

Consolidated Interim Financial Statements-Summary

For the Six Months Ended September 30,2005

Nov. 11,2005

(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
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Date of the meeting of the Board of Directors for approval of interim consolidated financial statements : Nov. 11,2005

1 . Consolidated Financial Results for Interim FY2005(April 1,2005 through September 30,2005)

(1) Consolidated Financial Results (Million yen: amounts less than one million yen are omitted)

	Net Sales		Operating Income		Ordinary Income	
Interim FY2005	2,591	(10.9)%	(216)	- %	(204)	- %
Interim FY2004	2,907	- %	58	- %	48	- %
FY2004	5,077		(168)		(172)	

	Net Income		Net Income per Share		Diluted Net Income per Share	
Interim FY2005	(277)	- %	(2,012.13) yen		-	
Interim FY2004	0	- %	4.64 yen		-	
FY2004	(594)		(4,301.73) yen		-	

- (Notes):
- Average number of shares outstanding:
 For interim FY2005: 137,680 shares For interim FY2004: 138,300 shares FY2004: 138,179 shares
 - Change in accounting policy: None
 - Year-on-year change for net sales, operating income, ordinary income and net income is based on the previous fiscal year.
 - The previous fiscal year 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 FY2005	9,171	2,851	31.1%	20,713.05yen
Interim FY2004	9,166	3,895	42.5%	28,163.59yen
FY2004	9,014	3,189	35.4%	23,165.52yen

(Note:) Number of shares issued and outstanding at end of period :
 Interim FY2005: 137,680 shares Interim FY2004: 138,300 shares FY2004: 137,680 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 FY2005	124	(224)	263	2,159
Interim FY2004	(630)	(698)	701	938
FY2004	(524)	(908)	1,826	1,958

(4) Scope of Consolidation and Equity Method

Number of consolidated subsidiaries: 2 companies

(5) Change in Scope of Consolidation and Equity Method

Number of consolidation(New): 1 company

2 . Consolidated Financial Forecasts for the Fiscal Year ending March 31,2006

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

	Net Sales	Ordinary Income	Net Income
FY2005	5,900	(140)	(220)

(cf.) Estimated Net Income per Share: (1,597.91) yen

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2005, 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 FY2005 (As of Sept. 30, 2005)			Interim FY2004 (As of Sept. 30, 2004)			FY2004 (As of Mar. 31,2005)		
			%			%			%
<Assets>									
. Current assets									
Cash and bank deposits		2,242,134			1,020,420			2,040,519	
Notes and accounts receivable		2,388,109			3,304,261			2,364,700	
Inventories		1,363,336			1,909,391			1,352,499	
Others		299,212			192,544			252,445	
Allowance for doubtful receivables		(35,217)			(38,321)			(34,304)	
Total current assets		6,257,576	68.2		6,388,297	69.7		5,975,860	66.3
.Fixed assets									
1.Property, plant and equipment									
Buildings and structures	1,022,968			884,743			904,112		
Less-accumulated depreciation	277,805	745,163		217,813	666,930		245,346	658,765	
Land		1,117,578			946,588			946,588	
Others	826,643			604,251			809,688		
Less-accumulated depreciation	467,609	359,033		371,874	232,377		411,183	398,505	
Net property, plant and equipment		2,221,774	24.2		1,845,896	20.1		2,003,860	22.2
2.Intangible fixed assets									
Consolidated adjustment account		19,739			-			-	
Other intangible fixed assets		501,294			438,428			508,239	
Total intangible fixed assets		521,034	5.7		438,428	4.8		508,239	5.6
3.Investments and other assets									
Investment property	-			261,973			281,566		
Less-accumulated depreciation	-	-		1,282	260,690		5,421	276,144	
Other investments and other assets		171,541			232,729			250,436	
Allowance for doubtful receivables		(29)			(27)			(29)	
Total investments and other assets		171,511	1.9		493,393	5.4		526,551	5.9
Total fixed assets		2,914,320	31.8		2,777,718	30.3		3,038,651	33.7
Total Assets		9,171,897	100.0		9,166,016	100.0		9,014,511	100.0
<Liabilities>									
.Current liabilities									
Notes and accounts payable		1,224,356			1,720,997			1,012,759	
Short-term bank loans		3,760,000			2,275,500			3,384,500	
Others		400,555			363,096			389,375	
Total current liabilities		5,384,912	58.7		4,359,594	47.6		4,786,635	53.1
.Long-term liabilities									
Long-term debt		900,000			860,000			985,000	
Retirement benefits		31,971			31,489			32,114	
Others		3,239			19,907			21,332	
Total Long-term liabilities		935,211	10.2		911,397	9.9		1,038,447	11.5
Total liabilities		6,320,123	68.9		5,270,991	57.5		5,825,082	64.6

