets	March 31, 2010	March 31, 2009	March 31, 2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Current assets :			
Cash and bank deposits (Note 9)	¥ 6,117	¥ 4,385	$ 65,749
Short-term investments	50	38	540
Notes and accounts receivable, trade	21,960	18,529	236,030
Allowance for doubtful accounts	(105)	(79)	(1,131)
Inventories (Note 4)	7,101	13,210	76,321
Deferred tax assets (Note 7)	932	755	10,021
Income receivable	111	954	1,195
Other current assets	86	120	919
Total current assets	36,252	37,912	389,644
Property, plant and equipment:			
Land	164	161	1,765
Buildings and structures	28,953	28,888	311,184
Machinery and equipment	1,508	981	16,209
Lease assets	2,392	2,573	25,711
Construction in progress	40	61	435
Total	33,057	32,664	355,304
Accumulated depreciation	(18,371)	(16,899)	(197,453)
Property, plant and equipment, net	14,686	15,765	157,851
Investments and other assets:			
Investments in securities (Note 3)	219	183	2,357
Deferred tax assets (Note 7)	309	506	3,316
Other assets	1,334	1,432	14,338
Allowance for doubtful accounts	(142)	(149)	(1,526)
Total investments and other assets	1,720	1,972	18,485
Total assets	¥ 52,658	¥ 55,649	$ 565,980

Liabilities and net assets	March 31, 2010	March 31, 2009	March 31, 2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Current liabilities :			
Short-term bank loans (Note 5)	¥ 6,735	¥ 5,333	$ 72,385
Current portion of long-term debt (Note 5)	–	3,800	–
Notes and accounts payable, trade	10,916	9,816	117,322
Provision for contract losses	399	39	4,288
Lease obligations	639	764	6,865
Advances received	818	1,126	8,793
Accrued expenses	2,252	2,263	24,203
Accrued income taxes (Note 7)	132	49	1,422
Other current liabilities	550	645	5,918
Total current liabilities	22,441	23,835	241,196
Long-term liabilities:			
Long-term debt (Note 5)	3,700	3,204	39,768
Provision for retirement benefits (Note 8)	5,067	4,864	54,461
Lease obligations	882	1,360	9,482
Long-term accounts payable-other	26	–	280
Provision for directors' retirement benefits	33	127	361
Reserve for repair and maintenance	377	337	4,050
Negative goodwill	–	29	–
Other long-term liabilities	3,023	3,023	32,488
Total long-term liabilities	13,108	12,944	140,890
Total liabilities	¥ 35,549	¥ 36,779	$ 382,086
Contingent liabilities (Note 10)			
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized :100,000,000 shares			
Issued :51,926,194 shares at March 31, 2010 and 2009	6,762	6,762	72,673
Additional paid-in capital	10,738	10,739	115,416
Retained earnings	1,197	2,950	12,871
Less treasury stock, at cost	(1,719)	(1,720)	(18,477)
Total shareholders' equity	16,978	18,731	182,483
Valuation and translation adjustments:			
Net unrealized holding gains on other securities	50	24	543
Foreign currency translation adjustments	39	15	419
Total valuation and translation adjustments	89	39	962
Minority interest in consolidated subsidiaries	42	100	449
Total net assets	17,109	18,870	183,894
Total liabilities and net assets	¥ 52,658	¥ 55,649	$ 565,980

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

Consolidated Statements of Operations

Shibaura Mechatronics Corporation and Subsidiaries

	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Net sales	¥ 41,096	¥ 49,013	$ 441,698
Cost of sales (Note 6 and 8)	33,750	39,309	362,745
Gross profit	7,346	9,704	78,953
Selling, general and administrative expenses (Note 6,8 and 16)	9,216	11,166	99,049
Operating (loss)	(1,870)	(1,462)	(20,096)
Other income (expenses):			
Interest and dividend income	50	25	533
Interest expense	(242)	(182)	(2,602)
Foreign exchange loss, net	–	(251)	–
Amortization of negative goodwill	40	50	428
Subsidy income	266	–	2,861
Commission fee	(66)	–	(706)
Loss on abandonment of noncurrent assets	(5)	(96)	(56)
Loss on valuation of investment securities	–	(38)	–
Impairment loss	–	(325)	–
Business structure improvement expenses	–	(67)	–
Other, net	215	114	2,316
Loss before income taxes and minority interest	(1,612)	(2,232)	(17,322)
Income taxes (Note 7):			
Current	182	179	1,970
Deferred	16	3,268	176
	198	3,447	2,146
Loss before minority interest	(1,810)	(5,679)	(19,468)
Minority interest in losses of consolidated subsidiaries	(58)	(154)	(627)
Net loss	¥ (1,752)	¥ (5,525)	$ (18,841)

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

Consolidated Statements of Changes in Net Assets

Shibaura Mechatronics Corporation and Subsidiaries

	Shareholders' equity					Valuation and translation adjustments			Total
	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized holding gains on other securities	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	
			(Millions of yen)				(Millions of yen)		(Millions of yen)
Balance as of March 31, 2008	51,926,194	¥ 6,762	¥10,739	¥ 8,871	¥ (1,718)	¥ 77	¥ 54	¥ 260	¥ 25,045
Net loss	–	–	–	(5,525)	–	–	–	–	(5,525)
Cash dividends	–	–	–	(396)	–	–	–	–	(396)
Net change during the year	–	–	–	–	–	(53)	(39)	(160)	(252)
Net increase in treasury stock	–	–	–	–	(2)	–	–	–	(2)
Net decrease in treasury stock	–	–	(0)	–	0	–	–	–	0
Balance as of March 31, 2009	51,926,194	6,762	10,739	2,950	(1,720)	24	15	100	18,870
Net loss	–	–	–	(1,752)	–	–	–	–	(1,752)
Net change during the year	–	–	–	–	–	26	24	(58)	(8)
Net increase in treasury stock	–	–	–	–	0	–	–	–	0
Net decrease in treasury stock	–	–	(1)	–	1	–	–	–	0
Balance as of March 31, 2010	51,926,194	¥ 6,762	¥10,738	¥ 1,197	¥ (1,719)	¥ 50	¥ 39	¥ 42	¥ 17,109

