

Wacom Co., Ltd. (6727)
Summary of Consolidated Financial Results
1H FY06

1. Consolidated results for 1H of FY06 (April 1, 2006 to September 31, 2006)

(1) Consolidated Business Performance (rounded off to mY)

| | Sales | | OP | | RP | |
|---------|--------|--------|-------|---------|-------|--------|
| | mY | % | mY | % | mY | % |
| 1H FY06 | 13,362 | (22.8) | 1,957 | (64.3) | 2,041 | (69.9) |
| 1H FY05 | 10,884 | (36.5) | 1,191 | (103.6) | 1,202 | (87.7) |
| FY05 | 23,992 | | 3,424 | | 3,387 | |

| | NP | | NP per Shares Outstanding | | NP per Diluted Shares Outstanding | |
|---------|-------|---------|---------------------------|-----|-----------------------------------|-----|
| | mY | % | Yen | Sen | Yen | Sen |
| 1H FY06 | 1,219 | (60.4) | 2,949 | 69 | 2,902 | 87 |
| 1H FY05 | 760 | (158.6) | 7,906 | 92 | 7,699 | 51 |
| FY05 | 2,146 | | 5,420 | 51 | 5,283 | 96 |

(Notes) 1. Equity in Net Profit of affiliated companies: 1H FY06 – mY 1H FY05 – mY FY05 – mY

2. Average No. of shares outstanding: 1H FY06 413,114 1H FY05 96,069 FY05 390,705

3. Change in Accounting policy: No

4. Percentage changes of Sales, OP, RP and NP are based on YoY basis.

(2) Consolidated Financial Position (rounded off to mY)

| | Total Assets | Shareholders' Equity | Equity Ratio | Net Assets per Share | |
|---------|--------------|----------------------|--------------|----------------------|-----|
| | mY | mY | % | Yen | Sen |
| 1H FY06 | 22,066 | 14,249 | 64.6 | 34,469 | 35 |
| 1H FY05 | 15,155 | 7,346 | 48.5 | 76,395 | 13 |
| FY05 | 21,033 | 13,288 | 63.2 | 32,137 | 43 |

Note: No. of shares outstanding as of term end 1H FY06 413,380 1H FY05 96,155 FY05 412,600

(3) Consolidated Cash Flow

| | Operating Cash Flow | Investing Cash Flow | Financing Cash Flow | Cash & Cash Equivalent |
|---------|---------------------|---------------------|---------------------|------------------------|
| | mY | mY | mY | mY |
| 1H FY06 | 1,220 | -143 | -1,278 | 10,214 |
| 1H FY05 | 284 | 4 | -385 | 4,184 |
| FY05 | 2,270 | -93 | 3,720 | 10,343 |

(4) Consolidated subsidiaries and application of the equity method

No. of consolidated subsidiaries: 8

No. of unconsolidated subsidiaries accounted for by the equity method: –

No. of affiliates accounted for by the equity method: –

(5) Changes in scope of consolidation and application of equity method

New consolidated subsidiaries: 2

Consolidated companies removed: –

New companies accounted for by the equity method: –

Companies accounted for by the equity method removed: –

2. Consolidated FY06 Forecast (April 1, 2006 to March 31, 2007)

| | Sales | RP | NP |
|-----------|--------|-------|-------|
| | mY | mY | mY |
| Full Year | 28,300 | 4,350 | 2,600 |

Reference: Estimated Net Profit per Share (full year) 6,289 yen 61 sen

3. Business Performance

(1) Operating Results

Wacom managed high value-added product sales, expansion of sales offices and distribution root in 1H. In addition, Wacom attempted to develop Windows Vista-related technology, promote global branding, respond to J-SOX Law, and control SG&A cost.

As a result, interim consolidated sales ended ¥13.36bn (+22.8% YoY), OP ¥1.95bn (+64.3% YoY), RP ¥2.04bn (+69.9% YoY) and NP ¥1.22bn (+60.4% YoY).

