

Consolidated Interim Financial Statements-Summary

For the Six Months Ended September 30,2006

November 10,2006

(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
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Date of the meeting of the Board of Directors for approval of interim consolidated financial statements : November 10,2006

1 . Consolidated Financial Results for Interim FY2006 (April 1,2006 through September 30,2006)

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

	Net Sales		Operating Income		Ordinary Income	
Interim FY2006	2,289	(11.7)%	(203)	- %	(209)	- %
Interim FY2005	2,591	(10.9)%	(216)	- %	(204)	- %
FY2005	5,364		(436)		(421)	

	Net Income		Net Income per Share		Diluted Net Income per Share	
Interim FY2006	(335)	- %	(2,435.11) yen		-	
Interim FY2005	(277)	- %	(2,012.13) yen		-	
FY2005	(519)		(3,770.62) yen		-	

- (Notes):
- Average number of shares outstanding:
 For interim FY2006: 137,680 shares For interim FY2005: 137,680 shares FY2005: 137,680 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.

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

	Total Assets	Net Assets	Equity Ratio	Net Assets per share
Interim FY2006	7,638	2,235	29.3%	16,235.75yen
Interim FY2005	9,171	2,851	31.1%	20,713.05yen
FY2005	8,389	2,572	30.7%	18,683.58yen

(Note:) Number of shares issued and outstanding at end of period :
 Interim FY2006: 137,680 shares Interim FY2005: 137,680 shares FY2005: 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 FY2006	15	(210)	(385)	1,651
Interim FY2005	124	(224)	263	2,159
FY2005	750	(383)	(122)	2,231

(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): - 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
FY2006	4,750	(420)	(570)

(cf.) Estimated Net Income per Share: (4,140.03) yen

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)

	Interim FY2006 (As of Sept. 30, 2006)			Interim FY2005 (As of Sept. 30, 2005)			FY2005 (As of Mar. 31,2006)		
			%			%			%
<Assets>									
. Current assets									
Cash and bank deposits		1,715,256			2,242,134			2,295,932	
Notes and accounts receivable		1,787,755			2,388,109			1,848,183	
Marketable securities		18,212			-			18,253	
Inventories		1,293,864			1,363,336			1,197,496	
Others		163,491			299,212			222,157	
Allowance for doubtful receivables		(17,912)			(35,217)			(20,652)	
Total current assets		4,960,669	64.9		6,257,576	68.2		5,561,371	66.3
.Fixed assets									
1.Property, plant and equipment									
Buildings and structures	1,022,370			1,022,968			1,022,370		
Less-accumulated depreciation	327,258	695,112		277,805	745,163		304,459	717,910	
Land		1,117,578			1,117,578			1,117,578	
Others	902,757			826,643			874,929		
Less-accumulated depreciation	583,774	318,983		467,609	359,033		526,747	348,181	
Net property, plant and equipment		2,131,674	27.9		2,221,774	24.2		2,183,670	26.0
2.Intangible assets									
Consolidated adjustment account		-			19,739			15,163	
Goodwill		119,082			-			-	
Other intangible assets		307,691			501,294			459,892	
Total intangible assets		426,773	5.6		521,034	5.7		475,056	5.7
3.Investments and other assets									
Other investments and other assets		119,695			171,541			169,451	
Allowance for doubtful receivables		-			(29)			-	
Total investments and other assets		119,695	1.6		171,511	1.9		169,451	2.0
Total fixed assets		2,678,143	35.1		2,914,320	31.8		2,828,178	33.7
Total Assets		7,638,812	100.0		9,171,897	100.0		8,389,550	100.0
<Liabilities>									
.Current liabilities									
Notes and accounts payable		1,081,377			1,224,356			1,026,985	
Short-term bank loans		3,446,000			3,760,000			3,396,000	
Others		363,890			400,555			452,445	
Total current liabilities		4,891,267	64.0		5,384,912	58.7		4,875,431	58.1
.Long-term liabilities									
Long-term debt		471,000			900,000			906,000	
Retirement benefits		35,679			31,971			30,279	
Others		5,526			3,239			5,483	
Total Long-term liabilities		512,206	6.7		935,211	10.2		941,763	11.2
Total liabilities		5,403,473	70.7		6,320,123	68.9		5,817,194	69.3

