

Consolidated Financial Statements-Summary

For the Fiscal Year ended March 31,2015

May 15, 2015

(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 annual general meeting of shareholders (scheduled) : June 25, 2015

Date of submission of annual security report (scheduled) : June 26, 2015

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

1 . Financial Results of FY2014 (April 1,2014 through March 31,2015)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
FY2014	3,462	39.0%	119	- %	111	- %	535	- %
FY2013	2,491	24.9%	(457)	- %	(448)	- %	(263)	- %

(Reference) Comprehensive income FY2014: ¥ 534 million (- %) FY 2013: ¥ (307) million (- %)

	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
FY2014	38.87	-	53.6%	2.9%	3.4%
FY2013	(19.11)	-	(29.7)%	(11.3)%	(18.4)%

(Reference) Equity in earnings of affiliated FY2014: ¥ - million FY 2013: ¥ - million

(Note) The Company conducted a 1:100 stock split on common stock with an effective date of October 1, 2013, at the same time, adopted a unit share system that set unit share at 100 shares. Net income per share has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2014	3,963	1,266	31.9%	91.96
FY2013	3,641	731	20.1%	53.13

(Reference) Net Assets FY2014: ¥ 1,266 million FY2013: ¥ 731 million

(Note) The Company conducted a 1:100 stock split on common stock with an effective date of October 1, 2013, at the same time, adopted a unit share system that set unit share at 100 shares. Net assets per share has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the end of period
FY2014	6	914	(693)	1,199
FY2013	(149)	302	(468)	942

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			
FY2013	-	0.00	-	0.00	0.00	-	-	-
FY2014	-	0.00	-	0.00	0.00	-	-	-
FY2015	-	0.00	-	0.00	0.00	-	-	-

3 . Consolidated Financial Forecasts for the Fiscal Year ending March 31,2016

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per share (Yen)
Interim FY 2015	1,440	(2.3%)	(75)	—%	(85)	—%	(90)	—%	(6.54)
FY 2015	3,380	(2.4%)	155	29.9%	135	21.5%	125	(76.6%)	9.08

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 policies, accounting estimates, and restatement of corrections

① Changes due to revision of accounting standards, etc.: None

② Changes other than stated in item ① : None

③ Changes in accounting estimates : None

④ Restatement of corrections : None

(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, 2015: 13,830,000 shares; As of March 31, 2014: 13,830,000shares

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

As of March 31, 2015: 62,059 shares; As of March 31, 2014: 62,059shares

③ Average number of shares outstanding during the term

Ended March 31, 2015: 13,767,941 shares; Ended March 31, 2014: 13,767,984shares

(Note) The Company conducted a 1:100 stock split on common stock with an effective date of October 1, 2013, at the same time, adopted a unit share system that set unit share at 100 shares. Number of shares issued (share of common stock) has been calculated as if the stock split was conducted at the beginning of the previous fiscal year.

(Reference)

1 . Financial Results of FY2014(April 1,2014 through March 31,2015)

(1)Non-consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY2014	2,799	73.5%	126	—%	113	—%	498	—%
FY2013	1,613	7.5%	(466)	—%	(437)	—%	(286)	—%

	Net Income per Share (Yen)	Diluted Net Income per Share
FY2014	36.19	-
FY2013	(20.78)	-

(2)Non-consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2014	3,740	1,194	31.9%	86.73
FY2013	3,453	694	20.1%	50.47

(Reference) Net Assets:

FY2014: ¥ 1,194million

FY2013: ¥ 694million

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2015, 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
(1) Consolidated Balance Sheets