Business Overview by Segment

① Electronic System and Devices (ESD) Business

Wacom's main product line Tablet business went well this 1H. In particular, the professional graphics tablet "Intuos" series was strong in the US and Asia thanks to strong demand of company usage. The consumer graphics tablet "FAVO" (for Japan) and Graphire (for Europe & US) series did not grow as much as last 1H, but sales were stable. Interactive pen displays' demand increased in the medical area in Japan, and in educational and graphics use in the U.S.

Pen sensor components business for tablet PCs was weak due to inventory adjustments by PC vendors and the delay in the launch of Microsoft's next generation OS, "Windows Vista."

Consequently, sales of ESD business became ¥12.91bn (+23.4% YoY), OP ¥2.75bn (+57.5% YoY).

② Engineering Collaborative Solutions (ECS) Business

With an increase in capital expenditure of manufacturing business, the CAD market is growing.

Consequently, sales of ECS business became ¥456mn (+7.9% YoY), OP ¥68mn (+13.7% YoY).

Business Overview by Area

① Japan

Sales of the professional graphics tablet "Intuos" series grew on a YoY basis, thanks to appropriate channel selection and store front exposure. Meanwhile, sales of the consumer graphics tablet "FAVO" series decreased on a YoY basis, affected by the declining market condition of PC-related equipment sales. Interactive pen display sales grew considerably as a result of strong demand in the medical area, thanks to electric medical record diffusion.

As a result, sales in Japan ended ¥5.19bn (-3.3% YoY), OP ¥1.94bn (+118.2% YoY).

② US

Sales of both the professional graphics tablet "Intuos" series and consumer graphics tablet "Graphire" series showed moderate growth, though not as rapid as last year's level. However, interactive pen display "Cintiq" series sales grew substantially due to graphics demand expansion and educational use for other products.

Consequently, US sales ended ¥4.51bn (+53.6% YoY), OP ¥687mn (+13.4% YoY).

③ Europe

Professional graphics tablet "Intuos" series sales and consumer graphics tablet "Graphire" sales showed stable growth. Also, low-end consumer graphics pen tablet "Volito" did well, including OEM sales. On the other hand, interactive pen display sales fell below last year's level. In addition, reclamation of the Russian market and sales in Eastern Europe countries were favorable.

Accordingly, Europe sales ended ¥2.58bn (+24.0% YoY), OP ¥391mn (+24.8% YoY).

④ Asia & Oceania

Professional graphics tablet "Intuos" series sales showed wide expansion. Though sales of the consumer graphics tablet "Graphire" series was influenced by Chinese-made low cost competing goods, sales managed to exceed last year's level.

Favorable interactive pen display sales were supported by demand expansion in the Korean and Chinese education area. The Asia & Oceania markets continue to widen and Wacom is exploring new sales channels. The overseas subsidiaries founded in Korea 2 years ago and in Australia last year are both doing well. In May 2006, Wacom established an operation in Singapore to start marketing activities in South East Asia and South Asia. Therefore, Asia & Oceania sales ended ¥1.09bn (+114.8% YoY), OP ¥166mn (+191.1% YoY).

(2) Financial Position

Consolidated cash & cash equivalent for 1H was ¥10.21bn (declined by ¥128mn YoY) thanks to the good condition of net profit before taxes and other adjustments of ¥2.04bn (+69.2% YoY).

(Cash Flow from Operating Activities)

Earned operating cash flow was ¥1.22bn (+329.8% YoY). The main reasons for the change was a ¥1.23bn increase in notes & accounts receivable at ¥1.23bn, net profit before taxes and other adjustments was strong at ¥2.04bn and the decrease in inventory was ¥393mn.

(Cash Flow from Investing Activities)

Investing cash flow used was ¥143mn (last year was ¥4m earned). This was mainly from fixed assets purchased of ¥138mn.

(Cash Flow from Financing Activities)

Financing cash flow used was ¥1.28bn (+232.1% YoY). The main trends were payments for redemption of bonds ¥500mn, payments for long-term accrued revenue ¥363mn, and payments for dividends ¥407mn.

