

# Non-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  
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 (URL <http://www.kubotek.com/>)

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

Date of the ordinary general meeting of shareholders : June 23,2006

Interim Dividends Plan : YES

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

#### (1) Non-consolidated Financial Results (Million yen: amounts less than one million yen are omitted)

	Net Sales		Operating Income		Ordinary Income	
FY2005	5,141	3.2%	(215)	-	(194)	-
FY2004	4,979	(22.3)%	78	(86.2)%	76	(86.2)%

	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	(681) -	(4,946.30)yen	-	(22.2)%	(2.2)%	(3.8)%
FY2004	(345) -	(2,499.00)yen	-	(9.4)%	0.9%	1.5%

(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) Non-consolidated Dividends (Million yen: 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				
FY2005	200yen	200yen	0yen	27	-	1.0%
FY2004	400yen	200yen	200yen	55	-	1.6%

#### (3) Non-consolidated Financial Positions (Million yen: amounts less than one million yen are omitted)

	Total Assets	Shareholder's Equity	Equity Ratio	Equity per Share
FY2005	8,311	2,706	32.6%	19,660.11yen
FY2004	9,016	3,441	38.2%	24,997.17yen

(Note:) Number of shares issued and outstanding at the end of the fiscal year :FY2005 137,680 shares  
 :FY2004 137,680 shares

### 2 . Non-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	Annual dividends per share amount		
				Interim	Year-End	
Interim FY 2006	2,400	(65)	(70)	0yen	-	-
FY 2006	5,500	130	100	-	0yen	0yen

(cf.) Estimated Net Income per Share: 726.32yen

## 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.

# Non-consolidated Financial Statements

## Non-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)			
<b>&lt;Assets&gt;</b>						
<b>.Current assets</b>						
Cash and bank deposits		2,226,830		1,944,248	282,582	
Trade notes receivable		122,458		266,810	(144,352)	
Trade accounts receivable		1,665,909		2,059,332	(393,422)	
Finished products		803		18,538	(17,735)	
Raw materials		557,341		444,181	113,159	
Work in process		636,062		886,194	(250,131)	
Prepaid expenses		71,465		17,903	53,561	
Deferred income taxes		93,822		128,397	(34,574)	
Short-term loan receivable		147,421		153,059	(5,637)	
Consumption taxes receivable		34,494		99,309	(64,815)	
Others		15,340		2,852	12,487	
Allowance for doubtful receivables		(151,949)		(33,361)	(118,587)	
<b>Total current assets</b>		5,420,001	65.2	5,987,466	66.4	(567,465)
<b>.Fixed assets</b>						
<b>1.Property, plant and equipment, at cost</b>						
Buildings		978,721		860,882		
Less-accumulated depreciation		275,667	703,053	220,508	640,373	62,680
Structures		43,649		43,230		
Less-accumulated depreciation		28,792	14,856	24,838	18,392	(3,535)
Machinery and equipment		33,021		33,021		
Less-accumulated depreciation		19,927	13,093	16,925	16,095	(3,002)
Vehicles and automotive equipment		24,646		24,646		
Less-accumulated depreciation		22,324	2,322	21,562	3,083	(761)
Furniture and fixtures		782,095		685,121		
Less-accumulated depreciation		469,047	313,048	368,056	317,065	(4,016)
Land			1,117,578		946,588	170,989
Construction in progress			693		43,422	(42,729)
<b>Total tangible assets</b>		2,164,646	26.1	1,985,022	22.0	179,623
<b>2.Intangible assets</b>						
Goodwill			142,601		213,902	(71,300)
Software			211,448		198,756	12,692
Software in process			96,000		84,000	12,000
Telephone subscription rights			2,285		2,285	-
<b>Total intangible assets</b>		452,335	5.4	498,944	5.5	(46,608)

	FY2005		FY2004		Increase (Decrease)
	(As of Mar. 31,2006)		(As of Mar. 31,2005)		
<b>3. Investments and other assets</b>					
Investment securities		50,368		1,500	48,868
Stocks of affiliated companies		82,204		197,590	(115,385)
Investments in affiliated companies		6,868		6,868	-
Long-term loan receivable		274,096		-	274,096
Long-term prepaid expenses		345		580	(234)
Deferred income taxes		53,432		37,360	16,072
Guarantee deposit		25,706		20,407	5,298
Investment property	-		281,566		
Less-accumulated depreciation	-	-	5,421	276,144	(276,144)
Other investments and other assets		60		4,514	(4,454)
Allowance for doubtful receivables		(218,797)		(29)	(218,768)
<b>Total investments and other assets</b>		274,286	3.3	544,937	6.1
<b>Total fixed assets</b>		2,891,268	34.8	3,028,904	33.6
<b>Total Assets</b>		8,311,269	100.0	9,016,371	100.0