	Interim FY2005 (As of Sept. 30, 2005)			Interim FY2004 (As of Sept. 30, 2004)			FY2004 (As of Mar. 31,2005)		
			%			%			%
<Minority interests>									
Minority interests	-	-	-	-	-	-	-	-	-
<Shareholders' equity>									
.Common stock	1,951,750	21.3		1,951,750	21.3		1,951,750	21.7	
.Capital surplus	743,750	8.1		743,750	8.1		743,750	8.2	
.Retained earnings	257,731	2.8		1,202,099	13.1		579,388	6.4	
.Net unrealized gains on securities	-	-		(1,271)	(0.0)		(1,271)	(0.0)	
. Common.Foreign currency Translation adjustments	(19,799)	(0.2)		(1,302)	(0.0)		(2,529)	(0.0)	
.Treasury Stock	(81,658)	(0.9)		-	-		(81,658)	(0.9)	
Total shareholders'equity	<u>2,851,773</u>	<u>31.1</u>		<u>3,895,024</u>	<u>42.5</u>		<u>3,189,429</u>	<u>35.4</u>	
Total liabilities, minority interests and shareholders' equity	<u>9,171,897</u>	<u>100.0</u>		<u>9,166,016</u>	<u>100.0</u>		<u>9,014,511</u>	<u>100.0</u>	

Consolidated Statements of Income

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

	Interim FY2005 (Apr.2005 - Sept.2005)			Interim FY2004 (Apr.2004 - Sept.2004)			FY2004 (Apr.2004 - Mar.2005)		
			%			%			%
.Net Sales		2,591,522	100.0		2,907,113	100.0		5,077,629	100.0
.Cost of sales		2,056,975	79.4		2,237,316	77.0		3,833,283	75.5
Gross profit		534,546	20.6		669,796	23.0		1,244,345	24.5
.Selling, general and administrative expenses		751,050	29.0		611,142	21.0		1,412,460	27.8
Operating income		(216,504)	(8.4)		58,654	2.0		(168,114)	(3.3)
.Non-operating income									
1.Interest income	401			86			175		
2.Dividends	-			60			60		
3.Rent received	18,898			12,548			50,367		
4.Foreign exchange gain	13,024			-			-		
5.Others	5,153	37,478	1.5	3,364	16,059	0.6	3,500	54,104	1.1
.Non-operating expenses									
1.Interest expenses	19,703			10,727			26,134		
2.Rental property expenses	5,973			12,243			27,488		
3.Others	-	25,677	1.0	2,795	25,766	0.9	4,837	58,460	1.2
Ordinary income		(204,702)	(7.9)		48,946	1.7		(172,470)	(3.4)
. Extraordinary Profits									
1.Gain on return of Retirement benefit	-	-	-	8,765	8,765	0.3	8,765	8,765	0.2
. Extraordinary Losses									
1.Loss on disposal of property, plant and equipment	19			261			612		
2.Loss on write-down of investment securities	1,131			-			-		
3.Loss on revaluation of inventories	-			-			409,865		
4. Amortization of consolidated adjustment account	75,709	76,861	3.0	-	261	0.0	-	410,478	8.1
Net Income before income taxes		(281,564)	(10.9)		57,449	2.0		(574,183)	(11.3)
Income taxes(current)	3,356			44,000			59,595		
Income taxes(deferred)	(7,889)	(4,533)	(0.2)	12,807	56,807	2.0	(39,370)	20,224	0.4
Net income		(277,030)	(10.7)		642	0.0		(594,408)	(11.7)