Trend of Consolidated Cash Flow Indicator

| | FY04 | | FY05 | | FY06 |
|---|--------------|---------------|--------------|---------------|--------------|
| | Mid-term End | Full-term End | Mid-term End | Full-term End | Mid-term End |
| Total Shareholders' Equity Ratio (%) | 48.4 | 47.5 | 48.5 | 63.2 | 64.6 |
| Market Cap based Total Shareholders' Equity Ratio (%) | 681.0 | 530.5 | 439.1 | 457.1 | 457.1 |
| Debt Redemption Year (Yr) | — | 2.0 | 3.7 | 0.8 | 0.4 |
| Interest Coverage Ratio | — | 31.8 | 23.4 | 68.3 | 137.5 |

(Note) Total Shareholders' Equity Ratio: Total Shareholders' Equity/Total Assets
Market Cap based Total Shareholders' Equity Ratio: Market Cap/Total Assets
Debt Redemption Year: Interest-Bearing Debt/Operating Cash Flow
(For mid-term end, operating cash flow is doubled for full year measurement.)
Interest Coverage Ratio: Operating Cash Flow/Interest Payment

(3) Full Year Forecast

We assume the European and US markets will maintain stable growth in 2H. Wacom will continue to expand professional product "Intuos3" sales world-wide and consumer product brand recognition and sales channels. Also, we will continue sustainable growth in the component business and sales expansion of the large-sized interactive pen display "Cintiq21UX". Wacom will follow through to invest in business improvement, new product development, branding activities, and new business development.

Accordingly, we estimate consolidated sales of ¥28.3bn (+18.0% YoY), OP of ¥4.35bn (+28.4% YoY) and NP of ¥2.6bn (+21.2% YoY). However, the parent forecast has not been changed since the disclosure of July 11th, 2006.

Consolidated Balance Sheet

| | 1H FY05 (as of Sep. 30, 2005) | | 1H FY06 (as of Sep. 30, 2006) | | FY05 (as of Mar. 31, 2006) | |
|--|----------------------------------|--------------|----------------------------------|--------------|-------------------------------|--------------|
| | Amount ('000¥) | (%) | Amount ('000¥) | (%) | Amount ('000¥) | (%) |
| (Assets) | | | | | | |
| I Current Assets | | | | | | |
| 1. Cash and cash equivalents | 4,183,815 | | 10,214,365 | | 10,342,643 | |
| 2. Notes and accounts receivable | 3,743,457 | | 4,273,254 | | 3,085,377 | |
| 3. Inventories | 1,931,841 | | 2,210,972 | | 2,555,966 | |
| 4. Deferred tax assets | 337,408 | | 534,566 | | 340,202 | |
| 5. Accrued revenue | 599,349 | | 508,965 | | 388,922 | |
| 6. Advanced money | 50,132 | | 67,971 | | 71,058 | |
| 7. Others | 110,489 | | 105,287 | | 173,593 | |
| Allowance for doubtful accounts | -32,116 | | -34,248 | | -34,939 | |
| Total Current Assets | 10,924,375 | 72.1 | 17,881,132 | 81.0 | 16,922,822 | 80.5 |
| II Fixed Assets | | | | | | |
| 1. Tangible fixed assets | | | | | | |
| (1) Buildings and facilities | 3,202,558 | | 3,220,330 | | 3,212,108 | |
| Accumulated depreciation | 1,557,621 | 1,644,937 | 1,642,180 | 1,578,150 | 1,601,687 | 1,610,421 |
| (2) Machinery, equipment and vehicles | 138,968 | | 170,724 | | 154,057 | |
| Accumulated depreciation | 64,200 | 74,768 | 75,313 | 95,411 | 71,811 | 82,246 |
| (3) Tools and furniture | 1,323,137 | | 1,423,749 | | 1,360,974 | |
| Accumulated depreciation | 1,032,763 | 290,374 | 1,090,320 | 333,429 | 1,056,873 | 304,101 |
| (4) Land | 1,468,429 | | 1,473,400 | | 1,472,943 | |
| Total tangible fixed assets | 3,478,508 | 23.0 | 3,480,390 | 15.8 | 3,469,711 | 16.5 |
| 2. Intangible fixed assets | | | | | | |
| (1) Software | 382,766 | | 343,687 | | 363,419 | |
| (2) Software in progress | — | | 3,500 | | — | |
| (3) Others | 11,902 | | 11,182 | | 11,553 | |
| Total intangible fixed assets | 394,668 | 2.6 | 358,369 | 1.6 | 374,972 | 1.8 |
| 3. Investment and other assets | | | | | | |
| (1) Investment securities | 74,747 | | 56,086 | | 55,804 | |
| (2) Deposit and guarantee money paid | 93,113 | | 115,272 | | 100,427 | |
| (3) Long-term accrued revenue | 41,047 | | 168,079 | | 37,935 | |
| (4) Membership | 3,505 | | — | | — | |
| (5) Deferred tax assets | 139,513 | | — | | 64,967 | |
| (6) Others | 9,203 | | 9,072 | | 9,738 | |
| Allowance for doubtful accounts | -3,513 | | -2,607 | | -3,513 | |
| Total investment and other assets | 357,615 | 2.3 | 345,902 | 1.6 | 265,358 | 1.2 |
| Total Fixed Assets | 4,230,791 | 27.9 | 4,184,661 | 19.0 | 4,110,041 | 19.5 |
| Total Assets | 15,155,166 | 100.0 | 22,065,793 | 100.0 | 21,032,863 | 100.0 |

