

Consolidated Financial Statements-Summary

For the Fiscal Year ended March 31,2007

May 9,2007

(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 annual general meeting of shareholders(scheduled) : June 22, 2007

Date of submission of annual security report(scheduled) : June 25,2007

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

1. Financial Results of FY2006(April 1,2006 through March 31,2007)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
FY2006	4,744	(11.6)%	(416)	—%	(433)	—%	(936)	—%
FY2005	5,364	5.7%	(436)	—%	(421)	—%	(519)	—%

	Net Income per Share (Yen)	Diluted Net Income per Share	ROE [Ratio of Net Income to Shareholder's Equity]	ROA [Ratio of ordinary Income/Total Assets]	Operating Income/Net Sales
FY2006	(6,800. 81)	—	(44. 5)%	(5.7) %	(8.8) %
FY2005	(3,770. 62)	—	(18. 0) %	(4.8) %	(8.1) %

(Reference) Equity in earnings of affiliated FY2006: ¥ — million FY 2005 : ¥ — million

(2) Consolidated Financial Positions

(Percentage figures indicate year-on-year change)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
FY2006	6,935	1,637	23.6%	11,892.71yen
FY2005	8,389	2,572	30.7%	18,683.58yen

(Reference) Net Assets FY2006: ¥ 1,637 million FY2005 : ¥ - million

(3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the end of period
FY2006	234	(497)	(838)	1,130
FY2005	750	(383)	(122)	2,231

2. Cash Dividends

(Percentages figures indicate year-on-year change)

(Record date)	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	Annual			
FY2005	200.00yen	—	200.00yen	27	—	1.0%
FY2006	—	—	0.00	—	—	—
FY2007	—	—	0.00		—	

3. Consolidated Financial Forecasts for the Fiscal Year ending March 31,2008

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per share (Yen)
Interim FY 2007	2,350	2.7%	45	—%	40	—%	35	—%	254.21
FY 2007	4,900	3.3%	115	—%	100	—%	95	—%	690.01

4. Other information

(1) Changes in important subsidiaries during the period (changes of particular fully owned subsidiaries associated with changes in the scope of consolidation) :None

(2) Changes in accounting principles and procedures and in presentation, etc. used in the preparation of consolidated financial statements (matters stated in important notes concerning the basis of preparation of consolidated financial statements).

① Changes due to revision of accounting standards, etc.: Yes

② Changes other than stated in item ① :No

(3) Number of shares issued (share of common stock)

①Number of shares issued at the end of the fiscal Year (including treasury stock)

As of March 31,2007:138,300 shares; As of March 31,2006: 138,300shares

②Number of treasury shares as of the end of the fiscal year

As of March 31,2007: 620 shares ; As of March 31,2006: 620shares

(Reference)

1. Financial Results of FY2006(April 1,2006 through March 31,2007)

(1)Non-consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY2006	4,450	(13.4)%	(228)	—%	(223)	—%	(972)	—%
FY2005	5,141	3.2%	(215)	—%	(194)	—%	(681)	—%

	Net Income per Share	Diluted Net Income per Share
FY2006	(7,061. 51) yen	—
FY2005	(4,946. 30) yen	—

(2)Non-consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
FY2006	6,811	1,734	25.5%	12,598.60yen
FY2005	8,311	2,706	32.6%	19,660.11yen

(Reference) Net Assets: FY2006: ¥1,734million; FY2005: ¥—million

2. Non-consolidated Financial Forecasts for the Fiscal Year ending March 31,2008

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
Interim FY 2007	2,200	2.8%	90	—	85	—	80	—	581.06yen
FY 2007	4,600	3.4%	110	—	100	—	95	—	690.01yen

