

Consolidated Interim Financial Statements-Summary

For the Six Months Ended September 30,2004

Nov. 12,2004

(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
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Date of the meeting of the Board of Directors for approval of interim consolidated financial statements : Nov. 12,2004

1 . Results of interim FY2004(April 1,2004 through September 30,2004)

(1) Consolidated Financial Results

(Million yen: amounts less than one million yen are omitted)

	Net Sales		Operating Income		Ordinary Income	
Interim FY2004	2,907%	- %	58	- %	48	- %
Interim FY2003	-	- %	-	- %	-	- %
FY2003	-		-		-	

	Net Income		Net Income per Share		Diluted Net Income per Share	
Interim FY2004	0	- %	4.64 yen		-	
Interim FY2003	-	- %	-		-	
FY2003	-		-		-	

(Notes:) 1. Average number of shares outstanding: For interim FY 2004: 138,300 shares
 2. Change in accounting policy: None
 3. The year to Sept.30,2004, is the first year for the Corporation to disclose interim consolidated financial results. Therefore, year on year comparisons are not available.

(2) Consolidated Financial Positions

(Million yen: amounts less than one million yen are omitted)

	Total Assets	Shareholder's Equity	Equity Ratio	Equity per Share
Interim FY2004	9,166	3,895	42.5%	28,163.59yen
Interim FY2003	-	-	-	-
FY2003	-	-	-	-

(Note:) Number of shares issued and outstanding at end of period : Interim FY 2004: 138,300 shares

(3) Consolidated Cash Flows

(Million yen: 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
Interim FY2004	(630)	(698)	701	938
Interim FY2003	-	-	-	-
FY2003	-	-	-	-

(4) Scope of Consolidation and Equity Method

Number of consolidated subsidiaries: 1

(5) Change in Scope of Consolidation and Equity Method

None

2 . Consolidated Financial Forecasts for the Fiscal Year ending March 31,2005

(Million yen: amounts less than one million yen are omitted)

	Net Sales	Ordinary Income	Net Income
FY2004	5,700	100	0

(cf.) Estimated Net Income per Share: - yen

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2004, 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 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 this industry is strongly affected by factors such as demand fluctuation, the general trend of capital market, pricing pressures, and 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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen: amounts less than one thousand yen are omitted)

	Interim FY2004		
	(As of Sept. 30, 2004)		
			%
<Assets>			
.Current assets			
Cash and bank deposits		1,020,420	
Notes and accounts receivable		3,304,261	
Inventories		1,909,391	
Others		192,544	
Allowance for doubtful receivables		(38,321)	
Total current assets		6,388,297	69.7
.Fixed assets			
1.Property, plant and equipment			
Buildings and structures	884,743		
Less-accumulated depreciation	217,813	666,930	
Land		946,588	
Others	604,251		
Less-accumulated depreciation	371,874	232,377	
Net property, plant and equipment		1,845,896	20.1
2.Intangible assets			
		438,428	4.8
3.Investments and other assets			
Investment property	261,973		
Less-accumulated depreciation	1,282	260,690	
Other investments and other assets		232,729	
Allowance for doubtful receivables		(27)	
Total investments and other assets		493,393	5.4
Total fixed assets		2,777,718	30.3
Total Assets		9,166,016	100.0
<Liabilities>			
.Current liabilities			
Notes and accounts payable		1,720,997	
Short-term bank loans		2,275,500	
Others		363,096	
Total current liabilities		4,359,594	47.6
.Long-term liabilities			
Long-term debt		860,000	
Retirement benefits		31,489	
Others		19,907	
Total Long-term liabilities		911,397	9.9
Total liabilities		5,270,991	57.5
<Minority interests>			
Minority interests			

	Interim FY2004 (As of Sept. 30, 2004)	
		%
<Shareholders' equity>		
.Common stock	1,951,750	21.3
.Capital surplus	743,750	8.1
.Retained earnings	1,202,099	13.1
.Net unrealized loss on securities	(1,271)	(0.0)
.Foreign currency translation adjustments	(1,302)	(0.0)
Total shareholders' equity	3,895,024	42.5
Total liabilities, minority interests and shareholders' equity	9,166,016	100.0

Consolidated Statements of Income

(Thousand yen: amounts less than one thousand yen are omitted)

	Interim FY2004 (Apr.2004 - Sept.2004)		
			%
.Net Sales		2,907,113	100.0
.Cost of sales		2,237,316	77.0
Gross profit		669,796	23.0
.Selling, general and administrative expenses		611,142	21.0
Operating income		58,654	2.0
.Non-operating income			
Interest income	86		
Rent received	12,548		
Others	3,424	16,059	0.6
.Non-operating expenses			
Interest expenses	10,727		
Rental property expenses	12,243		
Others	2,795	25,766	0.9
Ordinary income		48,946	1.7
.Extraordinary Profits			
1.Gain on return of Retirement benefit	8,765	8,765	0.3
.Extraordinary Losses			
1.Loss on disposal of property, plant and equipment	261	261	0.0
Net Income before income taxes		57,449	2.0
Income taxes(current)	44,000		
Income taxes(deferred)	12,807	56,807	2.0
Net income		642	0.0

Consolidated Statements of Appropriations

(Thousand yen: amounts less than one thousand yen are omitted)

	Interim FY2004 (Apr.2004 - Sept.2004)	
(Capital Surplus)		
.Balance at beginning of period		743,750
.Balance at end of period		743,750
(Retained Earnings)		
.Balance at beginning of period		1,233,616
.Increase in retained earnings		
1.Net income	642	642
.Decrease in retained earnings		
1.Cash dividend	27,660	
2.Bonuses paid to directors	4,500	32,160
.Balance at end of period		1,202,099

