

# Consolidated Financial Statements—Summary

For the Fiscal Year ended March 31, 2010

May 14, 2010

(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 annual general meeting of shareholders (scheduled) : June 28, 2010

Date of submission of annual security report (scheduled) : June 29, 2010

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

### 1. Financial Results of FY2009 (April 1, 2009 through March 31, 2010)

#### (1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
FY2009	2,550	(49.0)%	(434)	— %	(474)	— %	(504)	— %
FY2008	5,001	2.7 %	222	(24.7)%	181	(33.3)%	125	(30.5)%

	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]	Ratio of Operating Income/Net Sales
FY2009	(3,664.80)	—	(28.7) %	(8.3) %	(17.1) %
FY2008	913.03	—	6.5 %	3.1 %	4.5 %

(Reference) Equity in earnings of affiliated FY2009: ¥ — million FY 2008: ¥ — million

#### (2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2009	5,559	1,502	27.0%	10,916.60
FY2008	5,894	2,008	34.1%	14,590.53

(Reference) Net Assets FY2009: ¥ 1,502 million FY2008: ¥ 2,008 million

#### (3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the end of period
FY2009	(269)	(160)	409	1,326
FY2008	678	(231)	(270)	1,347

### 2. Cash Dividends

(Record date)	Dividends per Share					Total Dividends for the Year	Ratio of Earnings to Dividends	Ratio of Dividends to Shareholder's Equity
	First Quarter	Second Quarter	Third Quarter	Year-End	Annual			
FY2008	—	0.00	—	0.00	0.00	—	—	—
FY2009	—	0.00	—	0.00	0.00	—	—	—
FY2010	—	0.00	—	0.00	0.00	—	—	—

### 3. Consolidated Financial Forecasts for the Fiscal Year ending March 31, 2011

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per share (Yen)
Interim FY 2010	2,360	169.3%	60	— %	30	— %	25	— %	181.58
FY 2010	4,880	91.3%	165	— %	125	— %	100	— %	726.32

#### 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.: No

② Changes other than stated in item ① : No

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

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

As of March 31, 2010: 138,300 shares; As of March 31, 2009: 138,300 shares

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

As of March 31, 2010: 620 shares; As of March 31, 2009: 620 shares

(Reference)

#### 1. Financial Results of FY2009(April 1,2009 through March 31,2010)

##### (1) Non-consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY2009	2,305	(51.7)%	(450)	— %	(507)	— %	(537)	— %
FY2008	4,771	4.1 %	240	(33.4)%	200	(41.1)%	95	(44.3)%

	Net Income per Share (Yen)	Diluted Net Income per Share
FY2009	(3,905.02)	—
FY2008	693.34	—

##### (2) Non-consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2009	5,523	1,465	26.5%	10,643.59
FY2008	5,877	2,000	34.0%	14,528.75

(Reference) Net Assets: FY2009: ¥1,465million FY2008: ¥2,000million

#### Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2010, 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 judgment 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)

	FY2008 (As of Mar. 31,2009)	FY2009 (As of Mar. 31,2010)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,440,265	1,419,379
Notes and accounts receivable-trade	1,433,579	1,214,759
Merchandise and finished goods	3,134	2,855
Work in process	494,669	607,123
Raw materials and supplies	374,517	364,802
Other	82,838	34,483
Allowance for doubtful accounts	(58,389)	(157,933)
<b>Total current assets</b>	<b>3,770,615</b>	<b>3,485,470</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	1,022,788	1,022,788
Accumulated depreciation	(424,710)	(456,594)
Buildings and structures, net	598,078	566,193
Machinery, equipment and vehicles	60,035	60,043
Accumulated depreciation	(51,287)	(53,100)
Machinery, equipment and vehicles, net	8,748	6,943
Tools, furniture and fixtures	763,944	758,981
Accumulated depreciation	(632,921)	(672,837)
Tools, furniture and fixtures, net	131,023	86,144
Land	1,117,578	1,117,578
<b>Total property, plant and equipment</b>	<b>1,855,428</b>	<b>1,776,860</b>
<b>Intangible assets</b>		
Goodwill	-	96,666
Software	203,502	136,958
Other	2,285	2,285
<b>Total intangible assets</b>	<b>205,788</b>	<b>235,910</b>
<b>Investments and other assets</b>		
Investment securities	27,032	32,202
Other	54,734	48,318
Allowance for doubtful accounts	(19,572)	(19,572)
<b>Total investments and other assets</b>	<b>62,195</b>	<b>60,949</b>
<b>Total noncurrent assets</b>	<b>2,123,411</b>	<b>2,073,720</b>
<b>Total assets</b>	<b>5,894,027</b>	<b>5,559,191</b>

