

Consolidated Financial Statements-Summary

For the Fiscal Year ended March 31,2008

May 9,2008

(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 23, 2008

Date of submission of annual security report (scheduled) : June 24, 2008

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

1. Financial Results of FY2007 (April 1,2007 through March 31,2008)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
FY2007	4,870	2.7 %	295	—%	271	—%	180	—%
FY2006	4,744	(11.6)%	(416)	—%	(433)	—%	(936)	—%

	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
FY2007	1,314. 56	—	10. 4 %	4.2 %	6.1 %
FY2006	(6,800. 81)	—	(44. 5)%	(5.7) %	(8.8) %

(Reference) Equity in earnings of affiliated FY2007: ¥ — million FY 2006 : ¥ — million

(2) Consolidated Financial Positions

(Percentage figures indicate year-on-year change)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
FY2007	5,890	1,844	31.3%	13,400.28yen
FY2006	6,935	1,637	23.6%	11,892.71yen

(Reference) Net Assets FY2007: ¥ 1,844 million FY2006: ¥ 1,637 million

(3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the end of period
FY2007	953	(224)	(672)	1,182
FY2006	234	(497)	(838)	1,130

2. Cash Dividends

(Percentages figures indicate year-on-year change)

(Recorddate)	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			
FY2006	—	—	0.00yen	—	—	—
FY2007	—	—	0.00	—	—	—
FY2008	—	—	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 2008	1,850	(31.6)%	(110)	—%	(130)	—%	(140)	—%	(1,016.85)
FY 2008	5,000	2.7%	290	(1.9)%	250	(7.9)%	220	21.6%	1,597.91

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 31,2008:138,300 shares; As of March 31,2007: 138,300shares

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

As of March 31,2008: 620 shares ; As of March 31,2007: 620shares

(Reference)

1. Financial Results of FY2007 (April 1,2007 through March 31,2008)

(1)Non-consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY2007	4,584	3.0 %	361	—%	339	—%	171	—%
FY2006	4,450	(13.4)%	(228)	—%	(223)	—%	(972)	—%

	Net Income per Share	Diluted Net Income per Share
FY2007	1,243.60 yen	—
FY2006	(7,061.51) yen	—

(2)Non-consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
FY2007	5,809	1,905	32.8%	13,842.12yen
FY2006	6,811	1,734	25.5%	12,598.60yen

(Reference) Net Assets: FY2007: ¥1,905million; FY2006: ¥1,734million

2. Non-consolidated Financial Forecasts for the Fiscal Year ending March 31,2009

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
Interim FY 2008	1,700	(33.5)%	(130)	—	(140)	—	(150)	—	(1,089.48)yen
FY 2008	4,700	2.5%	250	(30.8)	220	(35.3)	190	(11.0)	1,380.01 yen

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2008, 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)

	FY2006 (As of Mar. 31,2007)			FY2007 (As of Mar. 31,2008)			Increase (Decrease)
			%			%	
<Assets>							
I .Current assets							
Cash and deposits		1,193,079			1,245,861		52,782
Notes and accounts receivable-trade		2,002,224			1,355,025		(647,199)
Marketable securities		19,314			19,460		145
Inventories		1,283,763			930,589		(353,174)
Other		73,170			76,774		3,604
Allowance for doubtful accounts		(51,318)			(45,894)		5,424
Total current assets		4,520,233	65.2		3,581,817	60.8	(938,416)
II .Fixed assets							
1.Property, plant and equipment							
Buildings and structures	1,022,370			1,022,788			
Accumulated depreciation	350,055	672,314		389,709	633,079		(39,235)
Machinery, equipment and vehicles	61,775			61,672			
Accumulated depreciation	46,802	14,972		50,176	11,496		(3,476)
Equipment	975,234			812,230			
Accumulated depreciation	591,988	383,246		601,803	210,426		(172,819)
Land		1,117,578			1,117,578		—
Total net property, plant and equipment		2,188,111	31.5		1,972,579	33.5	(215,531)
2.Intangible fixed assets							
Software		109,752			266,539		156,786
Other		2,285			2,285		—
Total intangible fixed assets		112,038	1.6		268,824	4.6	156,786
3.Investments and other assets							
Investment securities		80,973			31,986		(48,986)
Other		36,889			34,931		(1,957)
Allowance for doubtful accounts		(2,268)			—		2,268
Total investments and other assets		115,594	1.7		66,917	1.1	(48,676)
Total fixed assets		2,415,743	34.8		2,308,322	39.2	(107,421)
Total assets		6,935,977	100.0		5,890,139	100.0	(1,045,838)