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2007, 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 (As of Mar. 31,2006)		FY2006 (As of Mar. 31,2007)		Increase (Decrease)
		%		%	
<Assets>					
I .Current assets					
Cash and deposits	2,295,932		1,193,079		(1,102,853)
Notes and accounts receivable-trade	1,848,183		2,002,224		154,040
Marketable securities	18,253		19,314		1,061
Inventories	1,197,496		1,283,763		86,267
Deferred tax assets	93,822		—		(93,822)
Other	128,334		73,170		(55,164)
Allowance for doubtful accounts	(20,652)		(51,318)		(30,666)
Total current assets	5,561,371	66.3	4,520,233	65.2	(1,041,137)
II .Fixed assets					
1.Property, plant and equipment					
Buildings and structures	1,022,370		1,022,370		
Accumulated depreciation	304,459	717,910	350,055	672,314	(45,595)
Machinery, equipment and vehicles	60,068		61,775		
Accumulated depreciation	43,052	17,015	46,802	14,972	(2,042)
Equipment	814,168		975,234		
Accumulated depreciation	483,694	330,473	591,988	383,246	52,772
Land		1,117,578		1,117,578	—
Construction in progress		693		—	(693)
Total net property, plant and equipment	2,183,670	26.0	2,188,111	31.5	4,441
2.Intangible fixed assets					
Goodwill	142,601		—		(142,601)
Consolidation goodwill	15,163		—		(15,163)
Software	315,005		109,752		(205,252)
Other	2,285		2,285		—
Total intangible fixed assets	475,056	5.7	112,038	1.6	(363,018)
3.Investments and other assets					
Investment securities	80,250		80,973		723
Deferred tax assets	53,432		—		(53,432)
Other	35,768		36,889		1,120
Allowance for doubtful accounts	—		(2,268)		(2,268)
Total investments and other assets	169,451	2.0	115,594	1.7	(53,857)
Total fixed assets	2,828,178	33.7	2,415,743	34.8	(412,434)
Total assets	8,389,550	100.0	6,935,977	100.0	(1,453,572)

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

	FY2005 (As of Mar. 31,2006)		FY2006 (As of Mar. 31,2007)		Increase (Decrease)
		%		%	
<Liabilities>					
I .Current liabilities					
Notes and accounts payable-trade	1,026,985		1,364,684		337,698
Short-term loans payable	2,600,000		2,100,000		(500,000)
Current portion of long-term loans payable	796,000		994,000		198,000
Accrued income taxes	10,034		12,137		2,102
Other	442,410		412,466		(29,944)
Total current liabilities	4,875,431	58.1	4,883,288	70.4	7,857
II .Non-current liabilities					
Long-term loans payable	906,000		370,000		(536,000)
Reserve for retirement benefits	30,279		39,581		9,301
Deferred tax liabilities	—		236		236
Other	5,483		5,483		—
Total non-current liabilities	941,763	11.2	415,300	6.0	(526,462)
Total liabilities	5,817,194	69.3	5,298,589	76.4	(518,605)
<Minority interests>					
Minority interests	—	—	—	—	—

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

	FY2005 (As of Mar. 31,2006)		FY2006 (As of Mar. 31,2007)		Increase (Decrease)
		%		%	
<Shareholders' equity>					
I . Capital stock	1,951,750	23.3	—	—	—
II . Capital surplus	743,750	8.9	—	—	—
III . Retained earnings	(11,913)	(0.1)	—	—	—
IV . Translation adjustments	(29,573)	(0.4)	—	—	—
V . Treasury stock	(81,658)	(1.0)	—	—	—
Total shareholders' equity	2,572,355	30.7	—	—	—
Total liabilities and shareholders' equity	8,389,550	100.0	—	—	—
<Net assets>					
I . Owners' equity					
1. Capital stock	—	—	1,951,750	28.2	—
2. Capital surplus	—	—	743,750	10.7	—
3. Retained earnings	—	—	(948,248)	(13.7)	—
4. Treasury stock	—	—	(81,658)	(1.2)	—
Total owners' equity	—	—	1,665,593	24.0	—
II . Valuation and translation adjustments					
1. Valuation difference on available-for-sale securities	—	—	438	0.0	—
2. Translation adjustment	—	—	(28,644)	(0.4)	—
Total valuation and translation adjustments	—	—	(28,206)	(0.4)	—
Total net assets	—	—	1,637,387	23.6	—
Total liabilities and net assets	—	—	6,935,977	100.0	—