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

	FY2008 (As of Mar. 31,2009)	FY2009 (As of Mar. 31,2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,015,719	700,316
Short-term loans payable	1,950,000	2,000,000
Current portion of long-term loans payable	182,000	321,000
Income taxes payable	11,348	6,218
Other	292,512	367,695
Total current liabilities	3,451,580	3,395,229
Noncurrent liabilities		
Bonds payable	-	100,000
Long-term loans payable	386,000	515,000
Provision for retirement benefits	38,112	38,250
Other	9,510	7,712
Total noncurrent liabilities	433,623	660,963
Total liabilities	3,885,203	4,056,192
Net assets		
Shareholders' equity		
Capital stock	1,951,750	1,951,750
Retained earnings	102,195	(402,373)
Treasury stock	(81,658)	(81,658)
Total shareholders' equity	1,972,287	1,467,718
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(935)	1,798
Foreign currency translation adjustment	37,471	33,481
Total valuation and translation adjustments	36,536	35,279
Total net assets	2,008,823	1,502,998
Total liabilities and net assets	5,894,027	5,559,191

## Consolidated Statements of Income

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

	FY2008 (Apr. 2008-Mar. 2009)	FY2009 (Apr. 2009-Mar. 2010)
Net sales	5,001,892	2,550,712
Cost of sales	3,502,170	1,823,640
Gross profit	1,499,722	727,072
Selling, general and administrative expenses	1,277,004	1,162,004
Operating income (loss)	222,718	(434,932)
Non-operating income		
Interest income	790	430
Dividends income	8	39
Rent income	10,451	11,544
Foreign exchange gains	-	62
Other	439	346
Total non-operating income	11,689	12,424
Non-operating expenses		
Interest expenses	48,045	45,896
Bond issuance cost	-	6,583
Foreign exchange losses	4,375	-
Other	945	-
Total non-operating expenses	53,366	52,479
Ordinary income (loss)	181,041	(474,988)
Extraordinary income		
Gain on sales of noncurrent assets	-	1,004
Gain on amortization of guarantee deposit for prior periods	-	1,053
Total extraordinary income	-	2,057
Extraordinary loss		
Loss on sales of noncurrent assets	-	3
Loss on retirement of noncurrent assets	494	79
Impairment loss	19,656	-
Loss on valuation of investments in capital of subsidiaries and affiliates	-	6,867
Loss on valuation of inventories	28,187	-
Total extraordinary losses	48,338	6,950
Income (loss) before income taxes and minority interests	132,702	(479,881)
Income taxes-current	6,997	6,481
Income taxes for prior periods	-	18,206
Total income taxes	6,997	24,688
Net income (loss)	125,705	(504,569)

## Consolidated Statements of Changes in Net Assets

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

	FY2008 (Apr. 2008-Mar. 2009)	FY2009 (Apr. 2009-Mar. 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,951,750	1,951,750
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	1,951,750	1,951,750
Retained earnings		
Balance at the end of previous period	(23,509)	102,195
Changes of items during the period		
Net income (loss)	125,705	(504,569)
Total changes of items during the period	125,705	(504,569)
Balance at the end of current period	102,195	(402,373)
Treasury stock		
Balance at the end of previous period	(81,658)	(81,658)
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	(81,658)	(81,658)
Total shareholders' equity		
Balance at the end of previous period	1,846,582	1,972,287
Changes of items during the period		
Net income (loss)	125,705	(504,569)
Total changes of items during the period	125,705	(504,569)
Balance at the end of current period	1,972,287	1,467,718
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	726	(935)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,661)	2,734
Total changes of items during the period	(1,661)	2,734
Balance at the end of current period	(935)	1,798
Foreign currency translation adjustment		
Balance at the end of previous period	(2,357)	37,471
Changes of items during the period		
Net changes of items other than shareholders' equity	39,829	(3,990)
Total changes of items during the period	39,829	(3,990)
Balance at the end of current period	37,471	33,481
Total valuation and translation adjustments		
Balance at the end of previous period	(1,631)	36,536
Changes of items during the period		
Net changes of items other than shareholders' equity	38,167	(1,256)
Total changes of items during the period	38,167	(1,256)
Balance at the end of current period	36,536	35,279
Total net assets		
Balance at the end of previous period	1,844,950	2,008,823
Changes of items during the period		
Net income (loss)	125,705	(504,569)
Net changes of items other than shareholders' equity	38,167	(1,256)
Total changes of items during the period	163,872	(505,825)
Balance at the end of current period	2,008,823	1,502,998