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

	FY2006 (As of Mar. 31,2007)		FY2007 (As of Mar. 31,2008)		Increase (Decrease)
		%		%	
<Liabilities>					
I .Current liabilities					
Notes and accounts payable-trade	1,364,684		806,083		(558,600)
Short-term loans payable	2,100,000		2,250,000		150,000
Current portion of long-term loans payable	994,000		336,000		(658,000)
Accrued income taxes	12,137		12,671		534
Other	412,466		392,199		(20,267)
Total current liabilities	4,883,288	70.4	3,796,955	64.5	(1,086,333)
II .Non-current liabilities					
Long-term loans payable	370,000		201,000		(169,000)
Deferred tax liabilities	236		397		161
Reserve for retirement benefits	39,581		38,316		(1,264)
Other	5,483		8,519		3,036
Total non-current liabilities	415,300	6.0	248,233	4.2	(167,067)
Total liabilities	5,298,589	76.4	4,045,188	68.7	(1,253,401)
<Net assets>					
I .Owners' equity					
1.Capital stock	1,951,750	28.2	1,951,750	33.1	—
2.Capital surplus	743,750	10.7	—	—	(743,750)
3.Retained earnings	(948,248)	(13.7)	(23,509)	(0.4)	924,738
4.Treasury stock	(81,658)	(1.2)	(81,658)	(1.4)	—
Total owners' equity	1,665,593	24.0	1,846,582	31.4	180,988
II .Valuation and translation adjustments					
1 . Valuation difference on available-for-sale securities	438	0.0	726	0.0	287
2.Translation adjustment	(28,644)	(0.4)	(2,357)	0.0	26,287
Total valuation and translation adjustments	(28,206)	(0.4)	(1,631)	0.0	26,574
Total net assets	1,637,387	23.6	1,844,950	31.3	207,563
Total liabilities and net assets	6,935,977	100.0	5,890,139	100.0	(1,045,838)

Consolidated Statements of Income

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

	FY2006 (Apr. 2006– Mar. 2007)			FY2007 (Apr. 2007– Mar. 2008)			Increase (Decrease)
			%			%	
I .Net Sales		4,744,067	100.0		4,870,028	100.0	125,960
II .Cost of sales		3,575,873	75.4		3,207,528	65.9	(368,345)
Gross profit		1,168,194	24.6		1,662,499	34.1	494,305
III.Selling, general and administrative expenses		1,584,320	33.4		1,366,846	28.0	(217,473)
Operating income (loss)		(416,125)	(8.8)		295,653	6.1	711,778
IV.Non-operating income							
Interest income	1,973			3,792			
Dividends income	899			951			
Rent income	10,512			10,429			
Foreign exchange gains	2,108			—			
Insurance return	—			8,665			
Other	2,994	18,487	0.4	3,646	27,485	0.6	8,998
V.Non-operating expenses							
Interest expenses	36,102			44,433			
Foreign exchange loss	—	36,102	0.7	7,115	51,549	1.1	15,447
Ordinary income (loss)		(433,740)	(9.1)		271,589	5.6	705,329
VI .Extraordinary loss							
Loss on retirement of fixed assets	5,712			24,182			
Impairment loss	300,399			56,722			
Provision of allowance for doubtful accounts	16,400			—			
Loss on cancellation of leasehold contracts	25,333	347,845	7.4	—	80,904	1.7	(266,940)
Income (loss) before income taxes		(781,585)	(16.5)		190,684	3.9	972,269
Income taxes—current	7,493			9,695			
Income taxes—deferred	147,255	154,749	3.2	—	9,695	0.2	(145,053)
Net income (loss)		(936,334)	(19.7)		180,988	3.7	1,117,323