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

	FY2013 (As of Mar. 31,2014)	FY2014 (As of Mar. 31,2015)
Assets		
Current assets		
Cash and deposits	1,034,914	1,292,235
Notes and accounts receivable-trade	595,369	1,071,532
Electronically recorded monetary claims	2,048	62,768
Merchandise and finished goods	13,523	36,647
Work in process	386,414	359,151
Raw materials and supplies	138,974	136,501
Deferred tax assets	950	3,469
Other	64,566	105,587
Allowance for doubtful accounts	(117,928)	(101,610)
Total current assets	2,118,832	2,966,285
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	889,139	659,211
Accumulated depreciation	(491,715)	(426,165)
Buildings and structures, net	397,424	233,046
Machinery, equipment and vehicles	57,528	57,282
Accumulated depreciation	(52,054)	(53,371)
Machinery, equipment and vehicles, net	5,473	3,911
Tools, furniture and fixtures	529,570	463,273
Accumulated depreciation	(500,948)	(443,701)
Tools, furniture and fixtures, net	28,622	19,571
Land	900,493	558,514
Total property, plant and equipment	1,332,014	815,043
Intangible assets		
Software	129,798	119,102
Other	2,285	2,285
Total intangible assets	132,083	121,387
Investments and other assets		
Investment securities	36,167	40,319
Other	26,440	20,730
Allowance for doubtful accounts	(4,157)	-
Total investments and other assets	58,449	61,050
Total noncurrent assets	1,522,548	997,481
Total assets	3,641,381	3,963,767

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

	FY2013 (As of Mar. 31,2014)	FY2014 (As of Mar. 31,2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	235,353	572,931
Short-term loans payable	1,034,000	903,000
Current portion of long-term loans payable	490,000	231,000
Current portion of bonds	100,000	-
Income taxes payable	21,469	124,218
Advances received	231,105	264,601
Provision for bonuses	3,140	15,300
Other	177,115	177,181
Total current liabilities	<u>2,292,183</u>	<u>2,288,233</u>
Noncurrent liabilities		
Long-term loans payable	556,000	353,000
Deferred tax liabilities	344	777
Net defined benefit liability	57,242	52,855
Other	4,187	2,762
Total noncurrent liabilities	<u>617,774</u>	<u>409,395</u>
Total liabilities	<u>2,909,958</u>	<u>2,697,629</u>
Net assets		
Shareholders' equity		
Capital stock	1,951,750	1,951,750
Retained earnings	(1,168,900)	(633,782)
Treasury stock	(81,675)	(81,675)
Total shareholders' equity	<u>701,174</u>	<u>1,236,291</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	623	1,637
Foreign currency translation adjustment	29,624	28,208
Total accumulated other comprehensive income	<u>30,248</u>	<u>29,846</u>
Total net assets	<u>731,422</u>	<u>1,266,138</u>
Total liabilities and net assets	<u>3,641,381</u>	<u>3,963,767</u>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

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

	FY2013 (Apr. 2013–Mar. 2014)	FY2014 (Apr. 2014–Mar. 2015)
Net sales	2,491,620	3,462,609
Cost of sales	1,754,727	2,174,136
Gross profit	736,892	1,288,472
Selling, general and administrative expenses	1,194,307	1,169,157
Operating income (loss)	(457,415)	119,314
Non-operating income		
Interest income	240	281
Dividends income	280	363
Rent income	11,702	1,159
Foreign exchange gains	20,451	9,796
Other	645	2,157
Total non-operating income	33,320	13,757
Non-operating expenses		
Interest expenses	24,447	17,916
Compensation expenses	–	2,274
Other	21	1,732
Total non-operating expenses	24,469	21,923
Ordinary income (loss)	(448,563)	111,149
Extraordinary income		
Gain on sales of non-current assets	204,136	539,843
Total extraordinary income	204,136	539,843
Extraordinary loss		
Loss on sales of noncurrent assets	2	–
Impairment loss	2,462	–
Total extraordinary losses	2,465	–
Income (loss) before income taxes and minority interests	(246,892)	650,992
Income taxes–current	16,363	118,301
Income taxes–deferred	(101)	(2,426)
Total income taxes	16,261	115,875
Income (loss) before minority interests	(263,153)	535,117
Net income (loss)	(263,153)	535,117

