

Consolidated Financial Statements-Summary

For the Fiscal Year ended March 31,2006

May 12,2006

(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
 Tel +81 -6-6443-1815
 (URL <http://www.kubotek.com/>)

Date of the meeting of the Board of Directors for approval of consolidated financial statements : May 12,2006

1 . Financial Results of FY2005(April 1,2005 through March 31,2006)

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

	Net Sales		Operating Income		Ordinary Income	
FY2005	5,364	5.7%	(436)	- %	(421)	- %
FY2004	5,077	- %	(168)	- %	(172)	- %

	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
FY2005	(519) - %	(3,770.62)yen	-	(18.0) %	(4.8) %	(7.9) %
FY2004	(594) - %	(4,301.73)yen	-	(16.7) %	(2.0) %	(3.4) %

- (Notes:)
1. Average number of shares outstanding: For FY2005 : 137,680 shares For FY2004 : 138,179 shares
 2. Change in accounting policy: None
 3. Year-on-year change for net sales, operating income, ordinary income and net income is based on the previous fiscal year.

(2) Consolidated Financial Positions (Million yen: amounts less than one million yen are omitted)

	Total Assets	Shareholder's Equity	Equity Ratio	Equity per Share
FY2005	8,389	2,572	30.7%	18,683.58yen
FY2004	9,014	3,189	35.4%	23,165.52yen

(Note:) Number of shares issued and outstanding at end of period : FY 2005: 137,680 shares FY 2004: 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
FY2005	750	(383)	(122)	2,231
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 31,2007

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

	Net Sales	Ordinary Income	Net Income
Interim FY 2006	2,500	(150)	(160)
FY 2006	5,800	30	10

(cf.) Estimated Net Income per Share: 72.63yen

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2006, 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)

	FY2005			FY2004			Increase (Decrease)
	(As of Mar. 31,2006)			(As of Mar. 31,2005)			
<Assets>			%			%	
.Current assets							
Cash and bank deposits		2,295,932			2,040,519		255,412
Notes and accounts receivable		1,848,183			2,364,700		(516,516)
Marketable securities		18,253					18,253
Inventories		1,197,496			1,352,499		(155,002)
Deferred income taxes		93,822			128,102		(34,279)
Others		128,334			124,343		3,991
Allowance for doubtful receivables		(20,652)			(34,304)		13,652
Total current assets		5,561,371	66.3		5,975,860	66.3	(414,488)
.Fixed assets							
1.Property, plant and equipment							
Buildings and structures	1,022,370			904,112			
Less-accumulated depreciation	304,459	717,910		245,346	658,765		59,144
Machinery and automotive equipment	60,068			57,667			
Less-accumulated depreciation	43,052	17,015		38,488	19,179		(2,164)
Furniture and fixtures	814,168			708,597			
Less-accumulated depreciation	483,694	330,473		372,694	335,903		(5,430)
Land		1,117,578			946,588		170,989
Construction in progress		693			43,422		(42,729)
Net property, plant and equipment		2,183,670	26.0		2,003,860	22.2	179,810
2.Intangible assets							
Goodwill		142,601			213,902		(71,300)
Consolidated adjustment account		15,163					15,163
Software		315,005			292,051		22,953
Others		2,285			2,285		
Total intangible assets		475,056	5.7		508,239	5.6	(33,183)
3.Investments and other assets							
Investment securities		80,250			177,768		(97,518)
Investment property				281,566			
Less-accumulated depreciation				5,421	276,144		(276,144)
Deferred income taxes		53,432			37,360		16,072
Other investments and other assets		35,768			35,307		460
Allowance for doubtful receivables					(29)		29
Total investments and other assets		169,451	2.0		526,551	5.9	(357,099)
Total fixed assets		2,828,178	33.7		3,038,651	33.7	(210,472)
Total Assets		8,389,550	100.0		9,014,511	100.0	(624,961)
<Liabilities>							
.Current liabilities							
Notes and accounts payable		1,026,985			1,012,759		14,225
Short-term bank loans		2,600,000			2,240,000		360,000
Current portion of long-term debt		796,000			1,144,500		(348,500)