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

	FY2005 (As of Mar. 31,2006)		FY2004 (As of Mar. 31,2005)		Increase (Decrease)	
<b>&lt;Liabilities&gt;</b>						
<b>.Current liabilities</b>						
Trade notes payable		558,662		551,750	6,912	
Trade accounts payable		439,701		412,506	27,194	
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)	
Accrued liability		112,489		78,084	34,405	
Accrued expenses		66,213		71,632	(5,418)	
Income taxes payable		10,034		20,529	(10,494)	
Advance received		70,513		9,764	60,749	
Deposits received		8,394		5,372	3,021	
Others		693		2,172	(1,479)	
<b>Total current liabilities</b>		4,662,702	56.1	4,536,313	50.3	126,389
<b>.Long-term liabilities</b>						
Long-term debt		906,000		985,000	(79,000)	
Retirement benefits		30,279		32,114	(1,835)	
Others		5,483		21,332	(15,848)	
<b>Total Long-term liabilities</b>		941,763	11.3	1,038,447	11.5	(96,684)
<b>Total liabilities</b>		5,604,466	67.4	5,574,760	61.8	29,705
<b>&lt;Shareholders' equity&gt;</b>						
<b>.Common stock</b>		1,951,750	23.5	1,951,750	21.6	-
<b>.Capital surplus</b>						
Additional paid-in capital	743,750			743,750		
<b>Total capital surplus</b>		743,750	9.0	743,750	8.3	-
<b>.Retained earnings</b>						
Legal reserve	20,496			20,496		
Unappropriated profits	72,465			808,544		
<b>Total retained earnings</b>		92,961	1.1	829,040	9.2	(736,079)
<b>.Net unrealized gains on securities</b>		-	-	(1,271)	(0.0)	1,271
<b>. Treasury stock</b>		(81,658)	(1.0)	(81,658)	(0.9)	-
<b>Total shareholders' equity</b>		2,706,803	32.6	3,441,610	38.2	(734,807)
<b>Total liabilities and shareholders' equity</b>		8,311,269	100.0	9,016,371	100.0	(705,101)

## Non-consolidated Statements of Income

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

	FY2005			FY2004			Increase (Decrease)
	(Apr. 2005- Mar. 2006)			(Apr. 2004- Mar. 2005)			
<b>.Net Sales</b>		5,141,479	100.0		4,979,872	100.0	161,607
<b>.Cost of sales</b>							
Cost of beginning inventory	18,538			54,299			
Transfer to other accounts	250,011			68,376			
Cost of products manufactured for the period	3,912,261			3,672,045			
<b>TOTAL</b>	4,180,810			3,794,720			
Transfer to other accounts	-			10			
Cost of ending inventory	803	4,180,007	81.3	18,538	3,776,172	75.8	403,835
<b>Gross profit</b>		961,472	18.7		1,203,699	24.2	(242,227)
<b>.Selling, general and administrative expenses</b>							
Advertising expenses	133,776			69,622			
Packing and shipping expenses	73,522			64,262			
Directors' and auditors' compensation	86,061			99,592			
Payroll	200,920			198,035			
Social insurance expenses	35,289			35,667			
Welfare expenses	786			825			
Bonus	26,035			30,561			
Retirement expenses	1,659			2,169			
Entertainment expenses	13,190			9,177			
Convention expenses	4,423			4,777			
Transportation expenses	50,562			53,107			
Communication expenses	16,164			14,616			
Consumables	9,011			13,532			
Repair expenditure	4,780			6,812			
Water lighting and heating expenses	9,567			6,307			
Commissions paid	256,226			256,488			
Insurance expenses	8,710			8,668			
Depreciation expenses	116,157			114,077			
R & D expenses	67,059			80,790			
Rent	21,962			18,305			
Rental expenses	3,225			1,411			
Tax and public imposition	26,043			29,109			
Membership expenses	889			924			
Provision for allowance for doubtful receivables	-			1,442			
Miscellaneous expenses	10,570	1,176,596	22.9	5,273	1,125,559	22.6	51,037
<b>Operating income (loss)</b>		(215,124)	(4.2)		78,140	1.6	(293,265)
<b>.Non-operating income</b>							
Interests income	10,785			2,147			
Dividend income	-			60			
Foreign exchange gain	25,229			-			
Rental income	24,211			50,367			
Others	4,208	64,436	1.3	3,500	56,075	1.1	8,360

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

	FY2005			FY2004			Increase (Decrease)
	(Apr. 2005- Mar. 2006)			(Apr. 2004- Mar. 2005)			
<b>.Non-operating expenses</b>			%			%	
Interests expense	38,237			25,650			
Cash discount on sales	-			215			
Foreign exchange loss	-			3,814			
Rental property expense	5,973			27,488			
Others	-	44,210	0.9	807	57,976	1.2	(13,765)
<b>Ordinary income (loss)</b>		(194,899)	(3.8)		76,239	1.5	(271,139)
<b>.Extraordinary gains</b>							
Gain on reversal of allowance for doubtful receivable	13,180			-			
Gain on return of retirement benefit	-	13,810	0.3	8,765	8,765	0.2	5,045
<b>.Extraordinary losses</b>							
Loss on disposal of property and equipment	589			612			
Loss on provision for doubtful receivable	351,622			-			
Loss on write-down of stocks of affiliated companies	117,541			-			
Loss on write down of investment securities	1,131			-			
Loss on write-down of inventories	-	470,884	9.2	409,865	410,478	8.2	60,406
Net loss before income taxes		(325,473)	(12.7)		(325,473)	(6.5)	(326,500)
Income taxes(current)	11,415			59,500			
Income taxes(deferred)	17,617	29,032	0.5	(39,665)	19,834	0.4	9,198
Net income(Loss)		(681,007)	(13.2)		(345,308)	(6.9)	(335,698)
Retained earnings brought forward		781,008			1,181,513		(400,504)
Interim dividends		27,536			27,660		(124)
Unappropriated profits		72,465			808,544		(736,079)