

# Non-consolidated Financial Statements

For the Fiscal Year ended March 31,2003

May 9,2003

(All financial information has been prepared in accordance with generally accepted accounting principles in Japan)

## KUBOTEK CORPORATION

Code No. : 7709  
 Stock Exchange Listed : Tokyo Stock Exchange-1st Section  
 Location of the Head Office : 3-36, Nakanoshima 4-chome,Kita-ku,Osaka Japan  
 Representative : Tetsuo Kubo, President  
 Contact Person : Naotake Kakishita, Director, Department of General Affairs Division  
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Date of the meeting of the Board of Directors for approval of non-consolidated financial statements : May 9,2003  
 Date of the ordinary general meeting of shareholders : June 25,2003  
 Interim Dividends Plan : YES

### 1 . Financial Results for FY2002(April 1,2002 through March 31,2003)

#### (1) Results of Operations (:amounts less than one million yen are omitted)

	Net Sales		Operating Income		Ordinary Income	
FY2002	5,471	75.7%	762	60.2%	743	59.6%
FY2001	3,114	(2.8)%	475	(44.5)%	465	(44.4)%

	Net Income		Net Income per Share	Diluted Net Income per Share	ROE [Ratio of Net Income to Shareholder's Equity]	ROA [Ratio of ordinary Income/ Total Assets]	Ordinary Income/Net Sales
FY2002	455	78.6%	3,263.20yen	-	15.3%	13.5%	13.6%
FY2001	255	(36.7)%	9,465.95yen	-	11.4%	10.5%	15.0%

- (Notes):
- Average number of shares outstanding: For FY2002 : 138,271 shares  
For FY2001 : 26,960 shares
  - Change in accounting policy: None
  - Figures in parentheses above show the change from the previous period in percentage.
  - The stock splits were effected on July 19,2002 in the ratio of five shares for each common stock. Theoretically, net income per share in FY2002 was accounted as if the splits were done in the beginning of the fiscal year.

#### (2) Dividends (:amounts less than one million yen are omitted)

	Annual Dividends per Share			Total Dividends for the Year	Ratio of Earnings to Dividends	Ratio of Dividends to Shareholder's Equity
		Interim Dividends	Year-End Dividends			
FY2002	500yen	200yen	300yen	69	15.2%	1.9%
FY2001	2,000yen	1,000yen	1,000yen	53	21.1%	2.3%

- (Notes):
- Breakdown of year-end dividends Common dividends 200yen Commemorative dividends 100yen
  - The stock splits (1:5) were done in FY2002.

#### (3) Financial Positions (:amounts less than one million yen are omitted)

	Total Assets	Shareholder's Equity	Equity Ratio	Equity per Share
FY2002	7,066	3,652	51.7%	26,379.69yen
FY2001	3,921	2,300	58.7%	85,339.26yen

(Note): Number of shares issued and outstanding at the end of the fiscal year :FY2002 138,300 shares  
:FY2001 26,960 shares

#### (4) Cash Flows (:amounts less than one million yen are omitted)

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at end of period
FY2002	(394)	(376)	2,161	1,519
FY2001	(625)	(382)	(706)	131

### 2 . Financial Forecasts for the Fiscal Year ending March 31,2004 (:amounts less than one million yen are omitted)

	Net Sales	Ordinary Income	Net Income	Annual dividends per share amount		
				Interim	Year-End	
Interim FY 2003	2,400	200	120	200yen	-	-
FY 2003	6,000	800	470	-	200yen	400yen

(cf.) Estimated Net Income per Share: 3,365.87yen

## Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2003, are based on assumptions and beliefs in light of the information currently available to us, and therefore investors should not place undue reliance on them as they make a judgement about their investment. Kubotek cautions investors that a number of important factors could cause actual results to differ materially from those discussed in the forecast statements. Our major product of flat panel display inspection systems, such as for liquid crystal display are for highly competitive markets characterized by keen demand for production efficiency, quick adaptation of emerging new materials and rapid development of production technology. And the flat panel industry is strongly affected by factors such as demand fluctuation, the general trend of capital market, pricing pressures, general economic conditions in east Asia market. Moreover, exchange rates between yen and other currencies in which Kubotek possibly makes significant sales or in which Kubotek's assets and liabilities are denominated, may change to influence the business performances, though Kubotek's business is yen-based so far.

