FINANCIAL SECTION

ANNUAL REPORT 2011 Year ended March 31, 2011

SHIBAURA MECHATRONICS CORPORATION

Contents

ERNST & YOUNG

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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, 2011 and 2010, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended and consolidated statement of comprehensive income for the year ended March 31, 2011, 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, 2011 and 2010, 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, 2011 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.

June 22, 2011

Ernst & Young ShinNihon

Consolidated Balance Sheets

Shibaura Mechatronics Corporation and Subsidiaries

Assets	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Current assets :			
Cash and bank deposits (Note 12)	¥ 3,353	¥ 6,117	$ 40,324
Short-term investments	38	50	457
Notes and accounts receivable, trade	26,940	21,960	323,986
Allowance for doubtful accounts	(61)	(105)	(728)
Inventories (Note 7)	6,680	7,101	80,341
Deferred tax assets (Note 10)	1,071	932	12,883
Income receivable	715	111	8,594
Other current assets	254	86	3,056
Total current assets	38,990	36,252	468,913
Property, plant and equipment:			
Land	119	164	1,435
Buildings and structures	28,822	28,953	346,629
Machinery and equipment	1,343	1,508	16,153
Lease assets	1,751	2,392	21,059
Construction in progress	518	40	6,227
Total	32,553	33,057	391,503
Accumulated depreciation	(19,143)	(18,371)	(230,222)
Property, plant and equipment, net	13,410	14,686	161,281
Investments and other assets:			
Investments in securities (Note 6)	203	219	2,447
Deferred tax assets (Note 10)	181	309	2,174
Other assets	1,468	1,334	17,647
Allowance for doubtful accounts	(2)	(142)	(20)
Total investments and other assets	1,850	1,720	22,248
Total assets	¥ 54,250	¥ 52,658	$ 652,442

Liabilities and net assets	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Current liabilities :			
Short-term bank loans (Note 8)	¥ 7,705	¥ 6,735	$ 92,666
Current portion of long-term debt (Note 8)	3,200	–	38,485
Notes and accounts payable, trade	11,993	10,916	144,232
Provision for contract losses	120	399	1,440
Lease obligations	381	639	4,577
Advances received	435	818	5,233
Accrued expenses	2,627	2,252	31,589
Accrued income taxes (Note 10)	201	132	2,421
Provision for directors' bonuses	35	–	420
Asset retirement obligations	11	–	133
Other current liabilities	393	550	4,731
Total current liabilities	27,101	22,441	325,927
Long-term liabilities:			
Long-term debt (Note 8)	500	3,700	6,013
Provision for retirement benefits (Note 11)	5,211	5,067	62,674
Lease obligations	440	882	5,289
Long-term accounts payable-other	22	26	262
Provision for directors' retirement benefits	23	33	280
Reserve for repair and maintenance	407	377	4,893
Asset retirement obligations	32	–	385
Other long-term liabilities	3,022	3,023	36,352
Total long-term liabilities	9,657	13,108	116,148
Total liabilities	¥ 36,758	¥ 35,549	$ 442,075
Contingent liabilities (Note 13)			
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized :100,000,000 shares			
Issued :51,926,194 shares at March 31, 2011 and 2010	6,762	6,762	81,317
Additional paid-in capital	9,995	10,738	120,209
Retained earnings	2,426	1,197	29,178
Less treasury stock, at cost	(1,719)	(1,719)	(20,679)
Total shareholders' equity	17,464	16,978	210,025
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	30	50	364
Foreign currency translation adjustments	(2)	39	(22)
Total valuation and translation adjustments	28	89	342
Minority interest in consolidated subsidiaries	–	42	–
Total net assets	17,492	17,109	210,367
Total liabilities and net assets	¥ 54,250	¥ 52,658	$ 652,442

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

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Shibaura Mechatronics Corporation and Subsidiaries