Consolidated Statements of Income

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

	FY2005 (Apr. 2005– Mar. 2006)			FY2006 (Apr. 2006– Mar. 2007)			Increase (Decrease)
			%			%	
I .Net Sales		5,364,866	100.0		4,744,067	100.0	(620,798)
II .Cost of sales		4,239,141	79.0		3,575,873	75.4	(663,268)
Gross profit		1,125,724	21.0		1,168,194	24.6	42,469
III.Selling, general and administrative expenses		1,562,222	29.1		1,584,320	33.4	22,098
Operating loss		436,497	(8.1)		416,125	(8.8)	20,371
IV.Non-operating income							
Interest and dividend earned	1,249			2,872			
Rent income	24,211			10,512			
Foreign exchange gains	25,047			2,108			
Other	8,860	59,368	1.0	2,994	18,487	0.4	(40,881)
V.Non-operating expenses							
Interest expenses	38,237			36,102			
Rent cost of real estate	5,973	44,210	0.8	—	36,102	0.7	(8,108)
Ordinary loss		421,339	(7.9)		433,740	(9.1)	(12,401)
VI.Extraordinary income							
Reversal of allowance for doubtful accounts	12,593	12,593	0.2	—	—	—	(12,593)
VII .Extraordinary loss							
Loss on retirement of fixed assets	589			5,712			
Impairment loss	—			300,399			
Loss on valuation of investment securities	3,812			—			
Amortization of consolidation goodwill	77,252			—			
Provision of allowance for doubtful accounts	—			16,400			
Loss on cancellation of leasehold contracts	—	81,654	1.5	25,333	347,845	7.4	266,190
Loss before income taxes		490,400	(9.2)		781,585	(16.5)	(291,185)
Income taxes—current	11,415			7,493			
Income taxes—deferred	17,323	28,738	0.5	147,255	154,749	3.2	126,010
Net loss		519,139	(9.7)		936,334	(19.7)	(417,195)

Consolidated Statements of Changes in Net Assets

FY 2006(from Apr.2006 – Mar. 2007)

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

	Owners' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Owners' equity
Balance as of Mar.31, 2006	1,951,750	743,750	(11,913)	(81,658)	2,601,928
Changes of items during the period					
Net loss			(936,334)		(936,334)
Net changes of items other than owners' equity					
Total Changes of items during the period			(936,334)		(936,334)
Balance as of Mar.31, 2007	1,951,750	743,750	(948,248)	(81,658)	1,665,593

	Valuation and translation adjustments			Total Net assets
	Valuation difference on available-for-sale securities	Translation adjustment	Total valuation and translation adjustments	
Balance as of Mar.31, 2006		(29,573)	(29,573)	2,572,355
Changes of items during the period				
Net loss				(936,334)
Net changes of items other than owners' equity	438	928	1,367	1,367
Total Changes of items during the period	438	928	1,367	(934,967)
Balance as of Mar. 31, 2007	438	(28,644)	(28,206)	1,637,387

Consolidated Statements of Appropriations

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

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

Consolidated Statements of Cash Flows

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

	FY2005 (Apr.2005—Mar.2006)	FY2006 (Apr.2006—Mar.2007)
I .Net cash provided by operating activities		
1.Loss before income taxes	(490,400)	(781,585)
2.Depreciation	501,752	442,396
3.Amortization of consolidated goodwill	92,724	—
4.Amortization of goodwill	—	77,366
5.Impairment loss	—	300,399
6.Increase (decrease) in allowance for doubtful accounts	(13,970)	32,921
7.Increase (decrease) in retirement benefits	(1,835)	9,301
8.Interest and dividends income	(1,249)	(2,872)
9.Interest expenses	38,237	36,102
10.Foreign exchange losses(gains)	(4,949)	278
11.Loss on valuation of investment securities	3,812	—
12.Loss on retirement of property, plant and equipment	589	5,712
13.Decrease (increase) in notes and accounts receivable—trade	527,103	(151,037)
14.Decrease (increase) in inventories	131,158	(103,222)
15.Decrease in consumption tax refund receivable	64,815	50,966
16.Increase in notes and accounts payable—trade	7,769	337,444
17.Increase (decrease) in advances received	60,141	(59,051)
18.Decrease (increase) in prepaid expenses	(62,391)	11,623
19.Other	(44,139)	64,549
Sub-total	809,169	271,292
20.Interest and dividends income received	1,249	2,872
21.Interest expenses paid	(37,463)	(34,597)
22.Income tax paid	(22,045)	(4,807)
Net cash provided by operating activities	750,908	234,760
II .Net cash used in investment activities		
1.Payments into time deposits	(9)	(9)
2.Purchase of investment securities	(58,162)	—
3.Purchases of property, plant and equipment	(24,853)	(219,185)
4.Purchases of intangible fixed assets	(280,358)	(283,397)
5.Income (expenditure) for other investing activities	(20,292)	4,764
Net cash used in investment activities	(383,677)	(497,828)
III .Net cash used in financing activities		
1.Increase (decrease) in short-term loans payable	360,000	(500,000)
2.Proceeds from long-term loans payable	800,000	400,000
3.Repayments of long-term loans payable	(1,227,500)	(738,000)
4.Cash dividends paid	(54,947)	(454)
Net cash used in financing activities	(122,447)	(838,454)
IV.Effect of exchange rate change on cash and cash equivalents	4,793	(278)
V .Increase(decrease) in cash and cash equivalents	249,577	(1,101,801)
VI.Cash and cash equivalents at beginning of period	1,958,217	2,231,872
VII.Increase in cash and cash equivalents resulting from change of scope of consolidation	24,078	—
VIII.Cash and cash equivalents at the end of period	2,231,872	1,130,071