## Consolidated Statements of Cash Flows

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

	FY2008 (Apr.2008-Mar.2009)	FY2009 (Apr.2009-Mar.2010)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	132,702	(479,881)
Depreciation and amortization	388,911	295,816
Impairment loss	19,656	-
Amortization of goodwill	-	3,333
Increase (decrease) in allowance for doubtful accounts	30,909	99,491
Increase (decrease) in provision for retirement benefits	(203)	137
Interest and dividends income	(799)	(470)
Interest expenses	48,045	45,896
Foreign exchange losses (gains)	(98)	451
Loss (gain) on sales of property, plant and equipment	-	(1,001)
Loss on retirement of property, plant and equipment	494	79
Loss on valuation of investments in capital of subsidiaries and affiliate	-	6,867
Decrease (increase) in notes and accounts receivable-trade	(112,512)	127,097
Decrease (increase) in inventories	54,523	(102,445)
Increase (decrease) in accrued consumption taxes	6,045	(35,255)
Increase (decrease) in notes and accounts payable-trade	215,186	(314,904)
Increase (decrease) in advances received	(11,729)	56,282
Decrease (increase) in prepaid expenses	(381)	44,515
Other, net	(40,678)	64,388
Subtotal	<u>730,072</u>	<u>(189,600)</u>
Interest and dividends income received	799	341
Interest expenses paid	(44,378)	(51,715)
Income taxes paid	(8,266)	(28,297)
Net cash provided by (used in) operating activities	<u>678,227</u>	<u>(269,271)</u>
Net cash provided by (used in) investing activities		
Payments into time deposits	(10,128)	-
Purchase of investment securities	(2,404)	(2,436)
Proceeds from sales of investment securities	5,129	-
Purchase of property, plant and equipment	(17,935)	(3,300)
Proceeds from sales of property, plant and equipment	-	2,502
Purchase of intangible assets	(1,728)	(10,552)
Purchase of software	(205,118)	(148,345)
Other, net	230	1,183
Net cash provided by (used in) investing activities	<u>(231,954)</u>	<u>(160,949)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(300,000)	50,000
Proceeds from long-term loans payable	400,000	500,000
Repayment of long-term loans payable	(369,000)	(232,000)
Proceeds from issuance of bonds	-	93,416
Cash dividends paid	(257)	-
Other, net	(1,625)	(2,104)
Net cash provided by (used in) financing activities	<u>(270,883)</u>	<u>409,311</u>
Effect of exchange rate change on cash and cash equivalents	<u>(10,574)</u>	<u>(104)</u>
Net increase (decrease) in cash and cash equivalents	<u>164,815</u>	<u>(21,014)</u>
Cash and cash equivalents at beginning of period	1,182,920	1,347,735
Cash and cash equivalents at end of period	<u>1,347,735</u>	<u>1,326,720</u>

## Segment Information

### 1. Business Segment Information

#### Results of FY2009 (Apr.2009-Mar.2010)

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

	Inspection Systems Div.	Creation Engineering Div.	Media & Network Div.	Total	Elimination/ corporate	Consolidated Total
<b>I .Sales</b>						
(1) External customers	1,781,336	393,266	376,109	2,550,712	—	2,550,712
(2) Inter-segment net sales or transfer	—	—	—	—	—	—
Net Sales	1,781,336	393,266	376,109	2,550,712	—	2,550,712
Operating expenses	1,677,063	683,268	403,040	2,763,371	222,273	2,985,645
Operating income ( loss )	104,273	(290,002)	(26,930)	(212,658)	(222,273)	(434,932)
<b>II .Assets, depreciation and capital Expenditures</b>						
Total assets	2,685,192	602,964	867,548	4,155,704	1,403,486	5,559,191
Depreciation	49,302	226,383	22,832	298,519	630	299,149
Capital Expenditures	100,808	150,136	1,252	252,198	—	252,198

(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 222,273 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 1,403,486 thousand yen, which mainly comprised of surplus funds and the expense relating to management section of Kubotek.