# FINANCIAL STATEMENTS

## BALANCE SHEETS

(amounts less than one thousand yen are omitted)

	FY2002 (As of Mar. 31,2003)			FY2001 (As of Mar. 31,2002)			Increase (Decrease)
<b>&lt;Assets&gt;</b>			%			%	
<b>.Current assets</b>							
Cash and bank deposits		1,586,385			207,308		1,379,077
Trade notes receivables		503,521			210,651		292,869
Trade accounts receivable		1,853,886			1,516,675		337,211
Finished products		56,398			4,434		51,964
Raw materials		394,686			232,080		162,606
Work in process		1,112,824			482,493		630,331
Prepaid expenses		12,979			16,477		(3,497)
Deferred income taxes		67,162			43,297		23,864
Consumption taxes receivable		49,085			11,088		37,996
Other		4,987			5,184		(197)
Allowance for doubtful receivables		(33,990)			(4,300)		(29,690)
<b>Total current assets</b>		5,607,928	79.4		2,725,390	69.5	2,882,537
<b>.Fixed assets</b>							
<b>1.Property, plant and equipment, at cost</b>							
Buildings	614,484			495,777			
Less-accumulated depreciation	133,331	481,153		91,399	404,377		76,775
Structures	34,823			33,181			
Less-accumulated depreciation	14,998	19,825		9,090	24,091		(4,266)
Machinery and equipment	23,947			23,947			
Less-accumulated depreciation	10,510	13,437		7,389	16,558		(3,120)
Vehicles and automotive equipment	26,119			26,608			
Less-accumulated depreciation	19,725	6,394		18,998	7,609		(1,214)
Furniture and fixtures	443,097			351,708			
Less-accumulated depreciation	249,175	193,921		190,479	161,229		32,692
Land		585,950			368,865		217,084
<b>Total tangible assets</b>		1,300,682	18.4		982,731	25.1	317,951
<b>2.Intangible assets</b>							
Software		35,258			33,163		2,094
Telephone subscription rights		2,285			2,285		-
<b>Total intangible assets</b>		37,544	0.5		35,449	0.9	2,094
<b>3.Investments and other assets</b>							
Investment securities		1,500			1,500		-
Stocks of affiliated companies		65,886			65,886		-
Long-term prepaid expenses		732			3,935		(3,202)
Deferred income tax assets		25,334			73,616		(48,282)
Guarantee deposit		8,972			19,710		(10,737)
Other investments and other assets		18,030			13,325		4,705
<b>Total investments and other assets</b>		120,456	1.7		177,973	4.5	(57,517)
<b>Total fixed assets</b>		1,458,683	20.6		1,196,154	30.5	262,529
<b>Total Assets</b>		7,066,611	100.0		3,921,545	100.0	3,145,066

(amounts less than one thousand yen are omitted)

	FY2002		FY2001		Increase (Decrease)	
	(As of Mar. 31,2003)		(As of Mar. 31,2002)			
<b>&lt;Liabilities&gt;</b>						
<b>.Current liabilities</b>						
Trade notes payable		723,456		426,567	296,889	
Trade accounts payable		365,258		80,912	284,345	
Short-term bank loans		960,000		460,000	500,000	
Current portion of long-term debt		212,000		86,960	125,040	
Current portion of bonds		100,000		-	100,000	
Accrued liability		25,212		27,989	(2,776)	
Accrued expenses		55,271		63,338	(8,066)	
Income taxes payable		171,603		199,830	(28,226)	
Advance received		9,618		22,043	(12,424)	
Deposits received		5,205		9,214	(4,008)	
<b>Total current liabilities</b>		2,627,626	37.2	1,376,854	35.1	1,250,771
<b>.Long-term liabilities</b>						
Bonds		-		100,000	(100,000)	
Long-term debt		756,500		117,980	638,520	
Retirement benefits		29,673		25,963	3,709	
<b>Total Long-term liabilities</b>		786,173	11.1	243,943	6.2	542,229
<b>Total liabilities</b>		3,413,800	48.3	1,620,798	41.3	1,793,001
<b>&lt;Shareholders' equity&gt;</b>						
<b>.Common stock</b>		-	-	1,474,000	37.6	(1,474,000)
<b>.Additional paid-in capital</b>		-	-	266,000	6.8	(266,000)
<b>.Legal reserve</b>		-	-	17,296	0.4	(17,296)
<b>.Other surplus</b>						
Unappropriated profits		-		544,700		
<b>Total other surplus</b>		-	-	544,700	13.9	(544,700)
<b>.Net unrealized gains on investment securities</b>		-	-	(1,250)	(0.0)	1,250
<b>.Common stock</b>		1,951,750	27.6	-	-	1,951,750
<b>.Capital surplus</b>						
Additional paid-in capital		743,750		-		
<b>Total capital surplus</b>		743,750	10.5	-	-	743,750
<b>.Retained earnings</b>						
Legal reserve		20,496		-		
Unappropriated profits		938,087		-		
<b>Total retained earnings</b>		958,583	13.6	-	-	958,583
<b>.Net unrealized gains on investment securities</b>		(1,271)	(0.0)	-	-	(1,271)
<b>Total shareholders' equity</b>		3,652,811	51.7	2,300,746	58.7	1,352,064
<b>Total liabilities and shareholders' equity</b>		7,066,611	100.0	3,921,545	100.0	3,145,066