	FY2005 (As of Mar. 31,2006)		FY2004 (As of Mar. 31,2005)		Increase (Decrease)	
Income taxes payable		10,034		20,529	(10,494)	
Others		442,410		368,845	73,565	
Total current liabilities		4,875,431	58.1	4,786,635	53.1	88,796
.Long-term liabilities						
Long-term debt		906,000		985,000	(79,000)	
Retirement benefits		30,279		32,114	(1,835)	
Others		5,483		21,332	(15,848)	
Total Long-term liabilities		941,763	11.2	1,038,447	11.5	(96,684)
Total liabilities		5,817,194	69.3	5,825,082	64.6	(7,887)
<Minority interests>						
Minority interests						
<Shareholders' equity>						
.Common stock		1,951,750	23.3	1,951,750	21.7	
.Capital surplus		743,750	8.9	743,750	8.2	
.Retained earnings		(11,913)	(0.1)	579,388	6.4	(591,302)
.Net unrealized loss on securities				(1,271)	(0.0)	1,271
.Foreign currency translation adjustments		(29,573)	(0.4)	(2,529)	(0.0)	(27,043)
.Treasury stock		(81,658)	(1.0)	(81,658)	(0.9)	
Total shareholders' equity		2,572,355	30.7	3,189,429	35.4	(617,073)
Total liabilities, minority interests and shareholders' equity		8,389,550	100.0	9,014,511	100.0	(624,961)

Consolidated Statements of Income

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

	FY2005 (Apr. 2005- Mar. 2006)			FY2004 (Apr. 2004- Mar. 2005)			Increase (Decrease)
			%			%	
.Net Sales		5,364,866	100.0		5,077,629	100.0	287,237
.Cost of sales		4,239,141	79.0		3,833,283	75.5	405,858
Gross profit		1,125,724	21.0		1,244,345	24.5	(118,621)
.Selling, general and administrative expenses		1,562,222	29.1		1,412,460	27.8	149,761
Operating loss		436,497	(8.1)		168,114	(3.3)	(268,382)
.Non-operating income							
Interest and dividend income	1,249			235			
Rental income	24,211			50,367			
Foreign exchange gain	25,047						
Others	8,860	59,368	1.0	3,500	54,104	1.1	5,264
.Non-operating expenses							
Interest expense	38,237			26,134			
Rental property expense	5,973			27,488			
Foreign Exchange loss				3,814			
Others		44,210	0.8	1,023	58,460	1.2	(14,249)
Ordinary loss		421,339	(7.9)		172,470	(3.4)	(248,868)
.Extraordinary Profits							
Gain on return of retirement benefit				8,765			
Gain on reversal of allowance for doubtful receivable	12,593	12,593	0.2	8,765	8,765	0.2	3,828
.Extraordinary Losses							
Loss on disposal of property, plant and equipment	589			612			
Loss on write-down of inventories				409,865			
Loss on write-down of investment securities	3,812						
Amortization of consolidated adjustment account	77,252	81,654	1.5	410,478	410,478	8.1	(328,823)
Net loss before income taxes		490,400	(9.2)		574,183	(11.3)	83,783
Income taxes(current)	11,415			59,595			
Income taxes(deferred)	17,323	28,738	0.5	(39,370)	20,224	0.4	8,514
Net loss		519,139	(9.7)		594,408	(11.7)	75,269

Consolidated Statements of Appropriations

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

	FY2005 (As of Mar. 31,2006)		FY2004 (As of Mar. 31,2005)		Increase (Decrease)
(Capital Surplus)					
. Balance at beginning of period		743,750		743,750	
. Balance at end of period		743,750		743,750	
(Retained Earnings)					
. Balance at beginning of period		579,388		1,233,616	(654,228)
. Increase in retained earnings					
. Decrease in retained earnings					
1.Cash dividend	55,072		55,320		
2.Bonuses paid to directors			4,500		
3.Increase of consolidated subsidiaries	17,090				
4.Net loss	519,139	591,302	594,408	654,228	62,926
. Balance at end of period		(11,913)		579,388	(591,302)