## 2. Geographic Segment Information

### Results of FY2009 (Apr.2009-Mar.2010)

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

	Japan	North America	Other Regions	Total	Elimination/ corporate	Consolidated Total
<b>I .Sales</b>						
(1) External customers	2,281,240	269,472	—	2,550,712	—	2,550,712
(2) Inter-segment net sales or transfer	23,947	14,933	—	38,880	(38,880)	—
Net Sales	2,305,187	284,405	—	2,589,593	(38,880)	2,550,712
Operating expenses	2,521,670	314,772	—	2,836,443	(149,202)	2,985,645
Operating income (loss)	(216,482)	(30,367)	—	(246,850)	(188,082)	(434,932)
<b>II .Assets</b>	4,109,651	169,550	32,382	4,311,585	(1,247,605)	5,559,191

(Notes:)

- The Geographic regions are classified by geographic proximity.
- Main countries or regions included in each geographic segments:  
North America·····U.S.A  
Other Regions·····Korea

## 3. Overseas Sales

### Results of FY2009 (Apr.2009-Mar.2010)

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

	Asia	Americas	Other Regions	Total
Overseas Sales	1,443,546	264,813	19,848	1,728,208
Net Sales	—	—	—	2,550,712
Ratio of overseas sales to net sales (%)	56.6	10.4	0.8	67.8

(Notes:)

- The Geographic regions are classified by geographic proximity.
- Main countries or regions included in each geographic segments:  
Asia·····Taiwan, Korea, China  
Americas·····U.S.A  
Other Regions·····Europe
- 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)

	FY2008 (As of Mar. 31,2009)	FY2009 (As of Mar. 31,2010)
<b>Assets</b>		
Current assets		
Cash and deposits	1,439,907	1,369,692
Notes receivable-trade	23,279	8,378
Accounts receivable-trade	1,411,902	1,191,612
Merchandise and finished goods	1,939	1,211
Work in process	494,669	607,123
Raw materials and supplies	374,517	364,802
Prepaid expenses	102,843	55,607
Short-term loans receivable from subsidiaries and affiliates	-	111,648
Other	15,123	10,818
Allowance for doubtful accounts	(151,976)	(378,733)
Total current assets	3,712,205	3,342,160
Noncurrent assets		
Property, plant and equipment		
Buildings	979,139	979,139
Accumulated depreciation	(388,697)	(419,123)
Buildings, net	590,442	560,015
Structures	43,649	43,649
Accumulated depreciation	(36,013)	(37,470)
Structures, net	7,635	6,178
Machinery and equipment	34,082	34,082
Accumulated depreciation	(26,471)	(27,932)
Machinery and equipment, net	7,611	6,150
Vehicles	25,236	25,236
Accumulated depreciation	(24,099)	(24,443)
Vehicles, net	1,136	793
Tools, furniture and fixtures	728,234	722,314
Accumulated depreciation	(604,090)	(640,366)
Tools, furniture and fixtures, net	124,143	81,948
Land	1,117,578	1,117,578
Total property, plant and equipment	1,848,548	1,772,664
Intangible assets		
Goodwill	-	96,666
Software	191,518	168,370
Software in progress	29,660	17,077
Telephone subscription right	2,285	2,285
Total intangible assets	223,464	284,399
Investments and other assets		
Investment securities	2,632	7,802
Stocks of subsidiaries and affiliates	58,504	90,887
Investments in capital of subsidiaries and affiliates	6,868	0
Long-term loans receivable from subsidiaries and affiliates	461,822	344,248
Claims provable in bankruptcy, claims provable in rehabilitation and other	19,572	19,572
Long-term prepaid expenses	56	679
Guarantee deposits	25,339	25,115
Other	91	91
Allowance for doubtful accounts	(481,394)	(363,820)
Total investments and other assets	93,492	124,576
Total noncurrent assets	2,165,504	2,181,640
Total assets	5,877,709	5,523,801