| | 1H FY05 (as of Sep. 30, 2005) | | 1H FY06 (as of Sep. 30, 2006) | | FY05 (as of Mar. 31, 2006) | |
|--|----------------------------------|--------------|----------------------------------|--------------|-------------------------------|--------------|
| | Amount ('000¥) | (%) | Amount ('000¥) | (%) | Amount ('000¥) | (%) |
| (Liabilities) | | | | | | |
| I Current Liabilities | | | | | | |
| 1. Notes and accounts payable | 3,487,395 | | 3,682,219 | | 3,389,839 | |
| 2. Short-term debt | 500,000 | | 600,000 | | 600,000 | |
| 3. Current portion of bonds | 500,000 | | 200,000 | | 700,000 | |
| 4. Current installments of long-term debt | 185,400 | | 92,400 | | 117,600 | |
| 5. Accrued income taxes | 369,925 | | 891,025 | | 567,273 | |
| 6. Accrued liabilities | 793,030 | | 780,167 | | 744,111 | |
| 7. Advance received | 130,481 | | 155,832 | | 132,416 | |
| 8. Allowance for bonus payable | 408,902 | | 485,962 | | 443,702 | |
| 9. Allowance for board members' bonus payable | — | | 11,520 | | — | |
| 10. Others | 218,696 | | 286,839 | | 254,346 | |
| Total Current Liabilities | 6,593,829 | 43.5 | 7,185,964 | 32.6 | 6,949,287 | 33.0 |
| II Fixed Liabilities | | | | | | |
| 1. Bond payable | 200,000 | | — | | — | |
| 2. Long-term debt | 267,400 | | 35,000 | | 70,000 | |
| 3. Deferred tax liabilities | — | | 39,533 | | — | |
| 4. Accrued retirement benefits | 281,029 | | 312,943 | | 293,046 | |
| 5. Reserve for retirement benefits for directors and corporate auditors | 187,037 | | 235,133 | | 219,125 | |
| 6. Others | 280,097 | | 8,281 | | 213,501 | |
| Total Fixed Liabilities | 1,215,563 | 8.0 | 630,890 | 2.8 | 795,672 | 3.8 |
| Total Liabilities | 7,809,392 | 51.5 | 7,816,854 | 35.4 | 7,744,959 | 36.8 |
| (Shareholders' Equity) | | | | | | |
| I Capital | 1,607,468 | 10.6 | — | — | 3,803,231 | 18.1 |
| II Additional paid-in capital | 1,448,857 | 9.6 | — | — | 3,644,654 | 17.3 |
| III Retained earnings | 4,181,723 | 27.6 | — | — | 5,567,934 | 26.5 |
| IV Net evaluation on other securities | 7,595 | 0.0 | — | — | — | — |
| V Foreign currency translation adjustments | 100,131 | 0.7 | — | — | 272,085 | 1.3 |
| Total Shareholders' Equity | 7,345,774 | 48.5 | — | — | 13,287,904 | 63.2 |
| Total Liabilities & Shareholders' Equity | 15,155,166 | 100.0 | — | — | 21,032,863 | 100.0 |
| (Net Assets) | | | | | | |
| I Shareholders' Equity | | | | | | |
| 1. Capital | — | — | 3,831,312 | 17.4 | — | — |
| 2. Additional paid-in capital | — | — | 3,672,735 | 16.6 | — | — |
| 3. Retained earnings | — | — | 6,345,891 | 28.8 | — | — |
| Total Shareholders' Equity | — | — | 13,849,938 | 62.8 | — | — |
| II Evaluation & Exchange Conversion | | | | | | |
| 1. Foreign currency translation adjustments | — | — | 399,001 | 1.8 | — | — |
| Total Evaluation & Exchange Conversion | — | — | 399,001 | 1.8 | — | — |
| Total Net Assets | — | — | 14,248,939 | 64.6 | — | — |
| Total Liabilities & Net Assets | — | — | 22,065,793 | 100.0 | — | — |