Consolidated Statements of Comprehensive Income

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

	FY2013 (Apr. 2013–Mar. 2014)	FY2014 (Apr. 2014–Mar. 2015)
Income (loss) before minority interests	(263,153)	535,117
Other comprehensive income		
Valuation difference on available-for-sale securities	623	1,014
Foreign currency translation adjustment	(44,857)	(1,416)
Total other comprehensive income	(44,233)	(401)
Comprehensive income	(307,387)	534,715
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(307,387)	534,715
Comprehensive income attributable to minority interests	–	–

(3) Consolidated Statements of Changes in Net Assets
 FY2013(Apr. 2013–Mar. 2014)

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

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,951,750	(905,747)	(81,658)	964,344
Change of items during the period				
Net loss		(263,153)		(263,153)
Purchase of treasury stock			(17)	(17)
Net changes of items other than shareholders' equity				
Total Changes of items during the period	—	(263,153)	(17)	(263,170)
Balance at the end of current period	1,951,750	(1,168,900)	(81,675)	701,174

	Accumulated other comprehensive income			Total Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at the beginning of current period	—	74,482	74,482	1,038,826
Change of items during the period				
Net loss				(263,153)
Purchase of treasury stock				(17)
Net changes of items other than shareholders' equity	623	(44,857)	(44,233)	(44,233)
Total Changes of items during the period	623	(44,857)	(44,233)	(307,404)
Balance at the end of current period	623	29,624	30,248	731,422

FY2014(Apr. 2014–Mar. 2015)

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

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	1,951,750	(1,168,900)	(81,675)	701,174
Change of items during the period				
Net income		535,117		535,117
Net changes of items other than shareholders' equity				
Total Changes of items during the period	—	535,117		535,117
Balance at the end of current period	1,951,750	(633,782)	(81,675)	1,236,291

	Accumulated other comprehensive income			Total Net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at the beginning of current period	623	29,624	30,248	731,422
Change of items during the period				
Net income				535,117
Net changes of items other than shareholders' equity	1,014	(1,416)	(401)	(401)
Total Changes of items during the period	1,014	(1,416)	(401)	534,715
Balance at the end of current period	1,637	28,208	29,846	1,266,138

(4) Consolidated Statements of Cash Flows

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

	FY2013 (Apr. 2013–Mar. 2014)	FY2014 (Apr. 2014–Mar. 2015)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(246,892)	650,992
Depreciation and amortization	164,030	168,339
Impairment loss	2,462	–
Increase (decrease) in allowance for doubtful accounts	54,855	15,932
Increase (decrease) in provision for bonuses	(8,760)	12,160
Increase (decrease) in net defined benefit liability	4,435	(4,387)
Interest and dividends income	(521)	(644)
Interest expenses	24,447	17,916
Foreign exchange losses (gains)	1,765	(7,406)
Loss (gain) on sales of property, plant and equipment	(204,133)	(539,843)
Decrease (increase) in notes and accounts receivable–trade	139,498	(557,764)
Decrease (increase) in inventories	(53,080)	7,982
Decrease (increase) in consumption taxes refund receivable	(6,077)	(37,444)
Increase (decrease) in notes and accounts payable–trade	(63,204)	331,016
Increase (decrease) in advances received	35,466	(6,520)
Decrease (increase) in prepaid expenses	34,097	(922)
Other, net	1,968	(11,960)
Subtotal	<u>(119,641)</u>	<u>37,445</u>
Interest and dividends income received	511	635
Interest expenses paid	(24,522)	(15,537)
Income taxes paid	(6,294)	(16,334)
Net cash provided by (used in) operating activities	<u>(149,946)</u>	<u>6,208</u>
Net cash provided by (used in) investing activities		
Purchase of investment securities	(2,659)	(2,704)
Purchase of property, plant and equipment	(11,301)	(6,378)
Proceeds from sales of property, plant and equipment	484,873	1,046,270
Purchase of intangible assets	(7,940)	(11,341)
Purchase of software	(168,312)	(113,554)
Other, net	8,205	2,548
Net cash provided by (used in) investing activities	<u>302,865</u>	<u>914,839</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(266,000)	(131,000)
Proceeds from long-term loans payable	600,000	300,000
Repayment of long-term loans payable	(802,000)	(762,000)
Redemption of bonds	–	(100,000)
Other, net	(17)	–
Net cash provided by (used in) financing activities	<u>(468,017)</u>	<u>(693,000)</u>
Effect of exchange rate change on cash and cash equivalents	32,671	29,263
Net increase (decrease) in cash and cash equivalents	<u>(282,426)</u>	<u>257,312</u>
Cash and cash equivalents at beginning of period	1,224,568	942,141
Cash and cash equivalents at end of period	<u>942,141</u>	<u>1,199,453</u>

