

Consolidated Financial Statements-Summary

For the Fiscal Year ended March 31,2012

May 14, 2012

(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, 2012

Date of submission of annual security report (scheduled) : June 26, 2012

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

1. Financial Results of FY2011 (April 1,2011 through March 31,2012)

(1) Consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
FY2011	3,328	(34.0)%	(209)	—%	(235)	—%	(262)	—%
FY2010	5,041	97.6%	531	—%	510	—%	449	—%

(Reference) Comprehensive income FY2011: ¥ (259) million (—%) FY 2010: ¥ 471 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
FY2011	(1,903.94)	—	(14.2)%	(4.0)%	(6.3)%
FY2010	3,267.97	—	25.9%	8.7%	10.5%

(Reference) Equity in earnings of affiliated FY2011: ¥ — million FY 2010: ¥ — million

(2) Consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2011	5,697	1,715	30.1%	12,457.83
FY2010	6,198	1,974	31.9%	14,339.27

(Reference) Net Assets FY2011: ¥ 1,715 million FY2010: ¥ 1,974 million

(3) Consolidated Cash Flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the end of period
FY2011	(511)	(140)	493	2,106
FY2010	1,251	(182)	(122)	2,269

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			
FY2010	—	0.00	—	0.00	0.00	—	—	—
FY2011	—	0.00	—	0.00	0.00	—	—	—
FY2012	—	0.00	—	0.00	0.00	—	—	—

3. Consolidated Financial Forecasts for the Fiscal Year ending March 31,2013

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per share (Yen)
Interim FY 2012	1,050	(57.8)%	(285)	—%	(295)	—%	(300)	—%	(2,178.97)
FY 2012	3,400	2.1%	65	—%	40	—%	30	—%	217.90

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, 2012: 138,300 shares; As of March 31, 2011: 138,300shares
 - ② Number of treasury shares at the end of the fiscal year
As of March 31, 2012: 620 shares; As of March 31, 2011: 620shares
 - ③ Average number of shares outstanding during the term
Ended March 31, 2012: 137,680 shares; Ended March 31, 2011: 137,680shares

(Reference)

1. Financial Results of FY2011(April 1,2011 through March 31,2012)

(1)Non-consolidated Operating Results

(Percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
FY2011	2,975	(37.1)%	(182)	—%	(203)	—%	(227)	—%
FY2010	4,730	105.2%	502	—%	458	—%	403	—%

	Net Income per Share (Yen)	Diluted Net Income per Share
FY2011	(1,648.97)	—
FY2010	2,930.92	—

(2)Non-consolidated Financial Positions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
FY2011	5,616	1,637	29.2%	11,891.35
FY2010	6,121	1,867	30.5%	13,565.89

(Reference) Net Assets: FY2011: ¥1,637million FY2010: ¥1,867million

Disclaimer Regarding Forecast Statements

Statements made in this release with respect to Kubotek's forecast for FY2012, 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)

	FY2010 (As of Mar. 31,2011)	FY2011 (As of Mar. 31,2012)
Assets		
Current assets		
Cash and deposits	2,364,087	2,199,202
Notes and accounts receivable-trade	1,015,575	999,291
Merchandise and finished goods	3,458	7,200
Work in process	528,538	368,946
Raw materials and supplies	252,279	202,347
Other	68,662	72,230
Allowance for doubtful accounts	(63,321)	(76,006)
Total current assets	4,169,279	3,773,213
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,022,547	1,022,547
Accumulated depreciation	(485,344)	(512,860)
Buildings and structures, net	537,202	509,686
Machinery, equipment and vehicles	60,016	60,147
Accumulated depreciation	(50,871)	(51,953)
Machinery, equipment and vehicles, net	9,145	8,193
Tools, furniture and fixtures	586,094	597,630
Accumulated depreciation	(519,534)	(547,893)
Tools, furniture and fixtures, net	66,559	49,736
Land	1,117,578	1,117,578
Total property, plant and equipment	1,730,485	1,685,194
Intangible assets		
Goodwill	76,666	56,666
Software	134,317	120,541
Other	2,285	2,285
Total intangible assets	213,269	179,493
Investments and other assets		
Investment securities	33,912	32,472
Other	70,814	26,878
Allowance for doubtful accounts	(19,425)	-
Total investments and other assets	85,302	59,350
Total noncurrent assets	2,029,057	1,924,039
Total assets	6,198,337	5,697,252