Consolidated Profit & Loss Statement

| | 1H FY05 (Apr. 1, 2005 to Sep. 30, 2005) | | 1H FY06 (Apr. 1, 2006 to Sep. 30, 2006) | | FY05 (Apr. 1, 2005 to Mar. 31, 2006) | | | | |
|--|--|------------|--|---------|---|-------|-----------|------------|-------|
| | Amount ('000¥) | (%) | Amount ('000¥) | (%) | Amount ('000¥) | (%) | | | |
| I Sales | | 10,883,532 | 100.0 | | 13,362,500 | 100.0 | | 23,992,206 | 100.0 |
| II Cost of Goods Sold | | 5,636,429 | 51.8 | | 6,570,125 | 49.2 | | 12,021,444 | 50.1 |
| Gross Profit | | 5,247,103 | 48.2 | | 6,792,375 | 50.8 | | 11,970,762 | 49.9 |
| III Sales & General Administration Cost | | 4,055,795 | 37.3 | | 4,835,097 | 36.1 | | 8,546,397 | 35.6 |
| Operating Profit | | 1,191,308 | 10.9 | | 1,957,278 | 14.7 | | 3,424,365 | 14.3 |
| IV Nonoperating Revenue | | | | | | | | | |
| 1. Interest and dividend income | 17,482 | | | 62,201 | | | 48,617 | | |
| 2. Tax refunds | — | | | 53,999 | | | — | | |
| 3. Others | 20,471 | 37,953 | 0.3 | 11,347 | 125,547 | 0.9 | 22,092 | 70,709 | 0.3 |
| V Nonoperating Expense | | | | | | | | | |
| 1. Interest cost | 14,259 | | | 8,561 | | | 36,768 | | |
| 2. Foreign exchange loss | 8,555 | | | 24,999 | | | 12,866 | | |
| 3. Stock issuance cost | 177 | | | 2,846 | | | 49,170 | | |
| 4. Others | 4,716 | 27,707 | 0.2 | 5,575 | 41,981 | 0.3 | 8,857 | 107,661 | 0.5 |
| Recurring Profit | | 1,201,554 | 11.0 | | 2,040,844 | 15.3 | | 3,387,413 | 14.1 |
| VI Extraordinary Gain | | | | | | | | | |
| 1. Gain on sale of investment securities | 27,620 | | | 3,649 | | | 43,526 | | |
| 2. Gain on sale of fixed assets | 868 | | | 1,340 | | | 880 | | |
| 3. Reversal of allowance for doubtful accounts | 638 | 29,126 | 0.3 | 45 | 5,034 | 0.0 | 301 | 44,707 | 0.2 |
| VII Extraordinary Loss | | | | | | | | | |
| 1. Loss on disposal of fixed assets | 52 | | | — | | | 371 | | |
| 2. loss on retirement of fixed assets | 8,887 | | | 4,203 | | | 12,289 | | |
| 3. Loss on sale of membership | 6,796 | | | — | | | 10,301 | | |
| 4. Loss on insurance surrender | 8,481 | 24,216 | 0.2 | — | 4,203 | 0.0 | 8,481 | 31,442 | 0.1 |
| Net Profit before Taxes and Other Adjustments | | 1,206,464 | 11.1 | | 2,041,675 | 15.3 | | 3,400,678 | 14.2 |
| Income Tax, Inhabitant Tax and Enterprise Tax | 547,061 | | | 909,560 | | | 1,282,293 | | |
| Deferred Income Tax | -100,207 | 446,854 | 4.1 | -86,442 | 823,118 | 6.2 | -27,436 | 1,254,857 | 5.2 |
| Net Profit | | 759,610 | 7.0 | | 1,218,557 | 9.1 | | 2,145,821 | 9.0 |