	Year ended March 31, **2011**	Year ended March 31, 2010	Year ended March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Consolidated Statements of Income			
Net sales	¥ 46,246	¥ 41,096	$ 556,174
Cost of sales (Note 9 and 11)	35,895	33,750	431,692
Gross profit	10,351	7,346	124,482
Selling, general and administrative expenses (Note 9,11 and 19)	9,607	9,216	115,544
Operating income (loss)	744	(1,870)	8,938
Other income (expenses):			
Interest and dividend income	35	50	416
Interest expense	(178)	(242)	(2,137)
Foreign exchange loss, net	(11)	–	(132)
Amortization of negative goodwill	40	40	478
Subsidy income	–	266	–
Commission fee	(51)	(66)	(615)
Loss on abandonment of noncurrent assets	(7)	(5)	(79)
Reversal of allowance for doubtful accounts	136	–	1,633
Gain on negative goodwill	35	–	420
Loss on disaster	(17)	–	(199)
Business structure improvement expenses	(172)	–	(2,070)
Loss on adjustment for changes of accounting standard for asset retirement obligations	(46)	–	(556)
Other, net	96	215	1,167
Income (loss) before income taxes and minority interest	604	(1,612)	7,264
Income taxes (Note 10):			
Current	252	182	3,041
Deferred	(11)	16	(137)
	241	198	2,904
Income (loss) before minority interest	363	(1,810)	4,360
Minority interest in losses of consolidated subsidiaries	(123)	(58)	(1,481)
Net income (loss)	¥ 486	¥ (1,752)	$ 5,841
Consolidated Statement of Comprehensive Income			
Net income before minority interests	¥ 363	¥ –	$ 4,360
Other comprehensive income			
Valuation difference on available-for-sale securities	(20)	–	(243)
Foreign currency translation adjustments	(41)	–	(491)
Total other comprehensive income	(61)	–	(734)
Comprehensive income	¥ 302	¥ –	$ 3,626
(Breakdown)			
Comprehensive income attributable to owners of the parent	343	–	4,128
Comprehensive income attributable to minority interests	(41)	–	(502)

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	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	
			(Millions of yen)				(Millions of yen)		(Millions of yen)
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
Net income	–	–	–	486	–	–	–	–	486
Net change during the year	–	–	–	–	–	(20)	(41)	(42)	(103)
Net decrease in treasury stock	–	–	–	–	(0)	–	–	–	(0)
Reversal of other capital surplus	–	–	(743)	743	–	–	–	–	–
Balance as of March 31, 2011	51,926,194	¥ 6,762	¥ 9,995	¥ 2,426	¥ (1,719)	¥ 30	¥ (2)	¥ –	¥ 17,492

	Shareholders' equity				Valuation and translation adjustments			Total
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries	
		(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, 2010	$81,317	$129,144	$14,402	$(20,675)	$ 607	$ 469	$ 503	$205,767
Net income	–	–	5,841	–	–	–	–	5,841
Net change during the year	–	–	–	–	(243)	(491)	(503)	(1,237)
Net decrease in treasury stock	–	–	–	(4)	–	–	–	(4)
Reversal of other capital surplus	–	(8,935)	8,935	–	–	–	–	–
Balance as of March 31, 2011	$ 81,317	$120,209	$29,178	$(20,679)	$ 364	$ (22)	$ –	$ 210,367

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, 2011	Year ended March 31, 2010	Year ended March 31, 2011
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Operating activities:			
Income (loss) before income taxes and minority interest	¥ 604	¥ (1,612)	$ 7,264
Depreciation and amortization	1,765	1,935	21,232
Amortization of negative goodwill	(40)	(40)	(478)
Allowance for doubtful accounts	(185)	17	(2,219)
Increase provision for retirement benefits	168	206	2,020
Interest and dividend income	(35)	(50)	(416)
Interest expense	178	242	2,137
Loss on disposal of property, plant and equipment	5	0	56
Gain on sale of land	8	0	93
Foreign exchange gain, net	19	(25)	227
Increase in advances received	(369)	(311)	(4,441)
Increase in notes and accounts receivable, trade	(4,865)	(3,409)	(58,512)
(Increase) decrease in inventories	(13)	5,590	(160)
Increase in notes and accounts payable, trade	1,301	964	15,644
Loss on adjustment for changes of accounting standard for asset retirement obligations	46	–	556
Increase in accrued consumption taxes	9	54	109
Other, net	(1,097)	1,105	(13,197)
Subtotal	(2,501)	4,666	(30,085)
Interest and dividends received	35	49	414
Interest paid	(179)	(239)	(2,148)
Income taxes paid	(119)	(37)	(1,428)
Net cash (used in) provided by operating activities	¥ (2,764)	¥ 4,439	$ (33,247)