# STATEMENTS OF INCOME

(:amounts less than one thousand yen are omitted)

	FY2002 (Apr. 2002- Mar. 2003)			FY2001 (Apr. 2001- Mar. 2002)			Increase (Decrease)
			%			%	
<b>.Net Sales</b>		5,471,832	100.0		3,114,560	100.0	2,357,271
<b>.Cost of sales</b>							
Cost of beginning inventory	4,434			6,801			
Transfer to other accounts	19,947			46,683			
Cost of products manufactured for the period	3,736,410			1,672,391			
<b>TOTAL</b>	<b>3,760,791</b>			<b>1,725,876</b>			
Cost of ending inventory	56,398	3,704,393	67.7	4,434	1,721,442	55.3	1,982,951
<b>Gross profit</b>		<b>1,767,439</b>	<b>32.3</b>		<b>1,393,118</b>	<b>44.7</b>	<b>374,320</b>
<b>.Selling, general and administrative expenses</b>							
Advertising expenses	87,396			144,414			
Packing and shipping expenses	38,957			32,241			
Directors' and auditors' compensation	98,541			98,517			
Payroll	184,852			170,369			
Social insurance expenses	36,598			30,696			
Welfare expenses	1,767			1,792			
Bonus	28,949			41,991			
Retirement expenses	3,112			5,273			
Entertainment expenses	8,817			12,143			
Convention expenses	2,954			2,834			
Transportation expenses	78,927			79,898			
Communication expenses	12,118			11,136			
Consumables	15,632			14,412			
Repair expenditure	5,804			3,428			
Water lighting and heating expenses	3,376			2,623			
Commissions paid	231,403			158,515			
Insurance expenses	7,871			4,109			
Depreciation expenses	42,995			36,004			
R & D expenses	27,332			10,134			
Rent	31,201			37,077			
Rental expenses	1,973			2,551			
Tax and public imposition	19,216			3,990			
Membership expenses	792			539			
Provision for allowance for doubtful receivables	29,690			-			
Miscellaneous expenses	5,054	1,005,336	18.4	12,610	917,306	29.4	88,029
<b>Operating income</b>		<b>762,102</b>	<b>13.9</b>		<b>475,811</b>	<b>15.3</b>	<b>286,290</b>
<b>.Non-operating income</b>							
Interests income	172			459			
Dividend income	43			-			
Foreign exchange gain	-			2,486			
Other	2,277	2,492	0.1	142	3,089	0.1	(596)

(:amounts less than one thousand yen are omitted)

	FY2002 (Apr. 2002- Mar. 2003)			FY2001 (Apr. 2001- Mar. 2002)			Increase (Decrease)
			%			%	
<b>.Non-operating expenses</b>							
Interests expense	13,125			11,446			
Bond interests	1,051			1,048			
Foreign exchange loss	4,138			-			
Stock issuance cost	2,967			369			
Other	208	21,492	0.4	315	13,179	0.4	8,313
<b>Ordinary income</b>		743,102	13.6		465,721	15.0	277,381
<b>.Extraordinary income</b>							
Gains on cancellation of insurance	-			13,266			
Gain on Sales of fixed assets	-	-	-	1,073	14,340	0.4	(14,340)
<b>.Extraordinary losses</b>							
Loss on disposal of fixed assets	-	-	-	96	96	0.0	(96)
Net Income before income taxes		743,102	13.6		479,965	15.4	263,136
Income taxes(current)	263,000			233,000			
Income taxes(deferred)	24,396	287,396	5.3	(8,236)	224,763	7.2	62,632
Net income		455,706	8.3		255,201	8.2	200,504
Retained earnings brought forward		510,040			319,154		190,885
Interim dividends		27,660			26,960		700
Reserve for interim dividends		-			2,696		(2,696)
Unappropriated profits		938,087			544,700		393,386

# STATEMENTS OF CASH FLOWS

(:amounts less than one thousand yen are omitted)