Segment Information

(1) Overview of reportable segments

The Company's reportable segments are components of an entity for which separate financial information is available and evaluated regularly by the director in determining the allocation of management resources and in assessing performance. The Kubotek group of companies operates manufacture and sale of Inspection systems, 3D solution systems and Media & Network products, and is managed under the three regions of Japan, U.S.A. and Korea. Each region is managed as an independent unit, expanding business activities based on the development of a comprehensive strategy for each region. The Group's results are therefore reported based on these three segments, Japan, U.S.A. and Korea.

(2) Net sales, operating income or loss, assets, liabilities, and other items by reportable segments

FY2013 results (Apr. 2013 - Mar. 2014)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	1,355,785	408,946	726,887	2,491,620
Inter-segment sales or transfers	258,076	22,047	50,471	330,595
Total	1,613,861	430,993	777,359	2,822,215
Segment operating income (loss)	(466,459)	(55,960)	41,257	(481,162)
Segment assets	3,453,745	132,547	216,143	3,802,436
Other items				
Depreciation and amortization	195,096	2,764	823	198,683
Increase in tangible fixed assets or intangible fixed assets	191,070	7,776	—	198,846

FY2014 results (Apr. 2014 - Mar. 2015)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	2,633,844	498,972	329,792	3,462,609
Inter-segment sales or transfers	165,938	29,741	52,234	247,914
Total	2,799,782	528,714	382,026	3,710,523
Segment operating income (loss)	126,030	(5,834)	(14,292)	105,903
Segment assets	3,768,853	159,950	165,194	4,093,998
Other items				
Depreciation and amortization	180,392	4,339	920	185,652
Increase in tangible fixed assets or intangible fixed assets	127,330	3,613	246	131,190

(3) Reconciliation of published figures and aggregates of reportable segments in FY2014

(Thousand yen)

Net sales	FY2013	FY2014
Reportable segments	2,822,215	3,710,523
Elimination of intersegment transactions	(330,595)	(247,914)
Net sales	2,491,620	3,462,609

(Thousand yen)

Operating income	FY2013	FY2014
Reportable segments	(481,162)	105,903
Elimination of intersegment transactions	8,329	10,073
Intersegment income adjustment	26,372	11,434
Other	(10,955)	(8,097)
Operating income (loss)	(457,415)	119,314

(Thousand yen)

Assets	FY2013	FY2014
Reportable segments	3,802,436	4,093,998
Elimination of intersegment transactions	(291,163)	(356,104)
Intersegment income adjustment	(18,260)	(6,825)
Other	148,368	232,698
Total assets	3,641,381	3,963,767

(Thousand yen)

Other items	Reportable segments		Adjustment		Consolidated total	
	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014
Depreciation and amortization	198,683	185,652	(34,653)	(17,313)	164,030	168,339
Increase in tangible fixed assets and intangible fixed assets	198,846	131,190	(17,313)	—	181,533	131,190

(Notes:)

Depreciation and amortization, Increase in tangible fixed assets and intangible fixed assets are elimination of intersegment income.