Segment Information

1. Business Segment Information

Results of FY2006(Apr.2006-Mar.2007)

(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	3,916,876	532,895	294,296	4,744,067		4,744,067
(2) Inter-segment net sales or transfer		—	—	—	—	—
Net Sales	3,916,876	532,895	294,296	4,744,067		4,744,067
Operating expenses	3,366,251	1,027,941	470,633	4,864,826	295,366	5,160,193
Operating income (loss)	550,624	(495,045)	(176,337)	(120,759)	(295,366)	(416,125)
.Assets, depreciation and capital Expenditures						
Total assets	4,108,348	692,076	934,109	5,734,534	1,201,442	6,935,977
Depreciation	95,552	364,121	53,393	513,067	629	513,697
Impairment loss		300,399		300,399		300,399
Capital Expenditures	3,781	288,217	157,019	449,018	255	449,274

(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 295,366 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 1,201,442 thousand yen, which mainly comprised of surplus funds and the expense relating to management section of Kubotek.

2. Geographic Segment Information

Results of FY2006(Apr.2006-Mar.2007)

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 FY2006 ended March31, 2007.

3. Overseas Sales

Results of FY2006(Apr.2006-Mar.2007)

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

	Asia	Other Regions	Total
Overseas Sales	2,452,059	375,983	2,828,043
Net Sales	—	—	4,744,067
Ratio of overseas sales to net sales (%)	51.7	7.9	59.6

(Notes:)

1. 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.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

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

	FY2005 (As of Mar. 31,2006)			FY2006 (As of Mar. 31,2007)			Increase (Decrease)
			%			%	
<Assets>							
I .Current assets							
Cash and deposits	2,226,830			1,135,664			(1,091,166)
Notes receivable-trade	122,458			247,077			124,619
Accounts receivable-trade	1,665,909			1,699,937			34,027
Finished goods	803			2,012			1,209
Raw materials	557,341			451,205			(106,136)
Work in process	636,062			826,555			190,492
Prepaid expenses	71,465			59,789			(11,676)
Deferred tax assets	93,822			—			(93,822)
Short-term loans	147,421			—			(147,421)
Consumption tax receivable	34,494			—			(34,494)
Other	15,340			30,203			14,863
Allowance for doubtful accounts	(151,949)			(69,608)			82,340
Total current assets	5,420,001	65.2		4,382,836	64.3		(1,037,164)
II .Fixed assets							
1.Property, plant and equipment							
Buildings	978,721			978,721			
Accumulated depreciation	275,667	703,053		318,253	660,467		(42,586)
Structures	43,649			43,649			
Accumulated depreciation	28,792	14,856		31,801	11,847		(3,009)
Machinery and equipment	33,021			34,082			
Accumulated depreciation	19,927	13,093		22,487	11,594		(1,498)
Vehicles	24,646			25,236			
Accumulated depreciation	22,324	2,322		22,917	2,318		(3)
Equipment	782,095			939,844			
Accumulated depreciation	469,047	313,048		565,362	374,482		61,433
Land		1,117,578			1,117,578		—
Construction in progress		693			—		(693)
Total property, plant and equipment	2,164,646	26.1		2,178,289	32.0		13,643
2.Intangible fixed assets							
Goodwill	142,601			—			(142,601)
Software	211,448			33,756			(177,691)
Software in progress	96,000			73,043			(22,956)
Telephone subscription right	2,285			2,285			—
Total intangible fixed assets	452,335	5.4		109,085	1.6		(343,249)
3.Investments and other assets							
Investment securities	50,368			50,368			—
Stocks of affiliates	82,204			58,504			(23,700)
Investments in capital of affiliates	6,868			6,868			—
Long-term loans	274,096			555,023			280,926
Claims provable in bankruptcy and other	—			2,268			2,268
Long-term prepaid expenses	345			239			(106)
Deferred taxes assets	53,432			—			(53,432)
Guarantee deposits	25,706			25,496			(209)
Other	60			91			30
Allowance for doubtful accounts	(218,797)			(557,291)			(338,493)
Total investments and other assets	274,286	3.3		141,569	2.1		(132,717)
Total fixed assets	2,891,268	34.8		2,428,944	35.7		(462,324)
Total Assets	8,311,269	100.0		6,811,780	100.0		(1,499,489)