	Shareholders' equity				Valuation and translation adjustments			Total
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Net unrealized holding gains on other securities	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	
		(Thousands of U.S. dollars) (Note 1)				(Thousands of U.S. dollars) (Note 1)		(Thousands of U.S. dollars) (Note 1)
Balance as of March 31, 2009	$72,673	$115,420	$31,712	$(18,479)	$ 252	$ 165	$1,076	$202,819
Net loss	–	–	(18,841)	–	–	–	–	(18,841)
Net change during the year	–	–	–	–	291	254	(627)	(82)
Net increase in treasury stock	–	–	–	(5)	–	–	–	(5)
Net decrease in treasury stock	–	(4)	–	7	–	–	–	3
Balance as of March 31, 2010	$ 72,673	$115,416	$12,871	$(18,477)	$ 543	$ 419	$ 449	$ 183,894

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

Consolidated Statements of Cash Flows

Shibaura Mechatronics Corporation and Subsidiaries

	Year ended March 31, **2010**	Year ended March 31, 2009	Year ended March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Operating activities:			
Loss before income taxes and minority interest	¥ (1,612)	¥ (2,232)	$ (17,322)
Depreciation and amortization	1,935	2,105	20,792
Impairment loss	–	325	–
Amortization of negative goodwill	(40)	(50)	(428)
Allowance for doubtful accounts	17	175	188
Increase provision for retirement benefits	206	53	2,211
Interest and dividend income	(50)	(25)	(533)
Interest expense	242	182	2,601
Loss on disposal of property, plant and equipment	0	81	3
Gain on sale of land	0	0	2
Foreign exchange gain, net	(25)	174	(270)
(Increase) decrease in advances received	(311)	324	(3,345)
(Increase) decrease in notes and accounts receivable, trade	(3,409)	2,932	(36,645)
Decrease (increase) in inventories	5,590	(1,482)	60,080
Increase (decrease) in notes and accounts payable, trade	964	(5,160)	10,361
Increase (decrease) in accrued consumption taxes	54	(100)	582
Other, net	1,105	(1,026)	11,871
Subtotal	4,666	(3,724)	50,148
Interest and dividends received	49	25	531
Interest paid	(239)	(184)	(2,569)
Income taxes paid	(37)	(770)	(396)
Net cash provided by (used in) operating activities	¥ 4,439	¥ (4,653)	$ 47,714

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

	Year ended March 31, **2010**	Year ended March 31, 2009	Year ended March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Investment activities:			
Payments for time deposits	¥ (14)	¥ (9)	$ (153)
Proceeds from time deposits	5	229	50
Purchases of property, plant and equipment	(105)	(714)	(1,131)
Proceeds from sale of property, plant and equipment	99	498	1,066
Purchases of investments in subsidiaries	–	(97)	–
Other, net	(30)	2	(316)
Net cash used in investing activities	(45)	(91)	(484)
Financing activities:			
Increase in short-term bank loans, net	1,402	4,763	15,068
Repayments of finance lease obligations	(779)	(927)	(8,370)
Proceeds from long-term loans payable	500	3,200	5,374
Repayments of long-term loans payable	(3,804)	(3,200)	(40,889)
Redemption of bonds	–	(3,215)	–
Purchases of treasury stock	(0)	(3)	(4)
Proceeds from sale of treasury stock	0	0	3
Cash dividends paid	–	(395)	–
Net cash (used in) provided by financing activities	(2,681)	223	(28,818)
Effect of exchange rate changes on cash and cash equivalents	19	(154)	210
Net increase (decrease) in cash and cash equivalents	1,732	(4,675)	18,622
Cash and cash equivalents at beginning of year	4,385	9,060	47,127
Cash and cash equivalents at end of year	¥ 6,117	¥ 4,385	$ 65,749

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

Notes to Consolidated Financial Statements

Shibaura Mechatronics Corporation and Subsidiaries
March 31, 2010

1. Basis of Presentation

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 generally accepted in Japan. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which differ in certain respects from the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan. In addition, the non-consolidated balance sheets of the Company as of March 31, 2010 and 2009 and the non-consolidated statements of its operations for the years then ended are included, as other information, in the accompanying consolidated financial statements.

The accompanying consolidated financial statements are stated in yen, the currency of the country in which the Company is incorporated and operates. The translation of yen amounts into U.S. dollar amounts has been included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥ 93.04 = U.S. $ 1.00, the approximate rate of exchange in effect on March 31, 2010. 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) Basis of consolidation

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

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

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

(b) Foreign currency translation

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

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

(c) Cash and cash equivalents

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

(d) Securities

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

(e) Derivatives
All derivatives are carried at fair value.