Consolidated Statements of Appropriations

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

	Interim FY2005 (Apr.2005 - Sept.2005)		Interim FY2004 (Apr.2004 - Sept.2004)		FY2004 (Apr.2004 - Mar.2005)	
(Capital Surplus)						
.Balance at beginning of period		743,750		743,750		743,750
.Balance at end of period		743,750		743,750		743,750
(Retained Earnings)						
.Balance at beginning of period		579,388		1,233,616		1,233,616
.Increase in retained earnings						
1.Net income	-	-	642	642	-	-
.Decrease in retained earnings						
1.Cash dividend	27,536		27,660		55,320	
2.Bonuses paid to directors	-		4,500		4,500	
3.Increase of consolidated subsidiaries	17,090		-		-	
4. Net loss	277,030	321,657	-	32,160	594,408	654,228
.Balance at end of period		257,731		1,202,099		579,388

Consolidated Statements of Cash Flows

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

	Interim FY2005 (Apr.2005 - Sept.2005)	Interim FY2004 (Apr.2004 - Sept.2004)	FY2004 (Apr.2004 - Mar.2005)
. Cash flows from operating activities			
1. Income (Loss) before income taxes	(281,564)	57,449	(574,183)
2. Depreciation and amortization	213,879	130,065	276,310
3. Amortization of consolidated accounts reconciliation	88,148	-	-
4. Increase (Decrease) in allowance for doubtful receivables	912	(1,167)	(5,181)
5. Decrease in retirement benefits	(143)	(7,891)	(7,265)
6. Interests and dividend income	(401)	(146)	(235)
7. Interest expense	19,703	10,727	26,134
8. Foreign exchange (income) loss	(13,630)	1,444	1,684
9. Loss on write-down of investment securities	1,131	-	-
10. Loss on disposal of property, plant and equipment	19	261	612
11. (Increase) Decrease in notes and accounts receivables	(23,409)	(718,238)	221,322
12. (Increase) Decrease in inventories	(10,837)	(370,340)	33,109
13. Decrease in consumption taxes receivables	56,877	54,924	21,840
14. Increase (Decrease) in notes and accounts payable	211,596	341,000	(367,236)
15. Bonuses paid to directors	-	(4,500)	(4,500)
16. Increase in sales deposits	73,970	144,987	136,038
17. Increase in prepaid expenses	(116,506)	-	-
18. Other	(62,450)	(32,834)	11,136
S u b - t o t a l	157,297	(394,258)	(230,414)
19. Interest and dividend received	401	146	235
20. Interest paid	(15,166)	(9,373)	(26,555)
21. Income taxes paid	(17,593)	(226,915)	(267,892)
Net cash provided by operating activities	124,939	(630,401)	(524,626)
. Cash flows from investing activities			
1. Increase in time deposits	(9)	(15,009)	(15,009)
2. Purchase of investment securities	(50,000)	-	-
3. Purchases of property, plant and equipment	(24,336)	(350,287)	(383,252)
4. Purchases of intangible fixed assets	(123,599)	(90,894)	(243,119)
5. Purchase of investment property	-	(261,973)	(281,566)
6. Income (Expenditure) for other investing activities	(26,143)	19,907	14,464
Net cash used in investing activities	(224,089)	(698,257)	(908,483)
. Cash flows from financing activities			
1. Increase in short-term bank loans	760,000	300,000	1,290,000
2. Proceeds from long-term debt	300,000	700,000	1,300,000
3. Repayments of long-term debt	(769,500)	(271,000)	(627,000)
4. Cash dividend paid	(27,454)	(27,674)	(55,224)
5. Acquisition of treasury stock	-	-	(81,658)
Net cash provided by financing activities	263,045	701,325	1,826,117
. Effect of exchange rate changes on cash and cash equivalents	13,630	(1,444)	(1,684)
. Increase (Decrease) in cash and cash equivalents	177,526	(628,777)	391,322
. Cash and cash equivalents at beginning of period	1,958,217	1,566,895	1,566,895
. Increase in cash and cash equivalents accompanying changes of scope of consolidation	24,078	-	-
. Cash and cash equivalents at end of period	2,159,821	938,118	1,958,217