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

FY 2007 (from Apr.2007 – Mar. 2008)

(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, 2007	1,951,750	743,750	(948,248)	(81,658)	1,665,593
Changes of items during the period					
Transfer to other capital surplus from legal capital surplus		(743,750)	743,750		
Net income			180,988		180,988
Net changes of items other than owners' equity					
Total Changes of items during the period		(743,750)	924,738		180,988
Balance as of Mar.31, 2008	1,951,750		(23,509)	(81,658)	1,846,582

	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, 2007	438	(28,644)	(28,206)	1,637,387
Changes of items during the period				
Transfer to other capital surplus from legal capital surplus				
Net income				180,988
Net changes of items other than owners' equity	287	26,287	26,574	26,574
Total Changes of items during the period	287	26,287	26,574	207,563
Balance as of Mar. 31, 2008	726	(2,357)	(1,631)	1,844,950

Consolidated Statements of Cash Flows

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

	FY2006 (Apr.2006—Mar.2007)	FY2007 (Apr.2007—Mar.2008)
I .Net cash provided by operating activities		
1.Income (Loss) before income taxes	(781,585)	190,684
2.Depreciation	442,396	269,048
3.Amortization of goodwill	77,366	—
4.Impairment loss	300,399	56,722
5.Increase (decrease) in allowance for doubtful accounts	32,921	(8,219)
6.Increase (decrease) in retirement benefits	9,301	(1,264)
7.Interest and dividends income	(2,872)	(4,744)
8.Interest expenses	36,102	44,433
9.Foreign exchange losses	278	3,252
10.Loss on retirement of property, plant and equipment	5,712	24,182
11.Decrease (increase) in notes and accounts receivable—trade	(151,037)	655,798
12.Decrease (increase) in inventories	(103,222)	322,635
13.Decrease in consumption tax refund receivable	50,966	—
14.Increase in accrued consumption taxes	—	18,401
15.Increase (decrease) in notes and accounts payable—trade	337,444	(559,100)
16.Decrease in advances received	(59,051)	(19,718)
17.Decrease (increase) in prepaid expenses	11,623	5,273
18.Other	64,549	10,814
Sub-total	271,292	1,008,200
19.Interest and dividends income received	2,872	4,744
20.Interest expenses paid	(34,597)	(49,882)
21.Income tax paid	(4,807)	(10,059)
Net cash provided by operating activities	234,760	953,003
II .Net cash used in investment activities		
1.Payments into time deposits	(9)	(79)
2.Purchase of investment securities	—	(795)
3.Proceeds from redemption of investment securities	—	50,000
4.Purchases of property, plant and equipment	(219,185)	(25,208)
5.Purchases of intangible fixed assets	(283,397)	(875)
6. Software development cost	—	(247,477)
7.Income (expenditure) for other investing activities	4,764	168
Net cash used in investment activities	(497,828)	(224,266)
III .Net cash used in financing activities		
1.Increase (decrease) in short-term loans payable	(500,000)	150,000
2.Proceeds from long-term loans payable	400,000	200,000
3.Repayments of long-term loans payable	(738,000)	(1,027,000)
4.Cash dividends paid	(454)	(281)
5.Other	—	4,645
Net cash used in financing activities	(838,454)	(672,635)
IV.Effect of exchange rate change on cash and cash equivalents	(278)	(3,252)
V .Increase(decrease) in cash and cash equivalents	(1,101,801)	52,848
VI.Cash and cash equivalents at beginning of period	2,231,872	1,130,071
VII.Cash and cash equivalents at the end of period	1,130,071	1,182,920