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

	FY2005 (As of Mar. 31,2006)		FY2006 (As of Mar. 31,2007)		Increase (Decrease)
		%		%	
<Liabilities>					
I .Current liabilities					
Notes payable-trade	558,662		963,022		404,360
Accounts payable-trade	439,701		389,687		(50,014)
Short-term loans payable	2,600,000		2,100,000		(500,000)
Current portion of long-terms payable	796,000		994,000		198,000
Accounts payable -other	112,489		78,610		(33,879)
Accrued expenses	66,213		71,510		5,296
Accrued income taxes	10,034		12,137		2,102
Accrued consumption tax	—		16,472		16,472
Advance received	69,324		21,478		(47,845)
Deposits received	8,394		13,151		4,757
Unearned revenue	1,118		1,118		—
Others	693		882		189
Total current liabilities	4,662,702	56.1	4,662,141	68.4	(561)
II .Non-current liabilities					
Long-term loans payable	906,000		370,000		(536,000)
Reserve for retirement benefits	30,279		39,581		9,301
Other	5,483		5,483		—
Total non-current liabilities	941,763	11.3	415,064	6.1	(526,698)
Total liabilities	5,604,466	67.4	5,077,206	74.5	(527,260)

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

	FY2005 (As of Mar. 31,2006)		FY2006 (As of Mar. 31,2007)		Increase (Decrease)
<Shareholders' equity>					
I .Capital stock		1,951,750	23.5	—	—
II .Capital surplus					
Legal capital surplus	743,750			—	
Total capital surplus		743,750	9.0	—	—
III .Retained earnings					
Legal retained earnings	20,496			—	
Unappropriated retained earnings	72,465			—	
Total retained earnings		92,961	1.1	—	—
V . Treasury stock		(81,658)	(1.0)	—	—
Total shareholders' equity		2,706,803	32.6	—	—
Total liabilities and shareholders' equity		8,311,269	100.0	—	—
<Net assets>					
I . Owners' equity					
1.Capital stock		—	—	1,951,750	28.7
2.Capital surplus					
(1) Legal capital surplus	—			743,750	
Total capital surplus		—	—	743,750	10.9
3.Retained earnings					
(1) Legal retained earnings	—			20,496	
(2) Other retained earnings					
Retained earnings brought forward	—			(899,763)	
Total retained earnings		—	—	(879,267)	(12.9)
4.Treasury stock		—	—	(81,658)	(1.2)
Total owners' equity		—	—	1,734,574	25.5
Total net assets		—	—	1,734,574	25.5
Total liabilities and net assets		—	—	6,811,780	100.0