Consolidated Cash Flow Statement

| | 1H FY05 (Apr. 1, 2005 to Sep. 30, 2005) | 1H FY06 (Apr. 1, 2006 to Sep. 30, 2006) | FY05 (Apr. 1, 2005 to Mar. 31, 2006) |
|--|--|--|---|
| | Amount ('000¥) | Amount ('000¥) | Amount ('000¥) |
| I Operating Cash Flow | | | |
| Net profit before taxes and other adjustments | 1,206,464 | 2,041,675 | 3,400,678 |
| Depreciation | 106,876 | 110,322 | 222,327 |
| Software amortization | 67,210 | 70,084 | 142,829 |
| Stock issuance cost | 177 | 2,846 | 49,170 |
| Increase in allowance for doubtful accounts | 14,587 | -9,973 | 11,717 |
| Increase in allowance for bonus payable | 176,436 | 40,120 | 205,526 |
| Increase in allowance for board members' bonus payable | — | 11,520 | — |
| Increase in accrued retirement benefits | 15,438 | 19,490 | 26,903 |
| Increase in reserve for retirement benefits for directors and corporate auditors (- represents decrease) | 31,313 | 16,008 | 63,401 |
| Interest and dividend income | -17,482 | -60,201 | -48,617 |
| Interest cost | 14,259 | 8,561 | 36,768 |
| Foreign exchange loss (- represents gain) | 11,401 | 2,749 | -24,198 |
| Loss on sale of membership | 6,796 | — | 10,301 |
| Loss on sale & retirement of fixed assets | 8,939 | 4,203 | 12,660 |
| Gain on sale of fixed assets | -868 | -1,340 | -880 |
| Loss on insurance surrender | 8,481 | — | 8,481 |
| Gain on sale of investment securities | -27,620 | -3,649 | -43,526 |
| Increase in notes & accounts receivable | -915,652 | -1,239,709 | 13,138 |
| Decrease in inventory | -236,418 | 393,821 | -813,204 |
| Decrease in other assets | 19,705 | -59,838 | -71,266 |
| Increase in notes & accounts payable | 141,621 | 247,854 | -4,393 |
| Increase in other liabilities | 206,794 | 202,427 | 146,172 |
| Bonus allowance | -14,000 | -28,000 | -14,000 |
| Subtotal | 824,457 | 1,768,970 | 3,329,987 |
| Interest and dividend received | 17,482 | 60,201 | 48,617 |
| Interest paid | -12,116 | -8,872 | -33,225 |
| Income tax paid | -545,967 | -600,290 | -1,075,204 |
| Operating Cash Flow | 283,856 | 1,220,009 | 2,270,175 |