Segment Information

1. Business Segment Information

Results of FY2007 (Apr.2007–Mar.2008)

(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	3,969,298	467,815	432,913	4,870,028		4,870,028
(2) Inter-segment net sales or transfer		—	—	—	—	—
Net Sales	3,969,298	467,815	432,913	4,870,028		4,870,028
Operating expenses	3,153,878	690,122	515,877	4,359,877	214,497	4,574,374
Operating income (loss)	815,420	(222,306)	(82,963)	510,150	(214,497)	295,653
.Assets, depreciation and capital Expenditures						
Total assets	2,804,165	781,732	1,072,987	4,658,884	1,231,254	5,890,139
Depreciation	74,849	109,513	84,236	268,598	449	269,048
Impairment loss			56,722	56,722		56,722
Capital Expenditures	2,331	266,333	4,848	273,513		273,513

(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 214,497 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 1,231,254 thousand yen, which mainly comprised of surplus funds and the expense relating to management section of Kubotek.

2. Geographic Segment Information

Results of FY2007 (Apr.2007–Mar.2008)

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 FY2007 ended March31, 2008.

3. Overseas Sales

Results of FY2007 (Apr.2007-Mar.2008)

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

	Asia	Other Regions	Total
Overseas Sales	3,188,698	352,816	3,541,515
Net Sales	—	—	4,870,028
Ratio of overseas sales to net sales (%)	65.5	7.2	72.7

(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)

	FY2006 (As of Mar. 31,2007)			FY2007 (As of Mar. 31,2008)			Increase (Decrease)
			%			%	
<Assets>							
I .Current assets							
Cash and deposits		1,135,664		1,213,654			77,990
Notes receivable-trade		247,077		19,095			(227,982)
Accounts receivable-trade		1,699,937		1,308,381			(391,555)
Finished goods		2,012		2,085			72
Raw materials		451,205		399,758			(51,446)
Work in process		826,555		525,932			(300,622)
Prepaid expenses		59,789		89,626			29,837
Other		30,203		6,421			(23,781)
Allowance for doubtful accounts		(69,608)		(93,682)			(24,073)
Total current assets		4,382,836	64.3	3,471,274		59.8	(911,562)
II .Fixed assets							
1.Property, plant and equipment							
Buildings	978,721			979,139			
Accumulated depreciation	318,253	660,467		355,546	623,592		(36,874)
Structures	43,649			43,649			
Accumulated depreciation	31,801	11,847		34,162	9,486		(2,361)
Machinery and equipment	34,082			34,082			
Accumulated depreciation	22,487	11,594		24,681	9,400		(2,194)
Vehicles	25,236			25,236			
Accumulated depreciation	22,917	2,318		23,623	1,613		(705)
Equipment	939,844			772,460			
Accumulated depreciation	565,362	374,482		569,540	202,919		(171,562)
Land		1,117,578		1,117,578			—
Total property, plant and equipment		2,178,289	32.0	1,964,591		33.8	(213,698)
2.Intangible fixed assets							
Software		33,756		235,020			201,263
Software in progress		73,043		43,320			(29,723)
Telephone subscription right		2,285		2,285			—
Total intangible fixed assets		109,085	1.6	280,626		4.8	171,540
3.Investments and other assets							
Investment securities		50,368		1,152			(49,216)
Stocks of affiliates		58,504		58,504			—
Investments in capital of affiliates		6,868		6,868			—
Loans receivable from affiliates		555,023		470,940			(84,083)
Claims provable in bankruptcy, claims provable in rehabilitation and other		2,268		—			(2,268)
Long-term prepaid expenses		239		212			(27)
Guarantee deposits		25,496		25,838			341
Other		91		91			—
Allowance for doubtful accounts		(557,291)		(470,940)			86,351
Total investments and other assets		141,569	2.1	92,667		1.6	(48,901)
Total fixed assets		2,428,944	35.7	2,337,885		40.2	(91,059)
Total Assets		6,811,780	100.0	5,809,159		100.0	(1,002,621)