Non-consolidated Statements of Income

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

	FY2005 (Apr. 2005– Mar. 2006)			FY2006 (Apr. 2006– Mar. 2007)			Increase (Decrease)
			%			%	
I .Net Sales		5,141,479	100.0		4,450,380	100.0	(691,099)
II .Cost of sales							
Beginning finished goods	18,538			803			
Transfer to other account	250,011			206,358			
Cost of products manufactured for the period	3,912,261			3,269,618			
Total	4,180,810			3,531,781			
Ending finished goods	803	4,180,007	81.3	2,012	3,529,768	79.3	(650,239)
Gross profit		961,472	18.7		920,612	20.7	(40,859)
III.Selling, general and administrative expenses							
Advertising expenses	133,776			66,962			
Packing and shipping expenses	73,522			45,735			
Directors' compensation	86,061			85,456			
Salaries and allowances	200,920			248,279			
Legal welfare expenses	35,289			36,995			
Welfare expenses	786			1,211			
Bonuses	26,035			35,033			
Retirement benefit expenses	1,659			7,743			
Entertainment expenses	13,190			12,892			
Conference expenses	4,423			3,004			
Traveling and transportation expenses	50,562			48,512			
Communication expenses	16,164			14,303			
Supplies expenses	9,011			13,562			
Repair expenses	4,780			5,404			
Utilities expenses	9,567			10,030			
Commissions fee	256,226			185,087			
Insurance expenses	8,710			8,185			
Depreciation	116,157			143,595			
Research and development expenses	67,059			5,697			
Rents	21,962			121,246			
Rent expenses	3,225			1,915			
Tax and dues	26,043			27,858			
Membership fee	889			688			
Provision of allowance for doubtful accounts	—			7,985			
Miscellaneous expenses	10,570	1,176,596	22.9	11,604	1,148,994	25.8	(27,602)
Operating loss		215,124	(4.2)		228,382	(5.1)	(13,257)
IV.Non-operating income							
Interests income	10,785			23,241			
Interest on securities	—			1,495			
Foreign exchange gains	25,229			2,178			
Rent income	24,211			10,512			
Other	4,208	64,436	1.3	3,812	41,240	0.9	(23,195)

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

	FY2005 (Apr. 2005– Mar. 2006)			FY2006 (Apr. 2004– Mar. 2007)			Increase (Decrease)
			%			%	
V.Non-operating expenses							
Interests expense	38,237			36,102			
Rent cost of real estate	5,973	44,210	0.9	—	36,102	0.8	(8,108)
Ordinary loss		194,899	(3.8)		223,244	(5.0)	(28,344)
VI.Extraordinary income							
Reversal of allowance for doubtful accounts	13,180	13,810	0.3	—	—	—	(13,810)
VII.Extraordinary losses							
Loss on retirement of fixed assets	589			5,712			
Impairment loss	—			291,300			
Provision of allowance for doubtful accounts	351,622			248,242			
Loss on valuation of stocks of affiliates	117,541			23,700			
Loss on valuation of investment securities	1,131			—			
Loss on cancellation of leasehold contracts	—	470,884	9.2	25,333	594,289	13.4	123,405
Loss before income taxes		651,974	(12.7)		817,534	(18.4)	(165,559)
Income taxes—current	11,415			7,439			
Income taxes—deferred	17,617	29,032	0.5	147,255	154,694	3.4	125,661
Net Loss		681,007	(13.2)		972,229	(21.8)	(291,221)
Retained earnings brought forward		781,008					—
Interim dividends		27,536					—
Unappropriated retained earnings		72,465					—

(Production Volume)

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

BY BUSINESS SEGMENT	FY2005 (Apr.2005—Mar.2006)		FY2006 (Apr.2006 - Mar.2007)	
	Inspection Systems Div.	4,512,002		4,129,986
Creation Engineering Div.	458,781		531,653	
Media & Network Div.	216,804		425,747	
T o t a l	5,187,588		5,087,387	

(Orders Received)

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

BY BUSINESS SEGMENT	FY2005 (Apr.2005—Mar.2006)		FY2006 (Apr.2006 - Mar.2007)	
	Orders	Backlog	Orders	Backlog
Inspection Systems Div.	4,903,233	3,384,000	3,028,476	2,480,000
Media & Network Div.	130,380	21,000	—	—
T o t a l	5,033,614	3,405,000	3,028,476	2,480,000

(Sales Results)

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

BY BUSINESS SEGMENT	FY2005 (Apr.2005—Mar.2006)		FY2006 (Apr.2006 - Mar.2007)	
	Inspection Systems Div.	4,568,213		3,916,876
Creation Engineering Div.	588,076		532,895	
Media & Network Div.	208,576		294,296	
T o t a l	5,364,866		4,744,067	

(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)		FY2006 (Apr.2006 - Mar.2007)	
	Sales	Ratio(%)	Sales	Ratio(%)
Wintec Corporation	1,156,631	21.6	1,491,948	31.4
Samsung Japan Corporation	669,500	12.5	784,000	16.5
Asahi Glass Co., Ltd.	—	—	540,824	11.4
Chi Mei Optoelectronics Corporation	558,926	10.4	—	—