Consolidated Statements of Cash Flows

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

	FY2005 (Apr.2005 - Mar.2006)	FY2004 (Apr.2004 - Mar.2005)
.Cash flows from operating activities		
1. Loss before income taxes	(490,400)	(574,183)
2. Depreciation and amortization	501,752	276,310
3. Amortization of consolidated adjustment account	92,724	
4. Decrease in allowance for doubtful receivables	(13,970)	(5,181)
5. Decrease in retirement benefits	(1,835)	(7,265)
6. Interests and dividend income	(1,249)	(235)
7. Interest expense	38,237	26,134
8. Foreign exchange income(loss)	(4,949)	1,684
9. Loss on write-down of investment securities	3,812	
10. Loss on disposal of tangible fixed assets	589	612
11. Decrease in notes and accounts receivables	527,103	221,322
12. Decrease in inventories	131,158	33,109
13. Decrease in consumption taxes receivables	64,815	21,840
14. Increase(Decrease) in notes and accounts payable	7,769	(367,236)
15. Bonuses paid to directors		(4,500)
16. Increase in sales deposits	60,141	136,038
17. Increase in prepaid expenses	(62,391)	
18. Other	(44,139)	11,136
S u b - t o t a l	809,169	(230,414)
19. Interest and dividend received	1,249	235
20. Interest paid	(37,463)	(26,555)
21. Income taxes paid	(22,045)	(267,892)
Net cash provided by operating activities	750,908	(524,626)
.Cash flows from investing activities		
1. Payments for time deposits	(9)	(15,009)
2. Purchase of investment securities	(58,162)	
3. Purchases of property, plant and equipment	(24,853)	(383,252)
4. Purchases of intangible fixed assets	(280,358)	(243,119)
5. Purchase of investment property		(281,566)
6. Income (Expenditure) for other investing activities	(20,292)	14,464
Net cash used in investing activities	(383,677)	(908,483)
.Cash flows from financing activities		
1. Increase in short-term bank loans	360,000	1,290,000
2. Proceeds from long-term debt	800,000	1,300,000
3. Repayments of long-term debt	(1,227,500)	(627,000)
4. Cash dividend paid	(54,947)	(55,224)
5. Purchase of treasury stock		(81,658)
Net cash provided by financing activities	(122,447)	1,826,117
.Effect of exchange rate changes on cash and cash equivalents	4,793	(1,684)
.Increase in cash and cash equivalents	249,577	391,322
.Cash and cash equivalents at beginning of period	1,958,217	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	2,231,872	1,958,217

Segment information

1. Business Segment Information

Results of FY2005(Apr.2005-Mar.2006)

(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	4,568,213	588,076	208,576	5,364,866		5,364,866
(2)Intersegment net sales or transfer						
Net Sales	4,568,213	588,076	208,576	5,364,866		5,364,866
Operating expenses	4,171,683	1,026,968	276,980	5,475,632	325,731	5,801,363
Operating income (Operating loss)	396,529	(438,892)	(68,403)	(110,766)	(325,731)	(436,497)
Assets, depreciation, and capital Expenditures						
Total assets	3,930,940	1,104,374	869,486	5,904,801	2,484,748	8,389,550
Depreciation	114,797	355,664	30,069	500,531	1,221	501,752
Capital Expenditures	8,158	294,288	72,087	374,533	1,325	375,858

(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 of 325,731 thousand yen shown in "Elimination or Corporate" are mainly comprised of the expense relating to management section of Kubotek.
- Corporate assets shown in "Elimination or Corporate" are 2,484,748 thousand yen, which mainly comprised of surplus funds and the expense relating to management section of Kubotek.

2. Geographic Segment Information

Results of FY2005(Apr.2005-Mar.2006)

Geographic segment information is omitted because the amounts of net sales and assets in Japan exceed 90% of the amounts of combined net sales and assets of all segments for the FY2005 ended March31,2006.

3. Overseas Sales

Results of FY2005(Apr.2005-Mar.2006)

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

	Asia	Other Regions	Total
Overseas Sales	3,339,273	245,122	3,584,396
Net Sales			5,364,866
Ratio of overseas sales to net sales(%)	62.2	4.6	66.8

(Notes:)

- The Geographic regions are classified by geographic proximity.

2. Main countries or regions included in each geographic segments:
 - Asia.....Taiwan, Korea, China
 - Other areas.....North America, Europe
3. Overseas sales are those sales of Kubotek 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	FY2005 (Apr.2005 - Mar.2006)	FY2004 (Apr.2004 - Mar.2005)
Inspection Systems Div.	4,512,002	4,748,480
Creation Engineering Div.	458,781	516,837
Media & Network Div.	216,804	211,822
T o t a l	5,187,588	5,477,140

(Orders Received)

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

BY BUSINESS SEGMENT	FY2005 (Apr.2005 - Mar.2006)		FY2004 (Apr.2004 - Mar.2005)	
	Orders	Backlog	Orders	Backlog
Inspection Systems Div.	4,903,233	3,384,000	3,946,588	3,048,980
Media & Network Div.	130,380	21,000	100,000	100,000
T o t a l	5,033,614	3,405,000	4,046,588	3,148,980

(Sales Results)

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

BY BUSINESS SEGMENT	FY2005 (Apr.2005 - Mar.2006)	FY2004 (Apr.2004 - Mar.2005)
Inspection Systems Div.	4,568,213	4,438,708
Creation Engineering Div.	588,076	452,512
Media & Network Div.	208,576	186,407
T o t a l	5,364,866	5,077,629

(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	FY2005 (Apr.2005 - Mar.2006)		FY2004 (Apr.2004 - Mar.2005)	
	R e s u l t s	R a t i o (%)	R e s u l t s	R a t i o (%)
Wintec Corporation	1,156,631	21.6		
Samsung Japan Corporation	669,500	12.5		
Chi Mei Optoelectronics Corporation	558,926	10.4	1,287,324	25.4