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

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

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

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

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

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

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

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

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

Effective for the fiscal year ended March 31, 2010, the Company and its domestic subsidiaries have adopted the "Accounting Standard for Retirement Benefits (Part 3)." (ASBJ Statement No. 19 of July 31, 2008). The effect of this change on operating loss and loss before income taxes and minority interests for the year ended March 31, 2010 is immaterial.

(l) Provision for directors' retirement benefits
Certain directors, statutory auditors and corporate officers of the Company and certain consolidated subsidiaries

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

The Company's retirement benefit plan for directors and statutory auditors was discontinued at the end of the annual shareholders' meeting held on June 18, 2009.

As a result, provision for directors' retirement benefits decreased by ¥26 million, and correspondingly Long-term accounts payable-other increased.

(m) Reserve for repair and maintenance

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

(n) Recognizing Revenues and Costs of Construction Contracts

Until the year ended March 31, 2009, revenues and costs of construction contracts were recognized by the completed-contract method. Effective April 1, 2009, the Company and its consolidated subsidiaries have adopted a new accounting standard "Accounting standard for Construction Contract" (ASBJ statement No.15 issued on December 27, 2007) and related implementation guidance for construction constructs. Under the new accounting standard and guidance, revenues and costs of construction contracts that commenced on or after April 1, 2009, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost.

The completed-contract method continues to be applied for contracts for which the percentage of completion cannot be reliably estimated.

As a result, Net sales increased by ¥5,655 million ($60,779 thousand), Operation loss, Ordinary loss, and Loss before income taxes decreased by ¥828 million ($8,898 thousand).

(o) Lease assets

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

(p) Hedging accounting

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

Hedging instruments and hedged items are summarized as follows:

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

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

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

(q) Research and development costs

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

(r) 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. Investments in Securities

At March 31, 2010 and 2009, marketable securities classified as other (available-for-sale) securities are summarized as follows:

	March 31, **2010**			March 31, 2009			March 31, **2010**		
	Acquisition costs	Amount recorded in the balance sheet	Difference	Acquisition costs	Amount recorded in the balance sheet	Difference	Acquisition costs	Amount recorded in the balance sheet	Difference
	(Millions of yen)			(Millions of yen)			(Thousands of U.S. dollars)		
Other securities whose market value recorded in the balance sheet exceed their acquisition costs:									
Equity securities	¥ 101	¥ 166	¥ 65	¥ 52	¥ 81	¥ 29	$1,085	$1,791	$ 706
Debt securities	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total	¥ 101	¥ 166	¥ 65	¥ 52	¥ 81	¥ 29	$1,085	$1,791	$ 706
Other securities whose market value recorded in the balance sheet do not exceed their acquisition costs:									
Equity securities	–	–	–	49	49	–	–	–	–
Debt securities	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total	¥ –	¥ –	¥ –	¥ 49	¥ 49	¥ –	$ –	$ –	$ –

With regard to other securities with fair value, impairment losses of ¥38 million were recorded for the year ended March 31, 2009.

At March 31, 2010 and 2009, non-marketable securities carried at cost are summarized as follows:

	March 31, **2010**	March 31, 2009	March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars)
Investments in affiliates:			
Affiliate	¥ 52	¥ 52	$ 560
Other	1	1	6

4. Inventories

Inventories at March 31, 2010 and 2009 are summarized as follows:

	March 31, **2010**	March 31, 2009	March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars)
Finished products	¥ 2,425	¥ 6,863	$ 26,059
Raw materials	229	169	2,462
Work in process	4,447	6,178	47,800
Total	¥ 7,101	¥ 13,210	$ 76,321

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

The weighted average interest rate per annum on the short-term bank loans outstanding at March 31, 2010 and 2009 were 1.3% and 1.5%, respectively.

Long-term debt at March 31, 2010 and 2009 are summarized as follows:

	March 31, **2010**	March 31, 2009	March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars)
Unsecured:			
Zero coupon Japanese yen convertible notes (notes with stock acquisition rights)	¥ –	¥ –	$ –
1.42% to 2.16% loans from banks due 2009 to 2012	3,700	7,000	39,768
Loans from Pension Welfare Service Public Corporation due 2009 to 2034	–	4	–
Total	3,700	7,004	39,768
Less current portion	–	3,800	–
Long-term debt ,net	¥ 3,700	¥ 3,204	$ 39,768

Loans from the Pension Welfare Service Public Corporation represent financing for 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 interest on such loans to the lender and collects the same amount from the employees as the borrowers.

On March 8, 2004, the Company issued ¥5,000 million zero coupon Japanese yen convertible notes (notes with stock acquisition rights) due March 8, 2010. These notes are convertible during the period from March 22, 2004 to February 20, 2010, at the option of the holder, into shares of common stock at a price of ¥943 per share, subject to adjustment in specific circumstances.

Aggregate annual maturities of long-term debt at March 31, 2010 are summarized as follows:

	March 31, 2010	
	(Millions of yen)	(Thousands of U.S. dollars)
2011	¥ –	$ –
2012	3,200	34,394
2013	500	5,374
2014 and thereafter	–	–
Total	¥ 3,700	$ 39,768

The Company entered into the three-year contracts for commitment lines of credit with seven banks in the aggregated amount of ¥10,000 million ($107,481 thousand) on March 31, 2010, for efficient financial arrangements for operating funds.

6. Research and Development Expenses

Research and development expenses charged to income for the years ended March 31, 2010 and 2009 are as follows:

Year ended March 31, **2010**	Year ended March 31, 2009	Year ended March 31, **2010**
(Millions of yen)		(Thousands of U.S. dollars)
¥ 2,193	¥ 2,933	$ 23,568

7. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of 40.6% for the years ended March 31, 2010 and 2009. Income taxes of the overseas subsidiaries are based on the tax rates applicable in their countries of incorporation.

