

## FY07 Summary of Financial Results (Consolidated)

Apr. 30, 2008

Company Name **Wacom Co., Ltd.**

(Code Number: 6727 TSE1)

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### 1. FY07 Consolidated Financial Results (April 1, 2007 – March 31, 2008)

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

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY07	36,739	( 27.6)	5,539	( 21.3)	5,581	( 20.3)	3,501	( 22.7)
FY06	28,787	( 20.0)	4,565	( 33.3)	4,638	( 36.9)	2,853	( 33.0)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding		Return on Equity (ROE)	Total Asset recurring profit ratio	Operating Profit Margin
	Yen	Sen	Yen	Sen	%	%	%
FY07	8,348.74		8,302.38		20.1	20.5	15.1
FY06	6,886.19		6,784.24		19.3	20.1	15.9

#### (2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY07	29,221	18,562	63.5	44,178.22	
FY06	25,152	16,320	64.9	38,978.35	

(For Reference) Net Assets FY07 18,562 mY FY06 16,320 mY

#### (3) Consolidated Cash Flow

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY07	3,461	-1,539	-511	13,577
FY06	3,758	-323	-1,229	12,707

### 2. Dividend

(Record date)	Annual Dividend per Share		Total Dividend Paid (full year)	Payout Ratio (Consolidated)	DOE (Consolidated)
	End of FY	FY total			
	Yen	Sen	mY	%	%
FY06	1,500.00	1,500.00	638	21.8	4.2
FY07	2,500.00	2,500.00	1,050	29.9	6.0
FY08 (estimates)	3,000.00	3,000.00	—	31.9	—

Dividend per share at the end of FY07 consists of an ordinary dividend ¥2,000 and a special dividend ¥500.

### 3. Consolidated Business Forecasts of FY08 (April 1, 2007 – March 31, 2008)

	Sales		Operating Profit		Recurring Profit		Net Profit		Net Profit per Share Outstanding	
	mY	%	mY	%	mY	%	mY	%	Yen	Sen
2Q (FY08 1H)	19,000	( 11.6)	2,150	( 13.9)	2,130	( 10.0)	1,350	(15.2)	3,213.09	
Full Year	44,500	( 21.1)	6,500	( 17.3)	6,450	( 15.6)	3,950	(12.8)	9,401.27	

#### 4. Other

- 1) Reclassification of significant subsidiaries during the period (Reclassification due to the change in scope of consolidation) : No
- 2) Changes in accounting principles, procedures and methods of presentation in consolidated financial statements (Changes in significant items that form the basis for preparing consolidated financial statements)
  - Changes resulting from revisions in accounting standards : Yes
  - Changes other than those 1) above : No
- 3) Numbers of shares outstanding (Common stock)
 

Number of shares outstanding at end of year (including treasury stock): 3/08: 420,156  
3/07: 418,696

Number of treasury stock outstanding at end of year 9/07: - 3/07: - 3/06: -

\* Forward-looking statements regarding future events and performance contained in this presentation are based on currently available information and involve risks and uncertainties. Please note that actual results could materially differ from those expressed or implied by the forward-looking statements in this presentation due to these risks and uncertainties.

## **[Qualitative news and financial statements]**

### **〈Qualitative news for consolidated business performance〉**

Wacom Group's business environment for FY07 (from Apr. 1, 2007 to March 31, 2008) was generally favorable through 3Q, despite soaring oil prices globally. However, in 4Q conditions worsened due to the rapid depreciation of the U.S. dollar against the Japanese yen and the economic slowdown caused by the subprime loan problem in the U.S.

Corporate investment in plant and equipment was steady in Japan, however domestic business was compromised due to high raw material prices, a decrease in housing construction, and weak consumer consumption, including a slowdown in PC purchases. In the U.S., the credit fear caused by the subprime loan problem spread and became a great concern. In the second half, consumer spending and economic growth slowed. The EU economy enjoyed steady growth in the first half, then experienced an economic slowdown in the second half due to the rapid appreciation of the EURO and soaring oil prices. On the other hand, the economy sustained growth in Asian countries, with positive investment in equipment and continually increasing individual consumption.

Under these circumstances, Wacom's performance in FY07 was favorable and growth was enjoyed worldwide. The Company developed a new corporate brand in conjunction with the Company's 25th anniversary. The purpose of the new corporate brand launch is to expand Wacom's customer base from the existing market of graphics users to a wide area market including business and general PC users. Wacom acquired TouchKO Corporation and added its superior touch technologies to the Company's portfolio; the acquisition will broaden technological expertise in the field of user interface solutions. In addition, Wacom made preparations for compliance with the Financial Instruments and Exchange Law (J-SOX), which is being enforced starting April 2008, applied an advance pricing agreement (APA) on overseas transfer pricing with the U.S. and Germany, and introduced an advanced warning purchase defense package. For the purpose of intellectual property protection and strengthening, the Company filed patent infringement lawsuits against Hanwang Technology Corporation and entered into a comprehensive settlement agreement on April 9, 2008.