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

	FY2006 (As of Mar. 31,2007)		FY2007 (As of Mar. 31,2008)		Increase (Decrease)
<Liabilities>					
I .Current liabilities					
Notes payable-trade	963,022		560,941		(402,081)
Accounts payable-trade	389,687		217,755		(171,931)
Short-term loans payable	2,100,000		2,250,000		150,000
Current portion of long-terms payable	994,000		336,000		(658,000)
Accounts payable -other	78,610		70,542		(8,068)
Accrued expenses	71,510		65,666		(5,843)
Accrued income taxes	12,137		12,671		534
Accrued consumption tax	16,472		34,873		18,401
Advance received	21,478		25,263		3,785
Deposits received	13,151		5,545		(7,606)
Unearned revenue	1,118		1,188		—
Others	882		2		(879)
Total current liabilities	4,662,141	68.4	3,580,451	61.6	(1,081,689)
II .Non-current liabilities					
Long-term loans payable	370,000		201,000		(169,000)
Reserve for retirement benefits	39,581		38,316		(1,264)
Allowance for affiliates 's loss	—		78,124		78,124
Other	5,483		5,483		—
Total non-current liabilities	415,064	6.1	322,924	5.6	(92,140)
Total liabilities	5,077,206	74.5	3,903,376	67.2	(1,173,829)
<Net assets>					
I . Owners ' equity					
1.Capital stock	1,951,750	28.7	1,951,750	33.6	—
2.Capital surplus					
(1) Legal capital surplus	743,750		—		
Total capital surplus	743,750	10.9	—	—	(743,750)
3.Retained earnings					
(1) Legal retained earnings	20,496		—		
(2) Other retained earnings					
Retained earnings brought forward	(899,763)		35,702		
Total retained earnings	(879,267)	(12.9)	35,702	0.6	914,969
4.Treasury stock	(81,658)	(1.2)	(81,658)	(1.4)	—
Total owners ' equity	1,734,574	25.5	1,905,794	32.8	171,219
II .Valuation and translation adjustments					
1. Valuation difference on available-for-sale securities	—		(11)		
Total valuation and translation adjustments	—	—	(11)	0.0	(11)
Total net assets	1,734,574	25.5	1,905,782	32.8	171,218
Total liabilities and net assets	6,811,780	100.0	5,809,159	100.0	(1,002,621)

Non-consolidated Statements of Income

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

	FY2006 (Apr. 2006– Mar. 2007)			FY2007 (Apr. 2007– Mar. 2008)			Increase (Decrease)
			%			%	
I .Net Sales		4,450,380	100.0		4,584,845	100.0	134,465
II .Cost of sales							
Beginning finished goods	803			2,012			
Transfer to other account	261,358			87,761			
Cost of products manufactured for the period	3,269,618			3,096,326			
Total	3,531,781			3,186,101			
Ending finished goods	2,012	3,529,768	79.3	2,085	3,184,015	69.4	(345,752)
Gross profit		920,612	20.7		1,400,830	30.6	480,218
III.Selling, general and administrative expenses							
Advertising expenses	66,962			30,754			
Packing and shipping expenses	45,735			47,900			
Directors' compensation	85,456			68,713			
Salaries and allowances	248,279			217,135			
Legal welfare expenses	36,995			33,830			
Welfare expenses	1,211			673			
Bonuses	35,033			25,039			
Retirement benefit expenses	7,743			8,977			
Entertainment expenses	12,892			3,835			
Conference expenses	3,004			1,677			
Traveling and transportation expenses	48,512			45,963			
Communication expenses	14,303			13,935			
Supplies expenses	13,562			9,695			
Repair expenses	5,404			1,652			
Utilities expenses	10,030			10,054			
Commissions fee	185,087			194,691			
Insurance expenses	8,185			1,619			
Depreciation	143,595			94,453			
Research and development expenses	5,697			42,690			
Rents	121,246			95,228			
Rent expenses	1,915			2,188			
Tax and dues	27,858			28,001			
Membership fee	688			689			
Provision of allowance for doubtful accounts	7,985			48,855			
Miscellaneous expenses	11,604	1,148,994	25.8	11,439	1,039,695	22.7	(109,298)
Operating income (loss)		(228,382)	(5.1)		361,134	7.9	589,516
IV.Non-operating income							
Interests income	23,241			430			
Interest on securities	1,495			3,278			
Foreign exchange gains	2,178			—			
Rent income	10,512			10,429			
Insurance return	—			8,665			
Other	3,812	41,240	0.9	5,925	28,728	0.6	(12,511)