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

	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Investment activities:			
Payments for time deposits	¥ (10)	¥ (14)	$ (118)
Proceeds from time deposits	19	5	232
Purchases of property, plant and equipment	(123)	(105)	(1,487)
Proceeds from sale of property, plant and equipment	94	99	1,135
Purchase of software	(364)	–	(4,379)
Other, net	(74)	(30)	(886)
Net cash provided by (used in) financing activities	(458)	(45)	(5,503)
Financing activities:			
Increase in short-term bank loans, net	977	1,402	11,750
Repayments of finance lease obligations	(605)	(779)	(7,277)
Proceeds from long-term loans payable	–	500	–
Repayments of long-term loans payable	–	(3,804)	–
Proceeds from stock issuance to minority shareholders	113	–	1,360
Purchases of treasury stock	(0)	(0)	(3)
Proceeds from sale of treasury stock	–	0	–
Net cash (used in) provided by financing activities	485	(2,681)	5,830
Effect of exchange rate changes on cash and cash equivalents	(27)	19	(325)
Net (decrease) increase in cash and cash equivalents	(2,764)	1,732	(33,245)
Cash and cash equivalents at beginning of year	6,117	4,385	73,569
Cash and cash equivalents at end of year	¥ 3,353	¥ 6,117	$ 40,324

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

Notes to Consolidated Financial Statements

Shibaura Mechatronics Corporation and Subsidiaries
March 31, 2011

1. Basis of Presentation

Shibaura Mechatronics Corporation (the "Company") and its consolidated subsidiaries (collectively, the "Companies" or the "Group") maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which differ in certain respects from the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. Certain reclassifications have been made to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan. In addition, the non-consolidated balance sheets of the Company as of March 31, 2011 and 2010 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 ¥ 83.15 = U.S. $ 1.00, the approximate rate of exchange in effect on March 31, 2011. 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 Items for the Presentation of Consolidated Financial Statements

(1) Basis of consolidation

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

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

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

(2) Foreign currency translation

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

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

(3) Cash and cash equivalents

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

(4) Securities

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

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

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

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

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

Intangible assets, which are included in “other assets” of the accompanying consolidated balance 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.

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

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

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

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

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

(13) Reserve for repair and maintenance

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

(14) Revenues and costs of construction contracts

Revenues and costs of construction contracts are recognized by the percentage of completion method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost.

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

(15) Lease assets

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

(16) Hedging accounting

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

Hedging instruments and hedged items are summarized as follows:

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

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

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

(17) Research and development costs

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

(18) Income taxes

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

(19) Adoption of consolidated tax accounting system

The Company and some of its consolidated subsidiaries have received an approval from the Commissioner of the National Tax Agency of Japan to adopt the consolidated taxation system effective the fiscal year ending March 31, 2012. From the fiscal year under review, accounting treatment and presentation have been based on the “Practical Solution on Tax Effect Accounting under the Consolidated Taxation System (Part 1)” (ASBJ PITF No. 5), and the “Practical Solution on Tax Effect Accounting under the Consolidated Taxation System (Part 2)” (ASBJ PITF No. 7), under the assumption that the Company would adopt the consolidated taxation system.

3. Changes in Significant Items for the Preparation of Consolidated Financial Statement

(1) Accounting Standard for Asset Retirement Obligations
Effective the fiscal year ended March 31, 2011 the Company has adopted the "Accounting Standard For Asset Retirement Obligations" (ASBJ Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008).
The effect of this change was to decrease operating income and ordinary income by ¥6 million ($66 thousand), respectively and net income before taxes by ¥52 million ($622 thousand).

(2) Accounting Standard for Business Combinations
Effective the fiscal year ended March 31, 2011 the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ statement No.21, December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), and "Accounting Standard for Business Separation and Application Guideline for Accounting Standard for Business Separation" (ASBJ Guideline No. 10, December 26, 2008)

4. Changes in Presentation

From the fiscal year ended March 31, 2011 the Company has adopted the "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 5 of March 24, 2009), based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of December 26, 2008), and the account item "Net income before minority interests" is presented as a result.

5. Additional Information

Comprehensive Income
Effective the fiscal year ended March 31, 2011 the Company has adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25 of June 30, 2010). However, the amounts for "Valuation and translation adjustments and others" and "Total valuation, translation adjustments and others" are presented as the amounts of "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" respectively for the previous fiscal year.