| | 1H FY05 (Apr. 1, 2005 to Sep. 30, 2005) | 1H FY06 (Apr. 1, 2006 to Sep. 30, 2006) | FY05 (Apr. 1, 2005 to Mar. 31, 2006) |
|---|--|--|---|
| | Amount ('000¥) | Amount ('000¥) | Amount ('000¥) |
| II Investing Cash Flow | | | |
| Payments for purchase of tangible fixed assets | -79,531 | -97,336 | -171,609 |
| Payments for purchase of intangible fixed assets | — | — | -2,825 |
| Payments for purchase of inhouse software | -8,587 | -30,408 | -20,987 |
| Payments for purchase of software | -21,322 | -10,259 | -36,721 |
| Proceeds from disposal of tangible fixed assets | 3,184 | 2,215 | 6,287 |
| Proceeds from sale of investment securities | 44,356 | 3,288 | 66,882 |
| Payments for deposit and guarantee money paid | -3,016 | -15,159 | -10,820 |
| Proceeds from deposit and guarantee money refund | 13,181 | 926 | 15,440 |
| Proceeds from insurance surrender | 70,117 | — | 70,117 |
| Payments for insurance reserve funding | -5,873 | — | -5,873 |
| Others | -8,265 | 3,499 | -2,467 |
| Investing Cash Flow | 4,244 | -143,234 | -92,576 |
| III Financing Cash Flow | | | |
| Payments for redemption of bonds | — | -500,000 | — |
| Payments for long-term debt | -134,200 | -60,200 | -399,400 |
| Decrease in short-term debt | — | — | 100,000 |
| Payments for long-term accrued revenue | -72,424 | -363,203 | -144,535 |
| Proceeds from stock issuance | 13,980 | 53,316 | 4,356,335 |
| Payments for stock issuance | -177 | — | — |
| Payments for dividends | -191,910 | -407,418 | -191,910 |
| Financing Cash Flow | -384,731 | -1,277,505 | 3,720,490 |
| IV Effect of Exchange Rate Changes on Cash and Cash Equivalents | 47,259 | 72,452 | 211,367 |
| V Net Increase in Cash and Cash Equivalents (- represents net decrease) | -49,372 | -128,278 | 6,109,456 |
| VI Cash and Cash Equivalents at beginning of term | 4,233,187 | 10,342,643 | 4,233,187 |
| VII Cash and Cash Equivalents at end of term | 4,183,815 | 10,214,365 | 10,342,643 |

Segment Information

(1) By Division

1H FY05 (Apr. 1, 2005 to Sep. 30, 2005)

| | ESD Business ('000¥) | ECS Business ('000¥) | Total ('000¥) | Internal Elimination ('000¥) | Consolidated ('000¥) |
|---|-------------------------|-------------------------|------------------|------------------------------------|-------------------------|
| Sales | | | | | |
| (1) Sales towards external customers | 10,460,552 | 422,980 | 10,883,532 | — | 10,883,532 |
| (2) Sales between internal segments & internal transfer | — | — | — | — | — |
| Total | 10,460,552 | 422,980 | 10,883,532 | — | 10,883,532 |
| Operating Cost | 8,712,058 | 362,559 | 9,074,617 | 617,607 | 9,692,224 |
| Operating Profit | 1,748,494 | 60,421 | 1,808,915 | -617,607 | 1,191,308 |

1H FY06 (Apr.1, 2006 to Sep. 30, 2006)

| | ESD Business ('000¥) | ECS Business ('000¥) | Total ('000¥) | Internal Elimination ('000¥) | Consolidated ('000¥) |
|---|-------------------------|-------------------------|------------------|------------------------------------|-------------------------|
| Sales | | | | | |
| (1) Sales towards external customers | 12,906,181 | 456,319 | 13,362,500 | — | 13,362,500 |
| (2) Sales between internal segments & internal transfer | — | — | — | — | — |
| Total | 12,906,181 | 456,319 | 13,362,500 | — | 13,362,500 |
| Operating Cost | 10,152,549 | 387,597 | 10,540,146 | 865,076 | 11,405,222 |
| Operating Profit | 2,753,632 | 68,722 | 2,822,354 | -865,076 | 1,957,278 |