	Interim FY2006 (As of Sept. 30, 2006)			Interim FY2005 (As of Sept. 30, 2005)			FY2005 (As of Mar. 31,2006)		
			%			%			%
<Minority interests>									
Minority interests	-	-	-	-	-	-	-	-	-
<Shareholders' equity>									
.Common stock	-	-	-	1,951,750	21.3	21.3	1,951,750	23.3	23.3
.Capital surplus	-	-	-	743,750	8.1	8.1	743,750	8.9	8.9
.Retained earnings	-	-	-	257,731	2.8	2.8	(11,913)	(0.1)	(0.1)
. Foreign currency Translation adjustments	-	-	-	(19,799)	(0.2)	(0.2)	(29,573)	(0.4)	(0.4)
.Treasury Stock	-	-	-	(81,658)	(0.9)	(0.9)	(81,658)	(1.0)	(1.0)
Total shareholders' equity	-	-	-	2,851,773	31.1	31.1	2,572,355	30.7	30.7
Total liabilities, minority interests and shareholders' equity	-	-	-	9,171,897	100.0	100.0	8,389,550	100.0	100.0
<Net assets>									
.Shareholders' equity									
Common stock	1,951,750	25.6	25.6	-	-	-	-	-	-
Capital surplus	743,750	9.7	9.7	-	-	-	-	-	-
Retained earnings	(347,179)	(4.5)	(4.5)	-	-	-	-	-	-
Treasury stock	(81,658)	(1.1)	(1.1)	-	-	-	-	-	-
Total shareholders' equity	2,266,662	29.7	29.7	-	-	-	-	-	-
.Valuation and translation adjustments									
Net unrealized gains on securities	61	0.0	0.0	-	-	-	-	-	-
Foreign currency translation adjustment	(31,386)	(0.4)	(0.4)	-	-	-	-	-	-
Total valuation and translation adjustments	(31,324)	(0.4)	(0.4)	-	-	-	-	-	-
Total net assets	2,235,338	29.3	29.3	-	-	-	-	-	-
Total liabilities and net assets	7,638,812	100.0	100.0	-	-	-	-	-	-

Consolidated Statements of Income

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

	Interim FY2006 (Apr.2006 - Sept.2006)			Interim FY2005 (Apr.2005 - Sept.2005)			FY2005 (Apr.2005 - Mar.2006)		
			%			%			%
.Net Sales		2,289,249	100.0		2,591,522	100.0		5,364,866	100.0
.Cost of sales		1,708,895	74.6		2,056,975	79.4		4,239,141	79.0
Gross profit		580,353	25.4		534,546	20.6		1,125,724	21.0
.Selling, general and administrative expenses		784,118	34.3		751,050	29.0		1,562,222	29.1
Operating loss		203,764	(8.9)		216,504	(8.4)		436,497	(8.1)
.Non-operating income									
1.Interest income	1,681			401			739		
2.Dividends	397			-			509		
3.Rental income	5,194			18,898			24,211		
4.Foreign exchange gain	1,459			13,024			25,047		
5.Others	1,940	10,671	0.5	5,153	37,478	1.5	8,860	59,368	1.0
.Non-operating expenses									
1.Interest expenses	16,076			19,703			38,237		
2.Rental property expenses	-	16,076	0.7	5,973	25,677	1.0	5,973	44,210	0.8
Ordinary loss		209,169	(9.1)		204,702	(7.9)		421,339	(7.9)
. Extraordinary Profits									
1.Gain on reversal of allowance for doubtful receivable	1,703	1,703	0.0	-	-	-	12,593	12,593	0.2
. Extraordinary Losses									
1.Loss on disposal of property, plant and equipment	35			19			589		
2.Loss on write-down of investment securities	-			1,131			3,812		
3. Amortization of consolidated adjustment account	-	35	0.0	75,709	76,861	3.0	77,252	81,654	1.5
Net loss before income taxes		207,501	(9.1)		281,564	(10.9)		490,400	(9.2)
Income taxes(current)	2,738			3,356			11,415		
Income taxes(deferred)	125,025	127,764	5.5	(7,889)	(4,533)	(0.2)	17,323	28,738	0.5
Net loss		335,266	(14.6)		277,030	(10.7)		519,139	(9.7)