6. Investments in Securities

At March 31, 2011 and 2010, marketable securities classified as other (available-for-sale) securities are summarized as follows:

	March 31, **2011**			March 31, 2010			March 31, **2011**		
	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	¥ 142	¥ 41	¥ 101	¥ 166	¥ 65	$1,216	$1,709	$ 493
Debt securities	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total	¥ 101	¥ 142	¥ 41	¥ 101	¥ 166	¥ 65	$1,216	$1,709	$ 493
Other securities whose market value recorded in the balance sheet do not exceed their acquisition costs:									
Equity securities	9	8	(1)	–	–	–	113	104	(9)
Debt securities	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Total	¥ 9	¥ 8	¥ (1)	¥ –	¥ –	¥ –	$ 113	$ 104	$ (9)

At March 31, 2011 and 2010, non-marketable securities carried at cost are summarized as follows:

	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Investments in affiliates:			
Affiliate	¥ 52	¥ 52	$ 627
Other	1	1	7

7. Inventories

Inventories at March 31, 2011 and 2010 are summarized as follows:

	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Finished products	¥ 2,138	¥ 2,425	$ 25,720
Raw materials	315	229	3,787
Work in process	4,227	4,447	50,834
Total	¥ 6,680	¥ 7,101	$ 80,341

8. 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, 2011 and 2010 were 1.2% and 1.3%, respectively.

Long-term debt at March 31, 2011 and 2010 are summarized as follows:

	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Unsecured:			
Zero coupon Japanese yen convertible notes			
(notes with stock acquisition rights)	¥ –	¥ –	$ –
1.68% loans from banks due 2010 to 2012	500	3,700	6,013
Loans from Pension Welfare Service Public Corporation due 2010 to 2034	–	–	–
Lease obligations	821	1,521	9,866
Total	1,321	5,221	15,879
Less current portion	3,200	–	38,485
Long-term debt ,net	¥ 4,521	¥ 5,221	$ 54,364

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.

Aggregate annual maturities of long-term debt at March 31, 2011 are summarized as follows:

	March 31, 2011	
	(Millions of yen)	(Thousands of U.S. dollars)
2012	¥ 3,582	$ 43,062
2013	690	8,301
2014	96	1,155
2015 and thereafter	153	1,846
Total	¥ 4,521	$ 54,364

The Company entered into the three-year contracts for commitment lines of credit with seven banks in the aggregated amount of ¥10,000 million ($120,265 thousand) on March 31, 2008 for efficient financial arrangements for operating funds.
At March 31, 2011, the Company had unused commitment lines of credit aggregating ¥8,800 million ($105,833 thousand).

9. Research and Development Expenses

Research and development expenses charged to income for the years ended March 31, 2011 and 2010 are as follows:

	Year ended March 31, **2011**	Year ended March 31, 2010	Year ended March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
	¥ 2,110	¥ 2,193	$ 25,381

10. 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, 2011 and 2010. 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, 2011 and 2010 are summarized as follows:

	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Employees' retirement benefits	¥ 2,113	¥ 2,053	$ 25,415
Accrued employees' bonuses	580	454	6,978
Provision for contract losses	49	162	585
Accrual for periodic repairs	187	182	2,245
Enterprise tax payable	26	19	313
Tax loss carried forward	2,940	3,956	35,360
Other	1,071	966	12,879
Gross deferred tax assets	6,966	7,792	83,775
Valuation allowance	(5,650)	(6,501)	(67,950)
Total deferred tax assets	1,316	1,291	15,825
Deferred tax liabilities:			
Unrecognized holding gain on other securities	(11)	(13)	(130)
Other	(53)	(37)	(638)
Total deferred tax liabilities	(64)	(50)	(768)
Net deferred tax assets	¥ 1,252	¥ 1,241	$ 15,057

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

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

11. 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, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Projected benefit obligation	¥ (9,509)	¥ (9,661)	$(114,363)
Fair value of plan assets	3,223	3,249	38,758
Funded status	(6,286)	(6,412)	(75,605)
Unrecognized actuarial loss	1,395	1,689	16,778
Prepaid pension cost	(320)	(344)	(3,847)
Allowance for retirement benefits	¥ (5,211)	¥ (5,067)	$ (62,674)

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, 2011 and 2010 are summarized as follows:

	Year ended March 31, **2011**	Year ended March 31, 2010	Year ended March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Service cost	¥ 517	¥ 518	$ 6,212
Interest cost on projected benefit obligation	184	182	2,209
Expected return on plan assets	(114)	(97)	(1,367)
Amortization of actuarial loss	411	432	4,940
Extra retirement payments	127	–	1,528
Net periodic pension cost	¥ 1,125	¥ 1,035	$ 13,522

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, 2011 and 2010 are summarized as follows:

	March 31, **2011**	March 31, 2010
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)	

12. Pledged Assets

Assets pledged as collateral for loans payable at foreign subsidiaries as of March 31, 2011 are summarized as follows:

	March 31, 2011	
	(Millions of yen)	(Thousands of U.S. dollars)
Bank deposits	¥ 54	$ 654
Total	¥ 54	$ 654

13. Contingent Liabilities

The Company had the following contingent liability as of March 31, 2011:

	March 31, 2011	
	(Millions of yen)	(Thousands of U.S. dollars)
Guarantee for housing loans of employees	¥ 28	$ 335

14. 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, 2011 and 2010, 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

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

Type of derivative transaction	**Principal Item Hedged**	Year ended March 31, 2011		
		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	¥ –	¥ –

Type of derivative transaction	**Principal Item Hedged**	Year ended March 31, 2010		
		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	¥ –

Type of derivative transaction	**Principal Item Hedged**	Year ended March 31, 2011		
		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	$18,040	$ –	$ –

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

15. Financial Instruments

① Matters relating to financial instruments

(1) Policy of Financial Instruments

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.

(2) 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 or equities of customers of the Company and its consolidated subsidiaries and exposed to the issuer's credit risk and market price fluctuation risk.

Trade payables, which are operating payables, are due for payment within a year. While foreign currency-denominated operating receivables are exposed to exchange rate fluctuation risk, we evade this risk by, as a general rule, primarily utilizing a forward exchange contract of foreign currency-denominated operating payables. Short-term bank loans are used to primarily to procure business transaction's funds, while long-term debt is used to procure funds required for long-term stability. Although some items with variable interest rates are exposed to interest rate fluctuation risk, we used derivative transactions (interest rate swaps) in part to fix interest payments. Derivatives which are shown in the below table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk. To control credit risk related to derivatives, based on an internal guide line, the Company have derivatives with counterparties which has high credit grade. In addition, the Treasury Division of the Company regularly monitors risk and profit and loss, and reports them to it's Executive Committee.

Operating payables and bank loans are exposed to the liquidity risk.

Each of the Companies performs cash management using monthly cash flow information.

(3) 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. The contract or notional amounts of derivatives which are shown in the below table do not represent the amounts exchanged by the parties and do not measure the Companies' exposure to credit or market risk.

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

Amounts on the consolidated balance sheets as of March 31, 2011, fair value and variance are as follows.

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

	March 31, 2010		
	Carrying Value	Fair Value	Difference
	(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)	(6,735)	–
(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, 2011		
	Carrying Value	Fair Value	Difference
	(Thousands of U.S. dollars)		
(1) Cash and bank deposits	$ 40,781	$ 40,781	$ –
(2) Notes and accounts receivable, trade	323,986	323,986	–
(3) Investment securities	1,820	1,820	–
Other securities			
(4) Notes and accounts payable, trade	(144,232)	(144,232)	–
(5) Short-term bank loans	(92,666)	(92,666)	–
(6) Current portion of long-term debt	(38,485)	(38,485)	–
(7) Long-term debt	(6,013)	(5,981)	(32)
(8) Other long-term liabilities	(36,352)	(24,192)	(12,160)

(*) 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 Note 11 for the detail of derivatives transaction.

b) As non-marketable equity securities of ¥52 million ($627 thousand) 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 ¥3,371 million ($40,540 thousand), Notes and accounts receivable, trade of ¥26,939 million ($323,985 thousand) are due within one year subsequent to March 31, 2011 and Cash and bank deposits of ¥6,145 million, Notes and accounts receivable, trade of ¥21,960 million are due within one year subsequent to March 31, 2010.

16. 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 31,2010	Decrease	March 31,2011	At March 31,2011 Fair Value
	(Millions of yen)			
Rental property	¥ 7,376	¥ 346	¥ 7,030	¥ 7,649

	Carrying Amount			
	March 31,2009	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 31,2010	Decrease	March 31,2011	At March 31,2011 Fair Value
	(Thousands of U.S. dollars)			
Rental property	$ 88,706	$ 4,163	$ 84,543	$ 91,985

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, 2011, is determined based on the real-estate appraisal standard prepared by the Company.

Information on Consolidated Statements of Operations

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

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

	Year ended March 31, 2011		
	Rental income	Rental costs	Difference
	(Thousands of U.S. dollars)		
Rental property	$ 21,610	$ 11,819	$ 9,791

Notes:

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

17. Segment Information

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

① 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

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

Flat Panel Display("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 for the year ended March 31, 2010, 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 for the years ended March 31, 2010, 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 in Fine mechatronics segment, ¥369 million in Electronic & vacuum systems segment, and Operating loss for the year ended March 31, 2010, decreased by ¥830 million in Fine mechatronics segment and increased by ¥3 million in Electronic & vacuum systems segment.