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

	FY2010 (As of Mar. 31,2011)	FY2011 (As of Mar. 31,2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	901,649	222,367
Short-term loans payable	1,200,000	1,400,000
Current portion of long-term loans payable	721,000	728,000
Income taxes payable	61,529	6,414
Provision for bonuses	-	9,260
Other	395,449	383,840
Total current liabilities	<u>3,279,628</u>	<u>2,749,881</u>
Noncurrent liabilities		
Bonds payable	100,000	100,000
Long-term loans payable	794,000	1,081,000
Deferred tax liabilities	425	-
Provision for retirement benefits	42,527	46,989
Other	7,525	4,187
Total noncurrent liabilities	<u>944,478</u>	<u>1,232,177</u>
Total liabilities	<u>4,224,107</u>	<u>3,982,059</u>
Net assets		
Shareholders' equity		
Capital stock	1,951,750	1,951,750
Retained earnings	47,559	(214,573)
Treasury stock	(81,658)	(81,658)
Total shareholders' equity	<u>1,917,651</u>	<u>1,655,518</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	612	(2,908)
Foreign currency translation adjustment	55,965	62,583
Total accumulated other comprehensive income	<u>56,578</u>	<u>59,675</u>
Total net assets	<u>1,974,230</u>	<u>1,715,193</u>
Total liabilities and net assets	<u>6,198,337</u>	<u>5,697,252</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)

	FY2010 (Apr. 2010-Mar. 2011)	FY2011 (Apr. 2011-Mar. 2012)
Net sales	5,041,393	3,328,625
Cost of sales	3,392,535	2,370,153
Gross profit	1,648,857	958,471
Selling, general and administrative expenses	1,117,500	1,168,248
Operating income (loss)	531,357	(209,776)
Non-operating income		
Interest income	408	382
Dividends income	74	117
Rent income	11,455	11,155
Foreign exchange gains	1,722	-
Other	842	986
Total non-operating income	14,503	12,642
Non-operating expenses		
Interest expenses	35,362	32,636
Foreign exchange losses	-	5,705
Other	188	26
Total non-operating expenses	35,550	38,368
Ordinary income (loss)	510,309	(235,502)
Extraordinary income		
Gain on sales of noncurrent assets	9,523	-
Gain on transfer of guarantee deposits	1,518	-
Total extraordinary income	11,042	-
Extraordinary loss		
Loss on sales of noncurrent assets	21	5
Loss on retirement of noncurrent assets	13,886	-
Loss on valuation of investments in capital of subsidiaries and affiliates	-	16,311
Total extraordinary losses	13,907	16,316
Income (loss) before income taxes and minority interests	507,444	(251,818)
Income taxes-current	57,510	10,315
Total income taxes	57,510	10,315
Income (loss) before minority interests	449,933	(262,133)
Net income (loss)	449,933	(262,133)

Consolidated Statements of Comprehensive Income

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

	FY2010 (Apr. 2010-Mar. 2011)	FY2011 (Apr. 2011-Mar. 2012)
Income (loss) before minority interests	449,933	(262,133)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,185)	(3,520)
Foreign currency translation adjustment	22,484	6,618
Total other comprehensive income	<u>21,298</u>	<u>3,097</u>
Comprehensive income	<u>471,231</u>	<u>(259,036)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	471,231	(259,036)
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Net Assets

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

	FY2010 (As of Mar. 31,2011)	FY2011 (As of Mar. 31,2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current 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	<u>1,951,750</u>	<u>1,951,750</u>
Retained earnings		
Balance at the beginning of current period	(402,373)	47,559
Changes of items during the period		
Net income (loss)	449,933	(262,133)
Total changes of items during the period	<u>449,933</u>	<u>(262,133)</u>
Balance at the end of current period	<u>47,559</u>	<u>(214,573)</u>
Treasury stock		
Balance at the beginning of current 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	<u>(81,658)</u>	<u>(81,658)</u>
Total shareholders' equity		
Balance at the beginning of current period	1,467,718	1,917,651
Changes of items during the period		
Net income (loss)	449,933	(262,133)
Total changes of items during the period	<u>449,933</u>	<u>(262,133)</u>
Balance at the end of current period	<u>1,917,651</u>	<u>1,655,518</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	1,798	612
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,185)	(3,520)
Total changes of items during the period	<u>(1,185)</u>	<u>(3,520)</u>
Balance at the end of current period	<u>612</u>	<u>(2,908)</u>
Foreign currency translation adjustment		
Balance at the beginning of current period	33,481	55,965
Changes of items during the period		
Net changes of items other than shareholders' equity	22,484	6,618
Total changes of items during the period	<u>22,484</u>	<u>6,618</u>
Balance at the end of current period	<u>55,965</u>	<u>62,583</u>
Total valuation and translation adjustments		
Balance at the beginning of current period	35,279	56,578
Changes of items during the period		
Net changes of items other than shareholders' equity	21,298	3,097
Total changes of items during the period	<u>21,298</u>	<u>3,097</u>
Balance at the end of current period	<u>56,578</u>	<u>59,675</u>
Total net assets		
Balance at the beginning of current period	1,502,998	1,974,230
Changes of items during the period		
Net income (loss)	449,933	(262,133)
Net changes of items other than shareholders' equity	21,298	3,097
Total changes of items during the period	<u>471,231</u>	<u>(259,036)</u>
Balance at the end of current period	<u>1,974,230</u>	<u>1,715,193</u>