Consolidated Statement of Changes in Shareholders' Equity

Interim FY 2006(from Apr.2006 Sep. 2006)

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

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders'equity
Balance as of Mar.31,2006	1,951,750	743,750	(11,913)	(81,658)	2,601,928
Changes during Interim FY 2006					
Interim net Loss			(335,266)		(335,266)
Changes in items other than shareholders' equity during interim year(net)					
Total changes during Interim FY2006			(335,266)		(335,266)
Balance as of Sep.30,2006	1,951,750	743,750	(347,179)	(81,658)	2,266,662

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities	Foreign currency translation adjustment	Total valuation and translation adjustments	
Balance as of Mar.31,2006		(29,573)	(29,573)	2,572,355
Changes during Interim FY 2006				
Interim net Loss				(335,266)
Changes in items other than shareholders' equity during interim year(net)	61	(1,812)	(1,750)	(1,750)
Total changes during Interim FY2006	61	(1,812)	(1,750)	(337,017)
Balance as of Sep.30,2006	61	(31,386)	(31,324)	2,235,338

Consolidated Statements of Appropriations

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

	Interim FY2005 (Apr.2005 - Sept.2005)		FY2005 (Apr.2005 - Mar.2006)	
(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		579,388
.Decrease in retained earnings				
1.Cash dividend	27,536		55,072	
2.Increase of consolidated subsidiaries	17,090		17,090	
3. Net loss	277,030	321,657	519,139	591,302
.Balance at end of period		257,731		(11,913)

Consolidated Statements of Cash Flows

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

	Interim FY2006 (Apr.2006 - Sept.2006)	Interim FY2005 (Apr.2005 - Sept.2005)	FY2005 (Apr.2005 - Mar.2006)
. Cash flows from operating activities			
1. Interim (current period) loss before Income taxes	(207,501)	(281,564)	(490,400)
2. Depreciation and amortization	227,475	213,879	501,752
3. Amortization of consolidated adjustment account	-	88,148	92,724
4. Amortization of goodwill	38,683	-	-
5. Increase (Decrease) in allowance for doubtful receivables	(2,703)	912	(13,970)
6. Increase (Decrease) in retirement benefits	5,400	(143)	(1,835)
7. Interests and dividend income	(2,078)	(401)	(1,249)
8. Interest expense	16,076	19,703	38,237
9. Foreign exchange income	(5,932)	(13,630)	(4,949)
10. Loss on write-down of investment securities	-	1,131	3,812
11. Loss on disposal of property, plant and equipment	35	19	589
12. (Increase) Decrease in notes and accounts receivables	58,445	(23,409)	527,103
13. (Increase) Decrease in inventories	(114,814)	(10,837)	131,158
14. Decrease in consumption taxes receivables	34,082	56,877	64,815
15. Increase in notes and accounts payable	57,628	211,596	7,769
16. Increase (Decrease) in sales deposits	(43,516)	73,970	60,141
17. Increase in prepaid expenses	(49,878)	(116,506)	(62,391)
18. Other	17,496	(62,450)	(44,139)
S u b - t o t a l	28,897	157,297	809,169
19. Interest and dividend received	2,078	401	1,249
20. Interest paid	(12,377)	(15,166)	(37,463)
21. Income taxes paid	(2,738)	(17,593)	(22,045)
Net cash provided by operating activities	15,859	124,939	750,908
. Cash flows from investing activities			
1. Increase in time deposits	(9)	(9)	(9)
2. Purchase of investment securities	-	(50,000)	(58,162)
3. Purchases of property, plant and equipment	(76,720)	(24,336)	(24,853)
4. Purchases of intangible fixed assets	(137,839)	(123,599)	(280,358)
5. Income (Expenditure) for other investing activities	4,500	(26,143)	(20,292)
Net cash used in investing activities	(210,070)	(224,089)	(383,677)
. Cash flows from financing activities			
1. Increase in short-term bank loans	-	760,000	360,000
2. Proceeds from long-term debt	-	300,000	800,000
3. Repayments of long-term debt	(385,000)	(769,500)	(1,227,500)
4. Cash dividend paid	(271)	(27,454)	(54,947)
Net cash provided by financing activities	(385,271)	263,045	(122,447)
. Effect of exchange rate changes on cash and cash equivalents	(1,243)	13,630	4,793
. Increase (Decrease) in cash and cash equivalents	(580,725)	177,526	249,577
. Cash and cash equivalents at beginning of period	2,231,872	1,958,217	1,958,217
. Increase in cash and cash equivalents accompanying changes of scope of consolidation	-	24,078	24,078
. Cash and cash equivalents at end of period	1,651,147	2,159,821	2,231,872