② 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

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 for the year ended March 31, 2010, 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 for the years ended March 31, 2010, 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 and Operating loss for the year ended March 31, 2010, decreased by ¥828 million in Japan.

③ 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%

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

④ Segment Information

Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Overview of reporting segments
The Company's reporting segments are determined as the Group's units for which separate financial information is also obtainable, and the Board of Directors regularly monitor in order to decide allocation of business resources and evaluate business performance.
The Company adopts the division system in its Group organization based on the product or service lines.
Each division draws up a domestic and overseas comprehensive strategy about its responsible products or services to deal with and develop operation.
The Company has four reporting segments: Fine mechatronics, Mechatronics systems, Vending machines & systems, and Real estate leasing.
The product or service lines belonging to each reporting segment are as follows.

Fine mechatronics :
FPD manufacturing equipment (wet cleaning equipment, developing equipment, etching equipment, stripping equipment, PI inkjet coater, cell assembly equipment), Semiconductor manufacturing equipment (wafer inspection equipment, etching equipment, ashing equipment, wet cleaning equipment), Railroad maintenance equipment, and other items.

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

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

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

(2) Methods of calculating amounts for net sales, income or loss, assets and other items by reporting segment
The accounting policies applied by each reporting business segment are those outlined in “Significant items for the preparation of consolidated financial statements”.
Reporting segment is an ordinary income basis.
Internal sales between segments are mainly based on price to be applied for third-party transactions.

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

Fiscal year ended March 31, 2011 and 2010 is summarized as follows:

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

	Year ended March 31, 2010				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
	(Millions of yen)				
Sales					
Sales to external customers	¥ 24,313	¥ 13,145	¥ 1,818	¥ 1,820	¥ 41,096
Intersegment sales or transfers	8	148	–	–	156
Total sales	24,321	13,293	1,818	1,820	41,252
Segment income (loss)	(41)	(1,521)	(197)	547	(1,212)
Segment assets	22,000	15,782	1,928	7,694	47,404
Other					
Depreciation	865	445	68	557	1,935
Depreciation of goodwill	12	–	–	–	12
Amortization of negative goodwill	40	–	–	–	40
Interest income	5	0	0	–	5
Interest expense	24	19	8	–	51
Increase in tangible and intangible fixed assets	594	193	4	9	800

	Year ended March 31, 2011				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
	(Thousands of U.S. dollars)				
Sales					
Sales to external customers	$270,757	$242,277	$ 21,530	$ 21,610	$556,174
Intersegment sales or transfers	208	2,315	–	–	2,523
Total sales	270,965	244,592	21,530	21,610	558,697
Segment income (loss)	7,323	2,533	(2,950)	9,791	16,697
Segment assets	262,926	251,696	18,426	88,813	621,861
Other					
Depreciation	10,895	5,059	935	4,343	21,232
Depreciation of goodwill	145	–	–	–	145
Amortization of negative goodwill	478	–	–	–	478
Interest income	75	0	0	–	75
Interest expense	77	103	35	–	215
Increase in tangible and intangible fixed assets	6,373	6,813	282	409	13,877

(4) Main contents of the balance with a report segment net total and the amount of consolidated financial statements adding up and the balance concerned (adjustment amounts)

a) Segment income

	Year ended March 31, **2011**	Year ended March 31, 2010	Year ended March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Reporting segments	¥ 1,389	¥ (1,211)	$ 16,697
Unallocated amounts	(499)	(330)	(5,998)
Other	(86)	(71)	(1,030)
Consolidated	¥ 804	¥ (1,612)	$ 9,669

Notes:
Included in the "unallocated amounts" above are unallowable operating expenses which primarily relate to research and development expenses incurred over the entire group as part of the Company's research and development activities.

b) Segment assets

	Year ended March 31, **2011**	Year ended March 31, 2010	Year ended March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Reporting segments	¥ 51,708	¥ 47,404	$621,861
Unallocated amounts	2,542	5,254	30,581
Consolidated	¥ 54,250	¥ 52,658	$652,442