As a result, the consolidated FY07 business results ended in sales of ¥36.74bn (+27.6% YoY), operating profit ¥5.54bn (+21.3% YoY), recurring profit ¥5.58bn (+20.3% YoY), and net profit ¥3.50bn (+22.7% YoY).

(Business segment performance)

#### 1) ESD business

The tablet business, also known as the core electric system and devices (ESD) business, continued to expand global sales in all product lines with regional differences. In the professional graphics tablet segment, global sales showed steady growth, helped by the expansion of graphics users in Asia. On the consumer graphics tablet side, the new "Bamboo™" brand series of tablets for "Windows Vista™" was released in the market worldwide in May, 2007, and recorded large sales growth thanks to the switch of consumer product brands. As for LCD tablets, after resolving a supply shortage of LCDs in the first half, sales grew in the second half. A new professional LCD tablet "Cintiq™12WX" was released in November and received a favorable appraisal as a new graphics tool. The LCD Signature Tablet "SignPad," designed to capture digital signatures, was introduced in the digital signatures market, and orders are now being received.

With regards to the component business, whose major customers are Tablet PC manufacturers, the Company's latest ultra-light and ultra-slim digitizer came to life in the Tablet PC market and accounted for more than 80% of total shipments. In addition, the release of "Windows Vista™" with built-in pen functions propelled shipments of PCs which included pen and pen-sensor components. And, a major PC manufacturer released Tablet PCs targeted for consumers in January, 2008, and electronic pens are becoming more popular among general PC users. Major PC makers adopted LCD modules which are comprised of the Company's pen-sensor components and touch panel sensors; these sales contributed to a significant increase in the component business.

As a result, ESD business FY07 sales ended at ¥35.84bn (+28.6% YoY), and operating profit ¥7.96bn (+25.1% YoY).

#### 2) ECS business

The Engineering Collaborative Solutions (ECS) business released a new product "ECAD / dio™" Ver. 8.0 in the electric design field of the CAD market in September. This new product supports users of the English version of Windows Vista™ and includes enhanced security functions. In addition, the Company provided incentives to users to upgrade and to install additional CAD products, and pursued new users through its Website and exhibitions.

On the other hand, in the PDM market, the Company proposed solutions such as a project man-hour management system and a claim information management system

using functionality cultivated by a system catering to existing users.

As a result, ECS business FY07 sales ended at ¥897mn (-2.8% YoY) and operating profit ¥140mn (-9.6%YoY).

(Business Overview by Area)

1) Japan

For the ESD business, sales of the professional graphics tablet "Intuos™" series were almost the same as the previous fiscal year. Meanwhile, sales of consumer graphics tablets grew steadily thanks to sales of the existing "FAVO™" brand of products, the launch of the new "Bamboo™" brand series, and the promotion of the new "Bamboo™" series by enhancing store front exposure with new corporate brand advertisements. As for LCD tablets, a new product "Cintiq™ 12WX" recorded good sales, and LCD tablets as a whole enjoyed sales growth.

With regards to the ECS business, refer to the "Business segment performance," section, above.

As a result, sales in Japan ended at ¥13.57bn (+23.0% YoY), and OP ¥6.83bn (+34.2% YoY).

2) U.S.

Sales of the professional graphics tablet "Intuos™" series showed stable growth. Sales of consumer graphics tablets grew well thanks to sales of the existing "Graphire™" brand of products and the launch of "Bamboo", a new brand that was introduced to the market. As for LCD tablets, a new product "Cintiq™ 12WX" was greatly appreciated among high-end graphics users, with better than expected sales, which spurred large sales growth of LCD tablets.

Consequently, sales in U.S. ended at ¥11.03bn (+21.4% YoY), and OP ¥711mn (-13.8% YoY).

3) Europe

Sales of the professional graphics tablet "Intuos™" series showed stable growth. On the consumer graphics tablet side, the launch of the new "Bamboo™" brand was widely accepted in the market. As a result, sales of consumer graphics tablets in Europe were the highest in the world. As for LCD tablets, a new product "Cintiq™ 12WX" was greeted with enthusiasm among high-end graphics users, which contributed to large sales growth of LCD tablets.

Accordingly, Europe sales ended at ¥8.45bn (+31.7% YoY), and OP ¥532mn (-34.7% YoY).

#### 4) Asia & Oceania

In the Asia & Oceania market, the rapid expansion of the graphics market helped to bolster sales of the professional graphics tablet "Intuos™" series. Sales of consumer graphics tablets grew strongly thanks to the launch of the new "Bamboo™" brand. As for LCD tablets, a new product "Cintiq™ 12WX" achieved good sales, and the LCD tablet market enjoyed wide expansion.