FY05 (Apr. 1, 2005 to Mar. 31, 2006)

| | ESD Business ('000¥) | ECS Business ('000¥) | Total ('000¥) | Internal Elimination ('000¥) | Consolidated ('000¥) |
|---|-------------------------|-------------------------|------------------|------------------------------------|-------------------------|
| Sales | | | | | |
| (1) Sales towards external customers | 23,048,789 | 943,417 | 23,992,206 | — | 23,992,206 |
| (2) Sales between internal segments & internal transfer | — | — | — | — | — |
| Total | 23,048,789 | 943,417 | 23,992,206 | — | 23,992,206 |
| Operating Cost | 18,473,856 | 790,971 | 19,264,827 | 1,303,014 | 20,567,841 |
| Operating Profit | 4,574,933 | 152,446 | 4,727,379 | -1,303,014 | 3,424,365 |

(2) By Area

1H FY05 (Apr. 1, 2005 to Sep. 30, 2005)

| | Japan ('000¥) | US ('000¥) | Europe ('000¥) | Asia & Oceania ('000¥) | Total ('000¥) | Internal Elimination ('000¥) | Consolidated ('000¥) |
|---|------------------|---------------|-------------------|------------------------------|------------------|------------------------------------|-------------------------|
| Sales | | | | | | | |
| (1) Sales towards external customers | 5,361,735 | 2,936,923 | 2,079,050 | 505,824 | 10,883,532 | — | 10,883,532 |
| (2) Sales between internal segments & internal transfer | 3,157,161 | 77,236 | 89,305 | 33,546 | 3,357,248 | -3,357,248 | — |
| Total | 8,518,896 | 3,014,159 | 2,168,355 | 539,370 | 14,240,780 | -3,357,248 | 10,883,532 |
| Operating Cost | 7,628,026 | 2,408,165 | 1,854,693 | 482,178 | 12,373,062 | -2,680,838 | 9,692,224 |
| Operating Profit | 890,870 | 605,994 | 313,662 | 57,192 | 1,867,718 | -676,410 | 1,191,308 |

1H FY06 (Apr.1, 2006 to Sep. 30, 2006)

| | Japan ('000¥) | US ('000¥) | Europe ('000¥) | Asia & Oceania ('000¥) | Total ('000¥) | Internal Elimination ('000¥) | Consolidated ('000¥) |
|---|------------------|---------------|-------------------|------------------------------|------------------|------------------------------------|-------------------------|
| Sales | | | | | | | |
| (1) Sales towards external customers | 5,186,378 | 4,511,293 | 2,578,111 | 1,086,718 | 13,362,500 | — | 13,362,500 |
| (2) Sales between internal segments & internal transfer | 5,188,374 | 49,698 | 47,308 | 23,567 | 5,308,947 | -5,308,947 | — |
| Total | 10,374,752 | 4,560,991 | 2,625,419 | 1,110,285 | 18,671,447 | -5,308,947 | 13,362,500 |
| Operating Cost | 8,430,525 | 3,874,070 | 2,234,079 | 943,777 | 15,482,451 | -4,077,229 | 11,405,222 |
| Operating Profit | 1,944,227 | 686,921 | 391,340 | 166,508 | 3,188,996 | -1,231,718 | 1,957,278 |

FY05 (Apr. 1, 2005 to Mar. 31, 2006)

| | Japan ('000¥) | US ('000¥) | Europe ('000¥) | Asia & Oceania ('000¥) | Total ('000¥) | Internal Elimination ('000¥) | Consolidated ('000¥) |
|---|------------------|---------------|-------------------|------------------------------|------------------|------------------------------------|-------------------------|
| Sales | | | | | | | |
| (1) Sales towards external customers | 11,305,478 | 6,477,616 | 4,983,442 | 1,225,670 | 23,992,206 | — | 23,992,206 |
| (2) Sales between internal segments & internal transfer | 6,997,712 | 148,960 | 150,098 | 74,418 | 7,371,188 | -7,371,188 | — |
| Total | 18,303,190 | 6,626,576 | 5,133,540 | 1,300,088 | 31,363,394 | -7,371,188 | 23,992,206 |
| Operating Cost | 15,851,924 | 5,392,638 | 4,171,090 | 1,104,981 | 26,520,633 | -5,952,792 | 20,567,841 |
| Operating Profit | 2,451,266 | 1,233,938 | 962,450 | 195,107 | 4,842,761 | -1,418,396 | 3,424,365 |