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

c) Other

	Year ended March 31, 2011					
	Reporting segments	Adjustment amount	Consolidated	Reporting segments	Adjustment amount	Consolidated
	(Millions of yen)			(Thousands of U.S. dollars)		
Depreciation	¥ 1,765	¥ –	¥ 1,765	$ 21,232	$ –	$ 21,232
Depreciation of goodwill	12	–	12	145	–	145
Amortization of negative goodwill	40	–	40	478	–	478
Interest income	6	1	7	75	18	93
Interest expense	18	160	178	215	1,922	2,137
Increase in tangible and intangible fixed assets	1,154	–	1,154	13,877	–	13,877

	Year ended March 31, 2010		
	Reporting segments	Adjustment amount	Consolidated
	(Millions of yen)		
Depreciation	¥ 1,935	¥ –	¥ 1,935
Depreciation of goodwill	12	–	12
Amortization of negative goodwill	40	–	40
Interest income	5	1	6
Interest expense	51	191	242
Increase in tangible and intangible fixed assets	800	–	800

⑤ Related information

Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Information every product and service
The description is omitted because disclose a similar mention in segment information.

(2) Information by geographical area

a) Sales

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

Year ended March 31, 2011			
Japan	Northeastern Asia	Other	Total
(Thousands of U.S. dollars)			
$ 270,215	$ 262,175	$ 23,784	$ 556,174

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

b) Tangible fixed assets

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

Year ended March 31, 2011		
Japan	Northeastern Asia	Total
(Thousands of U.S. dollars)		
$ 157,243	$ 4,038	$ 161,281

c) Information on main customer
There are no material sales to any single unaffiliated customer.

⑥ Impairment losses on fixed assets by reporting segment

No applicable items

⑦ Depreciation of goodwill and remaining amounts by reporting segment

Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

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

	Year ended March 31, 2011				
	Fine mechatronics	Mechatronics systems	Vending machines & systems	Real estate leasing	Total
	(Thousands of U.S. dollars)				
Balance as of March 31, 2011	$ 601	$ –	$ –	$ –	$ 601

⑧ Gain on negative goodwill by reporting segment

Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

Gain on negative goodwill by reporting segment at March 31, 2011 were not significant.

(Additional information)

Fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

From the fiscal year ended March 31, 2011 the Company has adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17 of March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20 of March 21, 2008).

18. Non-cash Transactions

Lease assets and lease obligations recorded relating to lease transactions were ¥35 million ($421 thousand) and ¥35 million ($421 thousand), respectively for the year ended March 31, 2011 and ¥182 and ¥182, respectively for the year ended March 31, 2010.

19. Selling, General and Administrative Expenses

For the years ended March 31, 2011 and 2010, major selling, general and administrative expenses are summarized as follows:

	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Packing and delivery expenses	¥ 161	¥ 100	$ 1,935
Sales commission	279	38	3,352
Advertising expenses	17	10	208
Employees' salaries and allowances	5,324	4,910	64,032
Provision of allowance for doubtful accounts	8	26	100
Provision for retirement benefits	484	500	5,818
Provision for directors' retirement benefits	6	15	78
Depreciation	847	713	10,189
Rent expenses	196	259	2,362
Development and research expenses	2,110	2,191	25,374

20. Related Party Transactions

Toshiba Corporation held 39.1 % of the Company’s voting rights as of March 31, 2011.

The Company sold semiconductor manufacturing equipment to Toshiba Corporation and received rent revenue from Toshiba Corporation. The aggregate amounts of these transactions were ¥4,086 million ($49,145 thousand) and ¥4,023 million for the years ended March 31, 2011 and 2010, respectively.

The Company purchased material from Toshiba Corporation totaling ¥330 million ($3,963 thousand) and ¥381 million for the year ended March 31, 2011 and 2010, respectively.

Amounts due from and to Toshiba Corporation at March 31, 2011 and 2010 were as follows:

	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Due from Toshiba Corporation	¥ 1,081	¥ 1,056	$ 13,006
Due to Toshiba Corporation	3,230	3,245	38,845

21. 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, **2011**	Year ended March 31, 2010	Year ended March 31, **2011**
	(yen)		(U.S. dollars)
Net income (loss):			
– Basic	¥ 9.83	¥ (35.47)	$ 0.12
Net assets	353.98	345.39	4.26

Notes:

The information regarding diluted net income per share in 2011 and 2010 is omitted because of no stock with dilutive effect.