(4) Consolidated Statements of Cash Flows

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

	FY2010 (Apr. 2010-Mar. 2011)	FY2011 (Apr. 2011-Mar. 2012)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	507,444	(251,818)
Depreciation and amortization	221,942	209,046
Amortization of goodwill	20,000	20,000
Increase (decrease) in allowance for doubtful accounts	(94,209)	(6,533)
Increase (decrease) in provision for bonuses	-	9,260
Increase (decrease) in provision for retirement benefits	4,277	4,462
Interest and dividends income	(482)	(500)
Interest expenses	35,362	32,636
Foreign exchange losses (gains)	(76)	(37)
Loss (gain) on sales of property, plant and equipment	(9,523)	5
Loss on retirement of property, plant and equipment	13,907	-
Loss on valuation of investments in capital of subsidiaries and affiliate	-	16,311
Decrease (increase) in notes and accounts receivable-trade	187,169	8,789
Decrease (increase) in inventories	170,378	200,174
Increase (decrease) in accrued consumption taxes	9,187	7,989
Increase (decrease) in notes and accounts payable-trade	203,942	(675,449)
Increase (decrease) in advances received	44,768	32,151
Decrease (increase) in prepaid expenses	(41,613)	(1,198)
Other, net	15,099	(21,607)
Subtotal	1,287,574	(416,318)
Interest and dividends income received	385	505
Interest expenses paid	(30,906)	(34,512)
Income taxes paid	(5,452)	(61,584)
Net cash provided by (used in) operating activities	1,251,601	(511,908)
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,426)	-
Proceeds from withdrawal of time deposits	-	1,426
Purchase of investments in capital of subsidiaries	(16,311)	-
Purchase of investment securities	(2,470)	(2,506)
Purchase of property, plant and equipment	(14,508)	(16,864)
Proceeds from sales of property, plant and equipment	10,038	-
Purchase of intangible assets	(1,441)	(1,232)
Purchase of software	(151,130)	(127,154)
Other, net	(5,405)	5,450
Net cash provided by (used in) investing activities	(182,654)	(140,880)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(800,000)	200,000
Proceeds from long-term loans payable	1,000,000	1,100,000
Repayment of long-term loans payable	(321,000)	(806,000)
Other, net	(1,750)	(841)
Net cash provided by (used in) financing activities	(122,750)	493,158
Effect of exchange rate change on cash and cash equivalents	(2,980)	(3,853)
Net increase (decrease) in cash and cash equivalents	943,215	(163,484)
Cash and cash equivalents at beginning of period	1,326,720	2,269,936
Cash and cash equivalents at end of period	2,269,936	2,106,452

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

FY2010 results (Apr. 2010 - Mar. 2011)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	4,570,231	232,875	238,285	5,041,393
Inter-segment sales or transfers	160,499	12,907	68,542	241,948
Total	4,730,730	245,782	306,828	5,283,342
Segment operating income (loss)	502,932	(45,298)	32,075	489,709
Segment assets	6,121,217	139,260	126,827	6,387,305
Other items				
Depreciation and amortization	267,312	3,581	164	271,057
Amortization of goodwill	20,000	—	—	20,000
Increase in tangible fixed assets or intangible fixed assets	208,118	3,959	1,090	213,167

FY2011 results (Apr. 2011 - Mar. 2012)

(Thousand yen)

	Reportable segments			Total
	Japan	U.S.A.	Korea	
Net sales				
Sales to external customers	2,810,649	248,266	269,709	3,328,625
Inter-segment sales or transfers	164,652	15,641	52,855	233,149
Total	2,975,302	263,907	322,564	3,561,774
Segment operating income (loss)	(182,172)	(90,327)	23,757	(248,742)
Segment assets	5,616,134	126,498	151,103	5,893,735
Other items				
Depreciation and amortization	231,293	3,061	430	234,785
Amortization of goodwill	20,000	—	—	20,000
Increase in tangible fixed assets or intangible fixed assets	175,145	2,095	1,670	178,911