	FY2002 (Apr. 2002- Mar. 2003)	FY2001 (Apr. 2001- Mar. 2002)
<b>Cash flows from operating activities</b>		
1. Income before income taxes	743,102	479,965
2. Depreciation and amortization	141,124	148,207
3. Increase in allowance for doubtful receivables	29,690	-
4. Increase in retirement benefits	3,709	3,935
5. Interests and dividend income	(215)	(459)
6. Interest expense	14,177	12,494
7. Foreign exchange (gain) or loss	4,060	(2,486)
8. Loss on disposal of tangible fixed assets	208	96
9. Gain on sales of tangible fixed assets	-	(1,073)
10. Increase in notes and accounts receivables	(630,081)	(634,819)
11. Increase in inventories	(913,884)	(20,430)
12. Decrease in consumption taxes payable	-	(13,032)
13. Increase in consumption taxes receivables	(37,996)	(11,088)
14. Increase or (Decrease) in notes and accounts payable	581,234	(163,509)
15. Bonuses paid to directors	(4,500)	(5,000)
16. Decrease in other assets	6,980	25,587
17. Decrease in other liabilities	(24,439)	(239)
<b>S u b - t o t a l</b>	(86,830)	(181,854)
18. Interest and dividends received	215	459
19. Interest paid	(16,621)	(12,496)
20. Income taxes paid	(291,226)	(431,258)
Net cash provided by operating activities	(394,462)	(625,148)
<b>Cash flows from investing activities</b>		
1. Payments for time deposits	(514)	(134,550)
2. Proceeds from time deposits	9,500	136,000
3. Purchases of property, plant equipment	(362,312)	(370,418)
4. Proceeds from sales of property, plant and equipment	3,660	1,750
5. Purchases of intangible fixed assets	(26,881)	(2,152)
6. Payment of short-term loans	(4,500)	-
7. Payments for other investing activities	4,541	(12,977)
Net cash used in investing activities	(376,507)	(382,348)
<b>Cash flows from financing activities</b>		
1. Increase or (Decrease) in short-term bank loans	500,000	(440,000)
2. Proceeds from long-term debt	900,000	-
3. Payment of long-term debt	(136,440)	(145,012)
4. Proceeds from issuance of stocks	952,532	-
5. Cash dividends paid	(54,490)	(121,131)
Net cash provided by financing activities	2,161,601	(706,143)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(2,569)	2,045
<b>Increase or (decrease) in cash and cash equivalents</b>	1,388,062	(1,711,594)
<b>Cash and cash equivalents at beginning of period</b>	131,040	1,842,634
<b>Cash and cash equivalents at end of period</b>	1,519,102	131,040

## Segment information

(Production Volume)

(:amounts less than one thousand yen are omitted)

BY BUSINESS SEGMENT	FY2002 (Apr.2002 - Mar.2003)		FY2001 (Apr.2001 - Mar.2002)	
	Inspection Systems Div.	5,335,414		2,768,022
Engineering Solution Div.	678,347		186,825	
Media & Network Div.	236,993		181,030	
T o t a l	6,250,755		3,135,878	

(Orders Received)

(:amounts less than one thousand yen are omitted)

BY BUSINESS SEGMENT	FY2002 (Apr.2002 - Mar.2003)		FY2001 (Apr.2001 - Mar.2002)	
	Orders	Backlog	Orders	Backlog
	Inspection Systems Div.	4,986,694	2,404,050	3,756,437
Engineering Solution Div.	255,000	165,000	372,000	372,000
T o t a l	5,241,694	2,569,050	4,128,437	2,429,000

(Sales Results)

(:amounts less than one thousand yen are omitted)

BY BUSINESS SEGMENT	FY2002 (Apr.2002 - Mar.2003)		FY2001 (Apr.2001 - Mar.2002)	
	Inspection Systems Div.	4,639,644		2,754,437
Engineering Solution Div.	626,760		177,128	
Media & Network Div.	205,428		182,995	
T o t a l	5,471,832		3,114,560	

(Note:) 1. Major export geographic segment and its sales results are presented below.  
But ( ) describes the ratio of export sales results to the total sales results of Kubotek.

(:amounts less than one thousand yen are omitted)

Export to	FY2002 (Apr.2002 - Mar.2003)		FY2001 (Apr.2001 - Mar.2002)	
	Asia	1,947,580 (35.6%)		1,263,111 (40.6%)

(Note:) 2. Sales results of each major customer and the ratio of sales results to the total sales results of Kubotek.

(:amounts less than one thousand yen are omitted)

Major Customers	FY2002 (Apr.2002 - Mar.2003)		FY2001 (Apr.2001 - Mar.2002)	
	Results	Ratio(%)	Results	Ratio(%)
	Samsung Japan Corporation	1,971,000	36.0	-
Dongwoo STI CO.,Ltd.	1,130,000	20.7	-	-
Chi Mei Optoelectronics Corporation	-	-	580,680	18.6