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

	FY2008 (As of Mar. 31,2009)	FY2009 (As of Mar. 31,2010)
<b>Liabilities</b>		
Current liabilities		
Notes payable-trade	584,001	448,266
Accounts payable-trade	388,938	229,449
Short-term loans payable	1,950,000	2,000,000
Current portion of long-term loans payable	182,000	321,000
Accounts payable-other	58,588	101,081
Accrued expenses	43,587	49,251
Income taxes payable	11,348	6,218
Accrued consumption taxes	40,919	5,663
Advances received	26,213	78,224
Deposits received	5,312	4,791
Unearned revenue	1,276	1,576
Total current liabilities	3,292,186	3,245,523
Noncurrent liabilities		
Bonds payable	-	100,000
Long-term loans payable	386,000	515,000
Long-term loans payable to subsidiaries and affiliates	27,737	26,264
Provision for retirement benefits	38,112	38,250
Provision for loss on business of subsidiaries and affiliates	127,738	127,738
Other	5,615	5,615
Total noncurrent liabilities	585,205	812,868
Total liabilities	3,877,391	4,058,392
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,951,750	1,951,750
Retained earnings		
Other retained earnings		
Retained earnings brought forward	131,161	(406,481)
Total retained earnings	131,161	(406,481)
Treasury stock	(81,658)	(81,658)
Total shareholders' equity	2,001,253	1,463,610
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(935)	1,798
Total valuation and translation adjustments	(935)	1,798
Total net assets	2,000,318	1,465,409
<b>Total liabilities and net assets</b>	5,877,709	5,523,801

## Non-Consolidated Statements of Income

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

	FY2008 (Apr. 2008-Mar. 2009)	FY2009 (Apr. 2009-Mar. 2010)
Net sales	4,771,343	2,305,187
Cost of sales		
Beginning finished goods	2,085	1,939
Cost of products manufactured	3,206,726	1,579,313
Transfer from other account	280,766	232,615
Total	3,489,578	1,813,867
Ending finished goods	1,939	1,211
Total cost of sales	3,487,639	1,812,656
Gross profit	1,283,703	492,531
Selling, general and administrative expenses		
Advertising expenses	30,716	27,909
Packing and transportation expenses	61,952	22,364
Directors' compensations	68,788	56,957
Salaries and allowances	224,841	216,410
Legal welfare expenses	33,160	32,528
Welfare expenses	827	616
Bonuses	22,359	13,066
Retirement benefit expenses	4,438	7,828
Entertainment expenses	7,526	3,249
Conference expenses	2,303	1,592
Traveling and transportation expenses	39,465	41,432
Communication expenses	12,524	9,719
Supplies expenses	7,397	6,399
Repair expenses	2,124	2,289
Utilities expenses	9,993	8,614
Commission fee	197,460	152,007
Insurance expenses	3,794	3,538
Depreciation	50,457	27,069
Amortization of goodwill	-	3,333
Research and development expenses	39,343	91,254
Rents	103,647	58,260
Rent expenses	1,645	1,308
Taxes and dues	27,804	25,696
Membership fee	774	774
Provision of allowance for doubtful accounts	77,865	118,146
Miscellaneous expenses	11,824	10,687
Total selling, general and administrative expenses	1,043,038	943,056
Operating income (loss)	240,665	(450,525)

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

	FY2008 (Apr. 2008-Mar. 2009)	FY2009 (Apr. 2009-Mar. 2010)
Non-operating income		
Interest income	416	411
Rent income	10,451	11,544
Foreign exchange gains	-	62
Other	387	349
Total non-operating income	<u>11,255</u>	<u>12,368</u>
Non-operating expenses		
Interest expenses	47,296	43,473
Bond issuance cost	-	6,583
Foreign exchange losses	4,398	-
Provision of allowance for doubtful accounts	-	18,414
Other	1	643
Total non-operating expenses	<u>51,696</u>	<u>69,114</u>
Ordinary income (loss)	<u>200,223</u>	<u>(507,271)</u>
Extraordinary income		
Gain on sales of noncurrent assets	-	1,004
Total extraordinary income	<u>-</u>	<u>1,004</u>
Extraordinary loss		
Loss on sales of noncurrent assets	-	3
Loss on retirement of noncurrent assets	308	79
Impairment loss	19,656	-
Loss on valuation of investments in capital of subsidiaries and affiliate	-	6,867
Loss on valuation of inventories	28,187	-
Provision for loss on business of subsidiaries and affiliates	49,614	-
Total extraordinary losses	<u>97,767</u>	<u>6,950</u>
Income (loss) before income taxes	<u>102,456</u>	<u>(513,217)</u>
Income taxes-current	6,997	6,218
Income taxes for prior periods	-	18,206
Total income taxes	<u>6,997</u>	<u>24,425</u>
Net income (loss)	<u>95,459</u>	<u>(537,642)</u>