The major components of deferred tax assets and liabilities as of March 31, 2010 and 2009 are summarized as follows:

	March 31, **2010**	March 31, 2009	March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Employees' retirement benefits	¥ 2,053	¥ 1,956	$ 22,066
Accrued employees' bonuses	454	401	4,883
Provision for contract losses	162	16	1,741
Accrual for periodic repairs	182	137	1,951
Enterprise tax payable	19	11	209
Tax loss carried forward	3,956	2,023	42,522
Other	966	475	10,378
Gross deferred tax assets	7,792	5,019	83,750
Valuation allowance	(6,501)	(3,710)	(69,877)
Total deferred tax assets	1,291	1,309	13,873
Deferred tax liabilities:			
Unrecognized holding gain on other securities	(13)	(7)	(141)
Other	(37)	(41)	(395)
Total deferred tax liabilities	(50)	(48)	(536)
Net deferred tax assets	¥ 1,241	¥ 1,261	$ 13,337

The reconciliation between the effective tax rate and the statutory tax rate for the years ended March 31, 2010 and 2009 was omitted since loss before income taxes and minority interests was recorded.

8. Retirement Benefits

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

The following is a summary of the plans:

	March 31, **2010**	March 31, 2009	March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars)
Projected benefit obligation	¥ (9,661)	¥ (9,637)	$(103,841)
Fair value of plan assets	3,249	2,782	34,917
Funded status	(6,412)	(6,855)	(68,924)
Unrecognized actuarial loss	1,689	2,338	18,150
Prepaid pension cost	(344)	(347)	(3,687)
Allowance for retirement benefits	¥ (5,067)	¥ (4,864)	$ (54,461)

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

Components of net periodic pension cost for the years ended March 31, 2010 and 2009 are summarized as follows:

	Year ended March 31, **2010**	Year ended March 31, 2009	Year ended March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥ 518	¥ 614	$ 5,563
Interest cost on projected benefit obligation	182	181	1,960
Expected return on plan assets	(97)	(116)	(1,047)
Amortization of actuarial loss	432	353	4,648
Extra retirement payments	–	61	–
Net periodic pension cost	¥ 1,035	¥ 1,093	$ 11,124

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

Assumptions used in the actuarial calculation for the years ended March 31, 2010 and 2009 are summarized as follows:

	March 31, **2010**	March 31, 2009
Actuarial cost method	Projected unit credit method	
Discount rate	2.0 % per annum	2.0 % per annum
Expected rate of return on plan assets	3.5 % per annum	3.5 % per annum
Amortization period for actuarial loss	10 years (within the employees' average remaining years of service)	

9. Pledged Assets

Assets pledged as collateral for loans payable at foreign subsidiaries as of March 31, 2010 are summarized as follows:

	March 31, 2010	
	(Millions of yen)	(Thousands of U.S. dollars)
Bank deposits	¥ 8	$ 85
Total	¥ 8	$ 85

10. Contingent Liabilities

The Company had the following contingent liability as of March 31, 2010:

	March 31, 2010	
	(Millions of yen)	(Thousands of U.S. dollars)
Guarantee for housing loans of employees	¥ 33	$ 352

11. Derivatives and Hedging Activities

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

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

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

At March 31, 2010 and 2009, the fair value information for derivatives was not presented, since all derivatives were accounted for as special hedges.

I. Derivative transactions which do not qualify for hedge accounting

Currency-rated transaction

	Year ended March 31, 2010			
	Contract Amount	Contract Amount Over 1 Year	Fair Value	Gain/Loss
	(Millions of yen)			
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. Dollars	¥ 90	¥ –	¥ 3	¥ 3
Total assets	90	–	3	3

	Year ended March 31, 2010			
	Contract Amount	Contract Amount Over 1 Year	Fair Value	Gain/Loss
	(Thousands of U.S. dollars)			
Foreign Exchange Forward Contracts				
To buy foreign currencies				
U.S. Dollars	$ 966	$ –	$ 34	$ 34
Total assets	966	–	34	34

Notes:
Fair value is principally based on obtaining quotes from financial institutions singing the contract.

II. Derivative transactions which qualify for hedge accounting

Interest-rated transactions Business segments

		Year ended March 31, 2010		
Type of derivative transaction	**Principal Item Hedged**	Contract Amount	Contract Amount Over 1 Year	Fair Value
		(Millions of yen)		
Interest rate swap transaction				
Pay fixed/Receive variable	Long-term debt	¥ 1,500	¥ 1,500	¥ –

		Year ended March 31, 2010		
Type of derivative transaction	**Principal Item Hedged**	Contract Amount	Contract Amount Over 1 Year	Fair Value
		(Thousands of U.S. dollars)		
Interest rate swap transaction				
Pay fixed/Receive variable	Long-term debt	$16,122	$16,122	$ –

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

12. Financial Instruments

I. Matters relating to financial instruments

a) Policy of Financial Instruments
We in the Company and its consolidated subsidiaries procure capital investment to such like primarily through bank loans and issuing corporate bonds. Derivatives are used, not for speculative nor trading purposes, but to manage risk exposure arising from business operations.

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

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

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

Amounts on the consolidated balance sheets as of March 31, 2010, fair value and variance are as follows.