Segment information

1. Business Segment Information

Results of interim FY2005(Apr.2005-Sept.2005)

(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	2,227,574	284,993	78,954	2,591,522	-	2,591,522
(2) Intersegment net sales or transfer	-	-	-	-	-	-
Net Sales	2,227,574	284,993	78,954	2,591,522	-	2,591,522
Operating expenses	2,126,999	445,600	94,937	2,667,537	140,489	2,808,026
Operating income (Operating loss)	100,575	(160,606)	(15,982)	(76,014)	(140,489)	(216,504)

(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, 2005 amounted to 140,489 thousand yen, which mainly include expenses incurred by Management Department of the parent company.

2. Geographic Segment Information

Results of interim FY2005(Apr.2005-Sept.2005)

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 September.30,2005.

3. Overseas Sales

Results of interim FY2005(Apr.2005-Sept.2005)

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

	Asia	Other Regions	Total
Overseas Sales	1,772,740	174,413	1,947,153
Net Sales	-	-	2,591,522
Ratio of overseas sales to net sales(%)	68.4	6.7	75.1

(Notes:)

- The Geographic regions are classified by geographic proximity.
- Main countries or regions included in each geographic segments:
 - Asia.....Taiwan, Korea, China
 - Other areas.....North America, Europe
- Overseas sales indicate the sales of Kubotek and its consolidated subsidiaries made to customers located in countries or regions outside Japan.

(Production Volume)

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

BY BUSINESS SEGMENT	Interim FY2005 (Apr.2005 - Sept.2005)	Interim FY2004 (Apr.2004 - Sept.2004)	FY2004 (Apr.2004 - Mar.2005)
Inspection Systems Div.	2,275,612	3,023,734	4,748,480
Creation Engineering Div.	287,051	194,052	516,837
Media & Network Div.	88,595	92,347	211,822
T o t a l	2,651,258	3,310,134	5,477,140

(Orders Received)

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

BY BUSINESS SEGMENT	Interim FY2005 (Apr.2005 - Sept.2005)		Interim FY2004 (Apr.2004 - Sept.2004)		FY2004 (Apr.2004 - Mar.2005)	
	Orders	Backlog	Orders	Backlog	Orders	Backlog
Inspection Systems Div.	1,658,194	2,463,700	1,690,374	2,602,520	3,946,588	3,048,980
Media & Network Div.	-	100,000	100,000	100,000	100,000	100,000
T o t a l	1,658,194	2,563,700	1,790,374	2,702,520	4,046,588	3,148,980

(Sales Results)

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

BY BUSINESS SEGMENT	Interim FY2005 (Apr.2005 - Sept.2005)	Interim FY2004 (Apr.2004 - Sept.2004)	FY2004 (Apr.2004 - Mar.2005)
Inspection Systems Div.	2,227,574	2,628,954	4,438,708
Creation Engineering Div.	284,993	213,233	452,512
Media & Network Div.	78,954	64,925	186,407
T o t a l	2,591,522	2,907,113	5,077,629

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

Major Customers	Interim FY2005 (Apr.2005 - Sept.2005)		Interim FY2004 (Apr.2004 - Sept.2004)		FY2004 (Apr.2004 - Mar.2005)	
	R e s u l t s	Ratio(%)	R e s u l t s	Ratio(%)	R e s u l t s	Ratio(%)
Chi Mei Optoelectronics Corporation	476,278	18.4	369,487	12.7	1,287,324	25.4
Sumika Technology Corporation Limited	428,000	16.5	-	-	-	-
AU Optronics Corporation	295,290	11.4	-	-	-	-
Innolux Display Corporation	-	-	374,000	12.9	-	-
HannStar Display Corporation	-	-	317,612	10.9	-	-

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