Non-Consolidated Balance Sheets

Assets	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Current assets:			
Cash and bank deposits	¥ 1,479	¥ 4,278	$ 17,791
Notes and accounts receivable, trade:			
Notes	1,794	328	21,579
Accounts	22,308	18,719	268,282
Allowance for doubtful accounts	(512)	(79)	(6,154)
Inventories	5,146	5,290	61,883
Deferred tax assets	897	675	10,792
Short-term loans receivable from subsidiaries and affiliates	1,300	1,070	15,634
Other current assets	1,480	272	17,799
Total current assets	33,892	30,553	407,606
Property, plant and equipment:			
Land	68	68	827
Buildings and structures	27,579	27,557	331,680
Machinery and equipment	943	1,122	11,337
Lease assets	1,151	1,803	13,835
Construction in progress	518	40	6,227
Total	30,259	30,590	363,906
Accumulated depreciation	(17,923)	(17,228)	(215,549)
Property, plant and equipment, net	12,336	13,362	148,357
Investments and other assets:			
Investments in securities	136	150	1,640
Investments in subsidiaries and affiliates	683	787	8,211
Deferred tax assets	131	196	1,579
Intangible assets	688	391	8,273
Other assets	620	906	7,452
Allowance for doubtful accounts	(0)	(571)	(3)
Total investments and other assets	2,258	1,859	27,152
Total assets	¥ 48,486	¥ 45,774	$ 583,115

Liabilities and net assets	March 31, **2011**	March 31, 2010	March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Current liabilities:			
Short-term bank loans	¥ 7,300	¥ –	$ 87,793
Current portion of long-term debt	3,200	6,100	38,485
Notes and accounts payable:			
Notes	2,209	2,024	26,564
Accounts	7,889	6,345	94,882
Advances received	334	768	4,022
Lease obligations	290	520	3,491
Provision for directors' bonuses	35	–	420
Provision for contract losses	120	374	1,440
Accrued expenses	2,332	1,981	28,046
Accrued income taxes	47	42	565
Other current liabilities	137	228	1,644
Total current liabilities	23,893	18,382	287,352
Long-term liabilities:			
Long-term debt	500	3,700	6,013
Lease obligations	206	594	2,480
Long-term accounts payable-other	22	26	262
Provision for retirement benefits	4,729	4,588	56,880
Reserve for repair and maintenance	407	377	4,893
Other long-term liabilities	3,023	3,022	36,352
Asset retirement obligations	20	–	237
Total long-term liabilities	8,907	12,307	107,117
Total liabilities	32,800	30,689	394,469
Net assets:			
Shareholders’ equity:			
Common stock:			
Authorized :100,000,000 shares			
Issued :51,926,194 shares at March 31, 2011 and 2010	6,762	6,762	81,317
Additional paid-in capital	9,995	10,738	120,208
Retained earnings	622	(743)	7,489
Less treasury stock, at cost	(1,719)	(1,719)	(20,679)
Total shareholders’ equity	15,660	15,038	188,335
Valuation and translation adjustments:			
Net unrealized holding gain on other securities	26	47	311
Total net assets	15,686	15,085	188,646
Total liabilities and net assets	¥ 48,486	¥ 45,774	$ 583,115

Non-Consolidated Statements of Income

	Year ended March 31, **2011**	Year ended March 31, 2010	Year ended March 31, **2011**
	(Millions of yen)		(Thousands of U.S. dollars)
Net sales	¥ 36,696	¥ 33,161	$ 441,322
Cost of sales	29,444	28,047	354,107
Gross profit	7,252	5,114	87,215
Selling, general and administrative expenses	7,369	7,015	88,618
Operating loss	(117)	(1,901)	(1,403)
Other income (expenses):			
Interest and dividend income	485	109	5,829
Interest expense	(160)	(191)	(1,922)
Business advisory fee	290	267	3,490
Subsidy income	–	174	–
Commission fee	(51)	(66)	(615)
Loss on valuation of subsidiaries' stock	(252)	(97)	(3,031)
Provision of allowance for doubtful accounts for subsidiaries and affiliates	(30)	(322)	(356)
Loss on disaster	(17)	–	(199)
Loss on adjustment for changes of accounting standard for asset retirement obligations	(8)	–	(97)
Other, net	353	252	4,250
income (Loss) before income taxes	493	(1,775)	5,946
Income taxes:			
Current	28	25	333
Deferred	(156)	(207)	(1,878)
	(128)	(182)	(1,545)
Net income (loss)	¥ 621	¥ (1,593)	$ 7,491

	(Yen)		(U.S. dollars)
Per share of common stock:			
Net income (loss)	¥ 12.60	¥ (32.26)	$ 0.15
Cash dividends applicable to the year	2.00	0.00	0.02

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