	March 31, 2010		
	Carrying Value	Fair Value	Variance
	(Millions of yen)		
(1) Cash and bank deposits	¥ 6,168	¥ 6,168	¥ –
(2) Notes and accounts receivable, trade	21,960	21,960	–
(3) Investment securities	167	167	–
Other securities			
(4) Notes and accounts payable, trade	(10,916)	(10,916)	–
(5) Short-term bank loans	(6,735)	(6,687)	–
(6) Long-term debt	(3,700)	(3,687)	(13)
(7) Other long-term liabilities	(3,023)	(1,968)	(1,055)
(8) Derivatives	3	3	–

	March 31, 2010		
	Carrying Value	Fair Value	Variance
	(Thousands of U.S. dollars)		
(1) Cash and bank deposits	$ 66,289	$ 66,289	$ –
(2) Notes and accounts receivable, trade	236,030	236,030	–
(3) Investment securities	1,791	1,791	–
Other securities			
(4) Notes and accounts payable, trade	(117,323)	(117,323)	–
(5) Short-term bank loans	(72,385)	(72,385)	–
(6) Long-term debt	(39,768)	(39,626)	(141)
(7) Other long-term liabilities	(32,488)	(21,147)	(11,341)
(8) Derivatives	34	34	–

(*) If the total represents a liability, it is indicated in parentheses.

Notes:

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

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

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

(3) Investment securities and other securities

The fair value of stocks represents the price on the stock exchange, while that of bonds represents the price on the exchange or that presented by the counterpart financial institution.

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

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

(6) Long-term debt

As for fair value of long-term debt' the expected principal and interest receivable amounts are discounted at the interest rates applicable to similar new loans to the present value. As long-term debt are subject to the application of special hedge accounting with designated interest rate swaps, the expected principal and interest receivable amounts, combined with the designated interest rate swaps, are discounted at the interest rates applicable to similar new loans to the present value.

(7) Other long-term liabilities

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

(8) Derivatives transaction

Also please see Note11 for the detail of derivatives transaction.

b) As non-marketable equity securities (¥52 million) do not have a market price and the future cash flow cannot be estimated, we consider it extremely difficult to identify their fair value. Hence, the items are not included in “(3) Investment securities and other securities.”

c) Financial assets due subsequent to the balance sheet date

Cash and bank deposits of ¥6,145 million ($66,045 thousand), Notes and accounts receivable, trade of ¥21,960 million ($236,030 thousand) are due within one year subsequent to March 31, 2010.

Supplemental Information

Effective April 1, 2009, the Company and its subsidiaries have adopted the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10 issued on March 10, 2008) and “Guidance on Accounting Standard for Financial Instruments” (ASBJ Guidance No.19 on March 10, 2008).

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

13. Investment and Rental Property

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

Information on Consolidated Balance Sheets

	Carrying Amount			
	March 31,2009	Decrease	March 31,2010	At March 31,2010 Fair Value
	(Millions of yen)			
Rental property	¥ 7,923	¥ 547	¥ 7,376	¥ 8,022

	Carrying Amount			
	March 31,2009	Decrease	March 31,2010	At March 31,2010 Fair Value
	(Thousands of U.S. dollars)			
Rental property	$ 85,162	$ 5,885	$ 79,277	$ 86,218

Notes:

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

b) Decrease represents depreciation during the year.

c) Fair value at March 31, 2010, is determined based on the real-estate appraisal standard prepared by the Company.

Information on Consolidated Statements of Operations

	Year ended March 31, 2010		
	Rental income	Rental costs	Variance
	(Millions of yen)		
Rental property	¥ 1,820	¥ 1,273	¥ 547

	Year ended March 31, 2010		
	Rental income	Rental costs	Variance
	(Thousands of U.S. dollars)		
Rental property	$ 19,557	$ 13,679	$ 5,878

Notes:

a) Because the rental property includes an office space internally used by the Company, rental income related to the internally-used office space is not included in the above. Costs incidental to this real-estate (Depreciation, Repair cost, Insurance cost, Taxes and public charges) are included in rental costs.

Supplemental Information

Effective April 1, 2009, the Company and its subsidiaries have adopted the "Accounting Standard for Disclosure of Rental Property Fair Value" (ASBJ Statement No.20 issued on November 28, 2008) and "Guidance on Accounting Standard for Disclosure of Rental Property Fair Value" (ASBJ Guidance No.23 on November 28, 2008).

14. Segment Information

The business segment information of the Companies for the years ended March 31, 2010 and 2009 is summarized as follows:

Business segments

	Year ended March 31, 2010						
	Fine mechatronics	Electronic & vacuum systems	Vending machines & systems	Real estate leasing	Total	Eliminations or unallocated amounts	Consolidated
	(Millions of yen)						
I. Sales and operating (loss) income							
Sales to external customers	¥ 34,044	¥ 3,414	¥ 1,818	¥ 1,820	¥ 41,096	¥ –	¥ 41,096
Intersegment sales or transfers	10	118	–	–	128	(128)	–
Total sales	34,054	3,532	1,818	1,820	41,224	(128)	41,096
Operating expenses	34,357	5,031	2,104	1,273	42,765	201	42,966
Operating (loss) income	¥ (303)	¥ (1,499)	¥ (286)	¥ 547	¥ (1,541)	¥ (329)	¥ (1,870)
II. Total assets, depreciation and capital expenditures							
Total assets	¥ 31,248	¥ 6,114	¥ 1,923	¥ 7,660	¥ 46,945	¥ 5,713	¥ 52,658
Depreciation and amortization	1,029	256	72	578	1,935	–	1,935
Capital expenditures	685	140	15	7	847	–	847