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

	FY2006 (Apr. 2006– Mar. 2007)			FY2007 (Apr. 2007– Mar. 2008)			Increase (Decrease)
			%			%	
V.Non-operating expenses							
Interests expense	36,102			42,885			
Rent cost of real estate	—	36,102	0.8	7,086	49,971	1.1	13,868
Ordinary income (loss)		(223,244)	(5.0)		339,892	7.4	563,136
VI.Extraordinary losses							
Loss on retirement of fixed assets	5,712			24,182			
Impairment loss	291,300			56,722			
Provision of allowance for doubtful accounts	248,242			—			
Loss on valuation of stocks of affiliates	23,700			—			
Loss on allowance for affiliates' loss	—			78,124			
Loss on cancellation of leasehold contracts	25,333	594,289	13.4	—	159,029	3.5	(435,260)
Income (loss) before income taxes		(817,534)	(18.4)		180,863	3.9	998,397
Income taxes-current	7,439			9,643			
Income taxes-deferred	147,255	154,694	3.4	—	9,643	0.2	(145,051)
Net income (loss)		(972,229)	(21.8)		171,219	3.7	1,143,448

(Production Volume)

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

BY BUSINESS SEGMENT	FY2006 (Apr.2006—Mar.2007)		FY2007 (Apr.2007 - Mar.2008)	
	Inspection Systems Div.	4,129,986		3,698,199
Creation Engineering Div.	531,653		468,327	
Media & Network Div.	425,747		451,162	
T o t a l	5,087,387		4,617,689	

(Orders Received)

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

BY BUSINESS SEGMENT	FY2006 (Apr.2006—Mar.2007)		FY2007 (Apr.2007 - Mar.2008)	
	Orders	Backlog	Orders	Backlog
Inspection Systems Div.	3,012,876	2,480,000	3,602,198	2,112,900
Creation Engineering Div.	15,600	—	14,400	—
T o t a l	3,028,476	2,480,000	3,616,598	2,112,900

(Sales Results)

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

BY BUSINESS SEGMENT	FY2006 (Apr.2006—Mar.2007)		FY2007 (Apr.2007 - Mar.2008)	
	Inspection Systems Div.	3,916,876		3,969,298
Creation Engineering Div.	532,895		467,815	
Media & Network Div.	294,296		432,913	
T o t a l	4,744,067		4,870,028	

(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	FY2006 (Apr.2006—Mar.2007)		FY2007 (Apr.2007 - Mar.2008)	
	Sales	Ratio(%)	Sales	Ratio(%)
Samsung Japan Corporation	784,000	16.5	1,258,100	25.8
Wintec Corporation	1,491,948	31.4	1,208,710	24.8
Shanghai Tianma Micro Electronics Co., Ltd.	—	—	756,000	15.5
Asahi Glass Co., Ltd.	540,824	11.4	—	—