Segment Information

1. Business Segment Information

Results of interim FY2006(Apr.2006-Sept.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	1,867,209	254,247	167,792	2,289,249	-	2,289,249
(2) Intersegment net sales or transfer	-	-	-	-	-	-
Net Sales	1,867,209	254,247	167,792	2,289,249	-	2,289,249
Operating expenses	1,592,997	502,094	249,633	2,344,725	148,288	2,493,014
Operating income (Operating loss)	274,212	(247,847)	(81,841)	(55,476)	(148,288)	(203,764)

(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, 2006 amounted to 148,288 thousand yen, which mainly include expenses incurred by Management Department of the parent company.

2. Geographic Segment Information

Results of interim FY2006(Apr.2006-Sept.2006)

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.30,2006.

3. Overseas Sales

Results of interim FY2006(Apr.2006-Sept.2006)

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

	Asia	Other Regions	Total
Overseas Sales	1,432,196	196,082	1,628,279
Net Sales	-	-	2,289,249
Ratio of overseas sales to net sales(%)	62.6	8.6	71.1

(Notes:)

- The Geographic regions are classified by geographic proximity.
- Main countries or regions included in each geographic segments:
 - Asia.....Taiwan, Korea, China
 - Other regions.....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 FY2006 (Apr.2006 - Sept.2006)		Interim FY2005 (Apr.2005 - Sept.2005)		FY2005 (Apr.2005 - Mar.2006)	
	Orders	Backlog	Orders	Backlog	Orders	Backlog
Inspection Systems Div.	1,945,071	3,202,600	2,275,612	2,463,700	4,512,002	3,384,000
Creation Engineering Div.	272,155	20,000	287,051	100,000	458,781	21,000
Media & Network Div.	215,181	-	88,595	-	216,804	-
T o t a l	2,432,409	3,222,600	2,651,258	2,563,700	5,187,588	3,405,000

(Orders Received)

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

BY BUSINESS SEGMENT	Interim FY2006 (Apr.2006 - Sept.2006)		Interim FY2005 (Apr.2005 - Sept.2005)		FY2005 (Apr.2005 - Mar.2006)	
	Orders	Backlog	Orders	Backlog	Orders	Backlog
Inspection Systems Div.	1,685,809	3,202,600	1,658,194	2,463,700	4,903,233	3,384,000
Media & Network Div.	-	20,000	-	100,000	130,380	21,000
T o t a l	1,685,809	3,222,600	1,658,194	2,563,700	5,033,614	3,405,000

(Sales Results)

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

BY BUSINESS SEGMENT	Interim FY2006 (Apr.2006 - Sept.2006)		Interim FY2005 (Apr.2005 - Sept.2005)		FY2005 (Apr.2005 - Mar.2006)	
	Results	Ratio(%)	Results	Ratio(%)	Results	Ratio(%)
Inspection Systems Div.	1,867,209	33.6	2,227,574	-	4,568,213	21.6
Creation Engineering Div.	254,247	15.0	284,993	-	588,076	12.5
Media & Network Div.	167,792	-	78,954	18.4	208,576	10.4
T o t a l	2,289,249	-	2,591,522	11.4	5,364,866	-

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

Major Customers	Interim FY2006 (Apr.2006 - Sept.2006)		Interim FY2005 (Apr.2005 - Sept.2005)		FY2005 (Apr.2005 - Mar.2006)	
	Results	Ratio(%)	Results	Ratio(%)	Results	Ratio(%)
Wintec Corporation	770,323	33.6	-	-	1,156,631	21.6
Samsung Japan Corporation	343,000	15.0	-	-	669,500	12.5
Chi Mei Optoelectronics Corporation	-	-	476,278	18.4	558,926	10.4
Sumika Technology Corporation Limited	-	-	428,000	16.5	-	-
AU Optronics Corporation	-	-	295,290	11.4	-	-

(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.