	Year ended March 31, 2009						
	Fine mechatronics	Electronic & vacuum systems	Vending machines & systems	Real estate leasing	Total	Eliminations or unallocated amounts	Consolidated
	(Millions of yen)						
I. Sales and operating (loss) income							
Sales to external customers	¥ 33,549	¥ 10,788	¥ 2,855	¥ 1,821	¥ 49,013	¥ –	¥ 49,013
Intersegment sales or transfers	42	110	–	–	152	(152)	–
Total sales	33,591	10,898	2,855	1,821	49,165	(152)	49,013
Operating expenses	35,386	10,342	3,134	1,268	50,130	345	50,475
Operating (loss) income	¥ (1,795)	¥ 556	¥ (279)	¥ 553	¥ (965)	¥ (497)	¥ (1,462)
II. Total assets, depreciation and capital expenditures							
Total assets	¥ 32,507	¥ 9,363	¥ 2,583	¥ 8,309	¥ 52,762	¥ 2,887	¥ 55,649
Depreciation and amortization	1,190	256	84	575	2,105	–	2,105
Impairment loss	325	–	–	–	325	–	325
Capital expenditures	745	436	40	266	1,487	–	1,487

	Year ended March 31, 2010						
	Fine mechatronics	Electronic & vacuum systems	Vending machines & systems	Real estate leasing	Total	Eliminations or unallocated amounts	Consolidated
	(Thousands of U.S. dollars)						
I. Sales and operating (loss) income							
Sales to external customers	$365,910	$ 36,687	$ 19,544	$ 19,557	$441,698	$ –	$441,698
Intersegment sales or transfers	112	1,268	–	–	1,380	(1,380)	–
Total sales	366,022	37,955	19,544	19,557	443,078	(1,380)	441,698
Operating expenses	369,263	54,074	22,614	13,679	459,630	2,164	461,794
Operating (loss) income	$ (3,241)	$ (16,119)	$ (3,070)	$ 5,878	$ (16,552)	$ (3,544)	$ (20,096)
II. Total assets, depreciation and capital expenditures							
Total assets	$335,851	$ 65,717	$ 20,671	$ 82,334	$504,573	$ 61,407	$565,980
Depreciation and amortization	11,056	2,752	771	6,213	20,792	–	20,792
Capital expenditures	7,362	1,502	169	73	9,106	–	9,106

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) Fine mechatronics
FPD manufacturing equipment (wet cleaning equipment, stripping equipment, etching equipment, developing equipment, PI inkjet coater, cell assembly equipment, outer lead bonders), semiconductor manufacturing equipment (wet cleaning equipment, etching equipment, ashing equipment, die bonders, inner lead bonders, flip chip bonders, wafer inspection equipment), railroad maintenance equipment, non-destructive inspections, and other items.

(2) Electronic & vacuum systems
Laser equipment, microwave equipment, media device manufacturing equipment (sputtering equipment, vacuum bonding equipment), industrial vacuum evaporation equipment, rechargeable battery manufacturing equipment, precision parts manufacturing equipment, other automation equipment, vacuum pumps, and other items.

(3) Vending machines & systems
Vending machines, ticket vending machines, and others.

(4) Real estate leasing
Real estate leasing and management, and other businesses.

c) Included in eliminations or unallocated amounts of operating expenses are unallocable amounts of ¥330 million ($3,544 thousand) and ¥496 million for the year ended March 31, 2010 and 2009, respectively which relates to research and development expenses incurred over the entire group as part of the Company's research and development activities.

d) Included in the eliminations or unallocated amounts of total assets were unallocable amounts totaling ¥5,713 million ($ 61,407 thousand) and ¥2,887 million for the years ended March 31, 2010 and 2009, respectively, which primarily consisted of surplus funds (cash and bank deposits), investment funds (investment securities) of the Company and deferred tax assets.

e) Effective April 1, 2009, the Company and its subsidiaries have adopted the "Accounting Standard for Construction Contract" (ASBJ Statement No.15 issued on December 27, 2007) and

"Guidance on Accounting Standard for Construction Contract" (ASBJ Guidance No.18 on December 27, 2007).

As a result, Net sales for the year ended March 31, 2010, increased by ¥5,286 million ($56,810 thousand) in Fine mechatronics segment, ¥369 million ($3,968 thousand) in Electronic & vacuum systems segment, and Operating loss for the year ended March 31, 2010, decreased by ¥830 million ($8,921 thousand) in Fine mechatronics segment and increased by ¥3 million ($28 thousand) in Electronic & vacuum systems segment.

Geographical segments

	Year ended March 31, 2010				
	Japan	Northeastern Asia	Total	Eliminations or unallocated amounts	Consolidated
	(Millions of yen)				
I. Sales and operating (loss) income					
Sales to external customers	¥40,380	¥ 716	¥41,096	¥ –	¥41,096
Intersegment sales or transfers	306	962	1,268	(1,268)	–
Total sales	40,686	1,678	42,364	(1,268)	41,096
Operating expenses	42,501	1,403	43,904	(938)	42,966
Operating (loss) income	¥ (1,815)	¥ 275	¥ (1,540)	¥ (330)	¥ (1,870)
II. Total assets					
Total assets	¥46,310	¥ 635	¥46,945	¥ 5,713	¥52,658