Consolidated Statements of Cash Flows

(Thousand yen: amounts less than one thousand yen are omitted)

	Interim FY2004 (Apr.2004 - Sept.2004)
.Cash flows from operating activities	
1. Income before income taxes	57,449
2. Depreciation and amortization	130,065
3. Decrease in allowance for doubtful receivables	(1,167)
4. Decrease in retirement benefits	(7,891)
5. Interests and dividend income	(146)
6. Interest expense	10,727
7. Foreign exchange loss	1,444
8. Loss on disposal of tangible fixed assets	261
9. Increase in notes and accounts receivables	(718,238)
10. Increase in inventories	(370,340)
11. Decrease in consumption taxes receivables	54,924
12. Increase in notes and accounts payable	341,000
13. Bonuses paid to directors	(4,500)
14. Increase in sales deposits	144,987
15. Other	(32,834)
S u b - t o t a l	(394,258)
16. Interest and dividend received	146
17. Interest paid	(9,373)
18. Income taxes paid	(226,915)
Net cash provided by operating activities	(630,401)
.Cash flows from investing activities	
1. Payments for time deposits	(15,009)
2. Purchases of property, plant and equipment	(350,287)
3. Purchases of intangible fixed assets	(90,894)
4. Purchase of investment property	(261,973)
5. Income or (Expenditure) for other investing activities	19,907
Net cash used in investing activities	(698,257)
.Cash flows from financing activities	
1. Increase in short-term bank loans	300,000
2. Proceeds from long-term debt	700,000
3. Repayments of long-term debt	(271,000)
4. Cash dividend paid	(27,674)
Net cash provided by financing activities	701,325
.Effect of exchange rate changes on cash and cash equivalents	(1,444)
.Increase or (decrease) in cash and cash equivalents	(628,777)
.Cash and cash equivalents at beginning of period	1,566,895
.Cash and cash equivalents at end of period	938,118

Segment information

1. Business Segment Information

Results of interim FY2004(Apr.2004-Sept.2004)

(Thousand yen: amounts less than one thousand yen are omitted)

	Inspection Systems Div.	Creation Engineering Div.	Media & Network Div.	Total	Elimination & corporate	Consolidated Total
Sales						
(1) External customers	2,628,954	213,233	64,925	2,907,113		2,907,113
(2) Intersegment net sales or transfer						
Net Sales	2,628,954	213,233	64,925	2,907,113		2,907,113
Operating expenses	2,340,829	297,144	74,443	2,712,417	136,042	2,848,459
Operating income (Operating loss)	288,124	(83,911)	(9,517)	194,696	(136,042)	58,654

(Notes:)

- The business segments are classified based on similarity of products and services.
- Main products in each business segment are as follows:
 - Inspection Systems Div.....Image-based Inspection System,
Line Observation & Optimum Control System
 - Creation Engineering Div.....2D/3D Fusion Modeler CAD/CAM, 3D Measuring Modeler,
Real Prototyping System
 - Media & Network Div.....Remote Monitoring/Video Distribution System,
Video Network Distribution System
- Unallocated operating expenses disclosed in "Elimination & Corporate" for the interim year ended September 30, 2004 amounted to 136,042 thousand yen, which mainly include expenses incurred by Management Department of the parent company.

2. Geographic Segment Information

Results of interim FY2004(Apr.2004-Sept.2004)

Geographic segment information is omitted because the amounts of net sales in Japan exceed 90% of the amounts of combined net sales of all segments for the interim year ended Sept.30,2004.

3. Overseas Sales

Results of interim FY2004(Apr.2004-Sept.2004)

(Thousand yen: amounts less than one thousand yen are omitted)

	Asia	Other Regions	Total
Overseas Sales	1,964,123	70,090	2,034,213
Net Sales			2,907,113
Ratio of overseas sales to net sales(%)	67.6	2.4	70.0

(Notes:)

- The Geographic regions are classified by geographic proximity.
- Main countries or regions included in each geographic segments:
 - Asia.....Taiwan, Korea, China
 - Other areas.....U.S.A.
- Overseas sales are those sales of the Company and its consolidated subsidiaries that take place in regions other than Japan.

(Production Volume)

(Thousand yen: amounts less than one thousand yen are omitted)

BY BUSINESS SEGMENT	Interim FY2004 (Apr.2004 - Sept.2004)
Inspection Systems Div.	3,023,734
Creation Engineering Div.	194,052
Media & Network Div.	92,347
T o t a l	3,310,134

(Orders Received)

(Thousand yen: amounts less than one thousand yen are omitted)

BY BUSINESS SEGMENT	Interim FY2004 (Apr.2004 - Sept.2004)	
	Orders	Backlog
Inspection Systems Div.	1,690,374	2,602,520
Media & Network Div.	100,000	100,000
T o t a l	1,790,374	2,702,520

(Sales Results)

(Thousand yen: amounts less than one thousand yen are omitted)

BY BUSINESS SEGMENT	Interim FY2004 (Apr.2004 - Sept.2004)
Inspection Systems Div.	2,628,954
Creation Engineering Div.	213,233
Media & Network Div.	64,925
T o t a l	2,907,113

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

(Thousand yen: amounts less than one thousand yen are omitted)

Major Customers	Interim FY2004 (Apr.2004 - Sept.2004)	
	R e s u l t s	R a t i o (%)
Innolux Display Corporation	374,000	12.9
Chi Mei Optoelectronics Corporation	369,487	12.7
HannStar Display Corporation	317,612	10.9