Related Information

FY2013 results (Apr. 2013 - Mar. 2014)

(1) Information by product/service

(Thousand yen)

	Inspection systems	3D solution systems	Media & Network products	Total
Sales to external customers	1,480,239	530,703	480,676	2,491,620

(2) Information by geographical segment

I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
883,385	776,645	58,536	348,562	408,925	15,564	2,491,620

(Notes:)

The Geographic regions are classified by geographic proximity.

II. Tangible fixed assets

Tangible fixed assets information is omitted because the amounts of assets in Japan exceed 90% of the amounts of combined assets of all segments.

(3) Information by major customer

(Thousand yen)

Major customers	Sales	Related segments
Samsung Display Co. Ltd	540,791	Japan, Korea

FY2014 results (Apr. 2014 - Mar. 2015)

(1) Information by product/service

(Thousand yen)

	Inspection systems	3D solution systems	Media & Network products	Total
Sales to external customers	2,473,722	715,801	273,085	3,462,609

(2) Information by geographical segment

I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
1,270,987	329,792	627,784	704,540	498,972	30,531	3,462,609

(Notes:)

The Geographic regions are classified by geographic proximity.

II. Tangible fixed assets

Tangible fixed assets information is omitted because the amounts of assets in Japan exceed 90% of the amounts of combined assets of all segments.

(3) Information by major customer

(Thousand yen)

Major customers	Sales	Segments
Innolux Corporation	505,409	Japan
DAITO ELECTRON CO., LTD.	461,235	Japan
Wintec Corporation	359,084	Japan

(Loss on impairment by reportable segment)

FY2013 results (Apr. 2013 - Mar. 2014)

(Thousand yen)

	Reportable segment			Total
	Japan	U.S.A.	Korea	
Impairment loss	2,462	—	—	2,462

FY2014 results (Apr. 2014 - Mar. 2015)

None.

(Amortization of goodwill and unamortized balance by reportable segment)

None.

(Gain on negative goodwill by reportable segment)

None.

Supplementary Information

(Production Volume)

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

BY REPORTABLE SEGMENTS	Production	Year-on-year (%)
J a p a n	2,819,422	78.5
U . S . A .	498,900	22.0
K o r e a	356,115	(49.2)
T o t a l	3,674,437	36.6

(Note 1) Intersegment transactions is eliminated

(Note 2) Amounts shown above are stated based on selling price.

(Note 3) Amounts shown above do not include consumption or other taxes.

(Orders Received)

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

BY REPORTABLE SEGMENTS	Orders	Year-on -year (%)	Backlog	Year-on -year (%)
J a p a n	2,195,622	161.8	876,740	2.6
K o r e a	304,071	(58.0)	9,891	(53.2)
T o t a l	2,499,693	59.9	886,631	1.3

(Note 1) Amounts shown above do not include consumption or other taxes.

(Note 2) There are no order results in U.S.A, because of make to stock.

(Sales Results)

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

BY REPORTABLE SEGMENTS	Sales	Year-on-year (%)
J a p a n	2,633,844	94.3
U . S . A .	498,972	22.0
K o r e a	329,792	(54.6)
T o t a l	3,462,609	39.0

(Note 1) Intersegment transactions is eliminated

(Note 2) 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	FY2013 (Apr.2013 - Mar.2014)		FY2014 (Apr.2014 - Mar.2015)	
	Sales	Ratio(%)	Sales	Ratio(%)
Innolux Corporation	—	—	505,409	14.6
DAITO ELECTRON CO., LTD.	—	—	461,235	13.3
Wintec Corporation	—	—	359,084	10.4
Samsung Display Co. Ltd	540,791	21.7	—	—

(Note 3) Amounts shown above do not include consumption or other taxes.