(3) Reconciliation of published figures and aggregates of reportable segments in FY2011

(Thousand yen)

Net sales	FY2010	FY2011
Reportable segments	5,283,342	3,561,774
Elimination of intersegment transactions	(241,948)	(233,149)
Net sales	5,041,393	3,328,625

(Thousand yen)

Operating income	FY2010	FY2011
Reportable segments	489,709	(248,742)
Elimination of intersegment transactions	7,267	6,673
Intersegment income adjustment	22,877	(2,890)
Other	11,502	35,183
Operating income (loss)	531,357	(209,776)

(Thousand yen)

Assets	FY2010	FY2011
Reportable segments	6,387,305	5,893,735
Elimination of intersegment transactions	(166,014)	(192,526)
Intersegment income adjustment	(26,237)	(29,128)
Other	3,284	25,172
Total assets	6,198,337	5,697,252

(Thousand yen)

Other items	Reportable segments		Adjustment		Consolidated total	
	FY2010	FY2011	FY2010	FY2011	FY2010	FY2011
Depreciation and amortization	271,057	234,785	(49,115)	(25,738)	221,942	209,046
Amortization of goodwill	20,000	20,000	—	—	20,000	20,000
Increase in tangible fixed assets and intangible fixed assets	213,167	178,911	(25,738)	(28,650)	187,429	150,260

(Notes:)

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

Related Information

FY2010 results (Apr. 2010 - Mar. 2011)

(1) Information by product/service

(Thousand yen)

	Inspection systems	3D solution systems	Media & Network products	Total
Sales to external customers	4,325,919	343,051	372,421	5,041,393

(2) Information by geographical segment

I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
779,231	2,552,169	913,565	550,073	232,827	13,525	5,041,393

(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
Wintec Corporation	2,366,876	Japan
Samsung Japan Corporation	765,650	Japan

FY2011 results (Apr. 2011 - Mar. 2012)

(1) Information by product/service

(Thousand yen)

	Inspection systems	3D solution systems	Media & Network products	Total
Sales to external customers	2,503,375	332,820	492,429	3,328,625

(2) Information by geographical segment

I. Sales

(Thousand yen)

Japan	Korea	Taiwan	China	Americas	Others	Total
1,047,699	1,475,801	331,218	212,151	247,788	13,965	3,328,625

(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
Wintec Corporation	810,996	Japan
Samsung Japan Corporation	409,400	Japan

(Amortization of goodwill and unamortized balance by reportable segment)

FY2010 results (Apr. 2010 - Mar. 2011)

(Thousand yen)

	Reportable segment			Total
	Japan	U.S.A.	Korea	
Balance at the end of current period	76,666	—	—	76,666

(Notes:)

1. "Amortization of goodwill", see Segment Information (page 9)

FY2011 results (Apr. 2011 - Mar. 2012)

(Thousand yen)

	Reportable segment			Total
	Japan	U.S.A.	Korea	
Balance at the end of current period	56,666	—	—	56,666

(Notes:)

1. "Amortization of goodwill", see Segment Information (page 9)

Supplementary Information

(Production Volume)

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

BY REPORTABLE SEGMENTS	Production	Year-on-year (%)
Japan	2,693,658	(40.6)
U.S.A.	247,733	6.7
Korea	273,969	13.9
T o t a l	3,215,362	(35.8)

(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 (%)
Japan	(135,765)	—	322,500	(88.1)
Korea	235,759	(11.2)	21,463	(36.0)
T o t a l	99,994	(97.7)	343,963	(87.5)

(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.

(Note 3) The Orders of Japan is minus, because the customers reconsider their capital investment plan.

(Sales Results)

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

BY REPORTABLE SEGMENTS	Sales	Year-on-year (%)
Japan	2,810,649	(38.5)
U.S.A.	248,266	6.6
Korea	269,709	13.2
T o t a l	3,328,625	(34.0)

(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	FY2010 (Apr.2010—Mar.2011)		FY2011 (Apr.2011—Mar.2012)	
	Sales	Ratio(%)	Sales	Ratio(%)
Wintec Corporation	2,366,876	46.9	810,996	24.4
Samsung Japan Corporation	765,650	15.2	409,400	12.3

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