	Year ended March 31, 2009				
	Japan	Northeastern Asia	Total	Eliminations or unallocated amounts	Consolidated
	(Millions of yen)				
I. Sales and operating (loss) income					
Sales to external customers	¥46,180	¥ 2,833	¥49,013	¥ –	¥49,013
Intersegment sales or transfers	594	1,022	1,616	(1,616)	–
Total sales	46,774	3,855	50,629	(1,616)	49,013
Operating expenses	47,671	3,923	51,594	(1,119)	50,475
Operating (loss) income	¥ (897)	¥ (68)	¥ (965)	¥ (497)	¥ (1,462)
II. Total assets					
Total assets	¥51,456	¥ 1,306	¥52,762	¥ 2,887	¥55,649

	Year ended March 31, 2010				
	Japan	Northeastern Asia	Total	Eliminations or unallocated amounts	Consolidated
	(Thousands of U.S. dollars)				
I. Sales and operating (loss) income					
Sales to external customers	$434,005	$ 7,693	$441,698	$ –	$441,698
Intersegment sales or transfers	3,292	10,339	13,631	(13,631)	–
Total sales	437,297	18,032	455,329	(13,631)	441,698
Operating expenses	456,805	15,077	471,882	(10,088)	461,794
Operating (loss) income	$ (19,508)	$ 2,955	$ (16,553)	$ (3,543)	$ (20,096)
II. Total assets					
Total assets	$497,748	$ 6,825	$504,573	$ 61,407	$565,980

Notes:

a) Countries and regions are classified in each geographical segment by geographical proximity.

b) The main countries and regions in each segment.
Northeastern Asia – Taiwan, Korea, China

c) Included in eliminations or unallocated amounts of operating expenses are unallowable amounts of ¥330 million ($3,544 thousand) and ¥496 million for the year ended March 31, 2010 and 2009, respectively which relates to research and development expenses incurred over the entire group as part of the Company's research and development activities.

d) Included in the eliminations or unallocated amounts of total assets were unallowable amounts totaling ¥5,713 million ($61,407 thousand) and ¥2,886 million for the years ended March 31, 2010 and 2009, respectively, which primarily consisted of surplus funds (cash and bank deposits), investment funds (investment securities) and deferred tax assets of the Company.

e) Effective April 1, 2009, the Company and its subsidiaries have adopted the "Accounting Standard for Construction Contract" (ASBJ Statement No.15 issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contract" (ASBJ Guidance No.18 on December 27, 2007).
As a result, Net sales for the year ended March 31, 2010, increased by ¥5,655 million ($60,779 thousand) and Operating loss for the year ended March 31, 2010, decreased by ¥828 million ($8,898 thousand) in Japan.

Overseas sales

	Year ended March 31, 2010		
	Northeastern Asia	Other	Total
	(Millions of yen)		
I. Overseas sales	¥ 13,902	¥ 1,748	¥ 15,650
II. Consolidated net sales			41,096
III. % of consolidated net sales	33.8%	4.3%	38.1%

	Year ended March 31, 2009		
	Northeastern Asia	Other	Total
	(Millions of yen)		
I. Overseas sales	¥ 15,057	¥ 5,605	¥ 20,662
II. Consolidated net sales			49,013
III. % of consolidated net sales	30.7%	11.4%	42.2%

	Year ended March 31, 2010		
	Northeastern Asia	Other	Total
	(Thousands of U.S. dollars)		
I. Overseas sales	$ 149,415	$ 18,791	$ 168,206
II. Consolidated net sales			441,698
III. % of consolidated net sales	33.8%	4.3%	38.1%

Notes:

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

b) The division of overseas sales into countries or regions is determined as follows:
(1) Overseas sales by country or region:
Geographical areas are defined based on geographical proximity.

(2) Major countries or regions included in each geographical area:
Northeastern Asia – Taiwan, Korea, China
Other – Hungary, Poland

15. Non-cash Transactions

Lease assets and lease obligations recorded relating to lease transactions were ¥182 million ($1,955 thousand) and ¥182 million ($1,955 thousand), respectively for the year ended March 31, 2010 and ¥2,133 and ¥2,133, respectively for the year ended March 31, 2009.

16. Selling, General and Administrative Expenses

For the years ended March 31, 2010 and 2009, major selling, general and administrative expenses are summarized as follows:

	March 31, **2010**	March 31, 2009	March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars)
Packing and delivery expenses	¥ 100	¥ 148	$ 1,079
Sales commission	38	104	413
Advertising expenses	10	37	106
Employees' salaries and allowances	4,910	4,929	52,772
Provision of allowance for doubtful accounts	26	240	285
Provision for retirement benefits	500	379	5,371
Provision for directors' retirement benefits	15	52	164
Depreciation	713	793	7,666
Rent expenses	259	415	2,787
Development and research expenses	2,191	2,929	23,544

17. Related Party Transactions

Toshiba Corporation held 39.1 % of the Company's voting rights as of March 31, 2010.

The Company sold semiconductor manufacturing equipment to Toshiba Corporation and received rent revenue from Toshiba Corporation. The aggregate amounts of these transactions were ¥4,023 million ($43,240 thousand) for the year ended March 31, 2010.

The Company purchased material from Toshiba Corporation totaling ¥381 million ($4,100 thousand) for the year ended March 31, 2010.

Amounts due from and to Toshiba Corporation at March 31, 2008 was as follows:

	March 31, 2010	March 31, 2010
	(Millions of yen)	(Thousands of U.S. dollars)
Due from Toshiba Corporation	¥ 1,056	$ 11,351
Due to Toshiba Corporation	3,245	34,879

Notes:

The description in 2009 is omitted because the amounts due from and to, and transactions with Toshiba Corporation is not material for the year ended March 31, 2009.