## Non-Consolidated Statements of Changes in Net Assets

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

	FY2008 (Apr. 2008-Mar. 2009)	FY2009 (Apr. 2009-Mar. 2010)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the end of previous period	1,951,750	1,951,750
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	1,951,750	1,951,750
<b>Retained earnings</b>		
<b>Other retained earnings</b>		
Retained earnings brought forward		
Balance at the end of previous period	35,702	131,161
Changes of items during the period		
Net income (loss)	95,459	(537,642)
Total changes of items during the period	95,459	(537,642)
Balance at the end of current period	131,161	(406,481)
<b>Total retained earnings</b>		
Balance at the end of previous period	35,702	131,161
Changes of items during the period		
Net income (loss)	95,459	(537,642)
Total changes of items during the period	95,459	(537,642)
Balance at the end of current period	131,161	(406,481)
<b>Treasury stock</b>		
Balance at the end of previous period	(81,658)	(81,658)
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	(81,658)	(81,658)
<b>Total shareholders' equity</b>		
Balance at the end of previous period	1,905,794	2,001,253
Changes of items during the period		
Net income (loss)	95,459	(537,642)
Total changes of items during the period	95,459	(537,642)
Balance at the end of current period	2,001,253	1,463,610
<b>Valuation and translation adjustments</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the end of previous period	(11)	(935)
Changes of items during the period		
Net changes of items other than shareholders' equity	(924)	2,734
Total changes of items during the period	(924)	2,734
Balance at the end of current period	(935)	1,798
<b>Total valuation and translation adjustments</b>		
Balance at the end of previous period	(11)	(935)
Changes of items during the period		
Net changes of items other than shareholders' equity	(924)	2,734
Total changes of items during the period	(924)	2,734
Balance at the end of current period	(935)	1,798
<b>Total net assets</b>		
Balance at the end of previous period	1,905,782	2,000,318
Changes of items during the period		
Net income (loss)	95,459	(537,642)
Net changes of items other than shareholders' equity	(924)	2,734
Total changes of items during the period	94,535	(534,908)
Balance at the end of current period	2,000,318	1,465,409

## Supplementary Information

### (Production Volume)

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

BY BUSINESS SEGMENT	FY2008 (Apr.2008 – Mar.2009)	FY2009 (Apr.2009 – Mar.2010)
Inspection Systems Div.	4,152,193	1,947,062
Creation Engineering Div.	373,001	394,033
Media & Network Div.	480,222	385,967
<b>T o t a l</b>	<b>5,005,417</b>	<b>2,727,062</b>

### (Orders Received)

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

BY BUSINESS SEGMENT	FY2008 (Apr.2008 – Mar.2009)		FY2009 (Apr.2009 – Mar.2010)	
	Orders	Backlog	Orders	Backlog
Inspection Systems Div.	2,670,590	555,360	3,885,538	2,659,562
Creation Engineering Div.	13,010	—	16,160	16,160
<b>T o t a l</b>	<b>2,683,600</b>	<b>555,360</b>	<b>3,901,698</b>	<b>2,675,722</b>

### (Sales Results)

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

BY BUSINESS SEGMENT	FY2008 (Apr.2008 – Mar.2009)	FY2009 (Apr.2009 – Mar.2010)
Inspection Systems Div.	4,228,130	1,781,336
Creation Engineering Div.	376,278	393,266
Media & Network Div.	397,483	376,109
<b>T o t a l</b>	<b>5,001,892</b>	<b>2,550,712</b>

(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	FY2008 (Apr.2008 – Mar.2009)		FY2009 (Apr.2009 – Mar.2010)	
	Sales	Ratio(%)	Sales	Ratio(%)
Wintec Corporation	2,250,769	45.0	1,101,580	43.2
Samsung Japan Corporation	1,165,500	23.3	414,350	16.2