18. Per Share Information

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

	Year ended March 31, **2010**	Year ended March 31, 2009	Year ended March 31, **2010**
	(Yen)		(U.S. dollars)
Net income (loss):			
– Basic	¥ (35.47)	¥ (111.80)	$ (0.38)
Net assets	345.39	379.84	3.71

Notes:

The information regarding diluted net income per share in 2010 and 2009 is omitted because of net loss for the years ended March 31, 2010 and 2009.

Non-Consolidated Balance Sheets

Assets	March 31, 2010 (Millions of yen)	March 31, 2009 (Millions of yen)	March 31, 2010 (Thousands of U.S. dollars)
Current assets:			
Cash and bank deposits	¥ 4,278	¥ 1,779	$ 45,987
Notes and accounts receivable, trade:			
Notes	328	1,194	3,528
Accounts	18,719	14,799	201,190
Allowance for doubtful accounts	(79)	(69)	(851)
Inventories	5,290	11,696	56,856
Deferred tax assets	675	455	7,253
Short-term loans receivable from subsidiaries and affiliates	1,070	–	11,500
Other current assets	272	715	2,924
Total current assets	30,553	30,569	328,387
Property, plant and equipment:			
Land	68	68	739
Buildings and structures	27,557	27,549	296,181
Machinery and equipment	1,122	591	12,063
Lease assets	1,803	2,013	19,382
Construction in progress	40	61	428
Total	30,590	30,282	328,793
Accumulated depreciation	(17,228)	(15,956)	(185,170)
Property, plant and equipment, net	13,362	14,326	143,623
Investments and other assets:			
Investments in securities	150	118	1,610
Investments in subsidiaries and affiliates	787	884	8,460
Deferred tax assets	196	215	2,110
Intangible assets	391	428	4,203
Other assets	906	975	9,730
Allowance for doubtful accounts	(571)	(256)	(6,135)
Total investments and other assets	1,859	2,364	19,978
Total assets	¥ 45,774	¥ 47,259	$ 491,988

Liabilities and net assets	March 31, 2010 (Millions of yen)	March 31, 2009 (Millions of yen)	March 31, 2010 (Thousands of U.S. dollars)
Current liabilities:			
Current portion of long-term debt	¥ 6,100	¥ 7,100	$ 65,563
Notes and accounts payable:			
Notes	2,024	1,917	21,757
Accounts	6,345	5,846	68,193
Advances received	768	1,011	8,252
Lease obligations	520	639	5,588
Provision for contract losses	374	39	4,019
Accrued expenses	1,981	1,870	21,292
Accrued income taxes	42	40	452
Other current liabilities	228	146	2,453
Total current liabilities	18,382	18,608	197,569
Long-term liabilities:			
Long-term debt	3,700	3,204	39,768
Lease obligations	594	999	6,382
Long-term accounts payable-other	26	–	280
Provision for retirement benefits	4,588	4,343	49,315
Provision for directors' retirement benefits	–	93	–
Reserve for repair and maintenance	337	337	4,050
Other long-term liabilities	3,022	3,023	32,488
Total long-term liabilities	12,307	11,999	132,283
Total liabilities	30,689	30,607	329,852
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized :100,000,000 shares			
Issued :51,926,194 shares at March 31, 2010 and 2009	6,762	6,762	72,673
Additional paid-in capital	10,738	10,739	115,416
Retained earnings	(743)	851	(7,986)
Less treasury stock, at cost	(1,719)	(1,720)	(18,477)
Total shareholders' equity	15,038	16,632	161,626
Valuation and translation adjustments:			
Net unrealized holding gain on other securities	47	20	510
Total net assets	15,085	16,652	162,136
Total liabilities and net assets	¥ 45,774	¥ 47,259	$ 491,988

Non-Consolidated Statements of Income

	Year ended March 31, **2010**	Year ended March 31, 2009	Year ended March 31, **2010**
	(Millions of yen)		(Thousands of U.S. dollars)
Net sales	¥ 33,161	¥ 37,007	$356,415
Cost of sales	28,047	30,398	301,450
Gross profit	5,114	6,609	54,965
Selling, general and administrative expenses	7,015	8,197	75,394
Operating loss	(1,901)	(1,588)	(20,429)
Other income (expenses):			
Interest and dividend income	109	1,839	1,173
Interest expense	(191)	(133)	(2,049)
Business advisory fee	267	–	2,865
Subsidy income	174	–	1,865
Commission fee	(66)	–	(706)
Loss on valuation of investment securities	–	(38)	–
Loss on valuation of subsidiaries' stock	(97)	(1,180)	(1,041)
Provision of allowance for doubtful accounts for subsidiaries and affiliates	(322)	(106)	(3,466)
Other, net	252	429	2,707
(Loss) income before income taxes	(1,775)	(777)	(19,081)
Income taxes:			
Current	25	51	268
Deferred	(207)	3,232	(2,217)
	(182)	3,283	(1,949)
Net (loss) income	¥ (1,593)	¥ (4,060)	$ (17,132)

	(Yen)		(U.S. dollars)
Per share of common stock:			
Net loss	¥ (32.26)	¥ (82.17)	$ (0.35)
Cash dividends applicable to the year	0.00	4.00	0.00

SHIBAURA MECHATRONICS CORPORATION

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

TEL：+81-45-897-2421
FAX：+81-45-897-2470

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

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