Geographically, the graphics field in China is growing and sales of professional and consumer graphics tablets are increasing rapidly. In Asia & Oceania, markets continue to widen and the Company is exploring new sales channels. The overseas subsidiaries founded several years ago (in Korea, Australia, and Singapore) are developing smoothly with a strong focus on marketing activities.

Therefore, Asia & Oceania sales ended at ¥3.69bn (+63.7% YoY), and OP ¥394mn (+38.6% YoY).

#### 〈Qualitative news for consolidated financial position〉

Total assets increased by ¥4.07bn to ¥29.22bn and total liabilities increased by ¥1.83bn to ¥10.66bn in FY07 compared with the end of FY06. The main reason for the increase in total assets was a ¥3.35bn increase in current assets. The increase in liabilities was mainly due to a ¥1.76bn increase in notes and accounts payable. Total net assets increased by ¥2.24bn to ¥18.56bn. The main reason for the increase in total net assets was a ¥2.87bn increase in retained earnings due to ¥3.51bn of high net profit.

Consolidated cash & cash equivalents for FY07 increased by ¥870mn to ¥13.58bn in FY07 compared with the end of FY06 (¥2.36bn increase for FY06).

#### (Cash Flow from Operating Activities)

Earned operating cash flow for FY07 was ¥3.46bn (-7.9% YoY). The main reason was ¥5.56bn of NPBT and 2.45bn of corporate tax paid.

#### (Cash Flow from Investing Activities)

Investing cash flow for FY07 was ¥1.54bn (¥323mn expended for FY06). The main reasons were the purchases of fixed assets of ¥608mn, stock of a subsidiary company of ¥420mn, and investment securities of 500mn.

#### (Cash Flow from Financing Activities)

Financing cash flow for FY07 was ¥511mn (¥1.23bn expended for FY06). The main reason was a payment of shareholders' dividends of ¥628mn.

### 〈Qualitative news on the forecast of consolidated results〉

In FY2008 (from Apr. 1 2008 to March. 31 2009), Wacom expects that the global economy will continue to grow, contingent upon effective crisis management of the credit problem, soaring raw material prices worldwide, and rapid fluctuations in foreign currency exchange. However, the harsh market environment is forecasted to continue amid concerns of a recession in the U. S. and economic slowdowns in Europe and Japan. Meanwhile, economic growth is expected to continue at more than a 10% rate in China, where the Summer Olympic Games are scheduled in 2008. Economic growth in other Asian countries is expected to recover in the second half after a slowdown in the first half. The Company's business will benefit from the full-scale implementation of "Windows Vista™", which will accelerate the sales performance of pen-sensor component products for Tablet PCs and consumer products featuring pen functions for use with "Windows Vista™".

The Company assumes the average foreign exchange rates to be ¥100 per 1 U.S. dollar and ¥155 per 1 Euro in this fiscal year, and is expecting consolidated yearly sales of ¥44.50bn (+21.1% YoY), operating profit ¥6.50bn (+17.3% YoY), recurring profit ¥6.45bn (+15.6% YoY), and net profit ¥3.95bn (+12.8% YoY).

### 〈Dividend payout policy and dividend at the end of FY〉

Wacom's dividend payout policy is to maintain stable payouts to ensure future business development and reinforce the financial base.

The Wacom Board of Directors has decided to pay a dividend of ¥2,500 per share (an ordinary dividend ¥2,000 and a special dividend ¥500). As a result, the payout ratio is 29.9% at the end of FY2007.

The payout ratio is targeted to be more than 30% on a consolidated basis and increased in the long-term in order to attract global investment into the Company.

Trend of Consolidated Cash Flow Indicator (for Reference)

	FY04 Full-term End	FY05 Full-term End	FY06 Full-term End	FY07 Full-term End
Total Shareholder's Equity Ratio (%)	47.5	63.2	64.9	63.5
Market Cap based Total Shareholder's Equity Ratio (%)	530.5	457.1	547.7	303.4
Debt Redemption(Yr)	2.0	0.8	0.2	0.2
Interest Coverage Ratio	31.8	68.3	234.2	310.3

(Note) Total Shareholder's Equity Ratio: Total Shareholder's Equity / Total Assts  
 Market Cap based Total Shareholder's 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

(Accompanying data)

Consolidated Balance Sheet (Summary), Consolidated Profit and Loss Statement (Summary), Consolidated Statement of Changes in Shareholder's Equity, Consolidated Cash Flow Statement (Summary), and Segment Information (Summary).



(Accompanying data)

## 1. Summary of Consolidated Balance Sheet

(Unit: '000 Yen, %)

Subject	FY06 (as of Mar. 31, 2007)		FY07 (as of Mar. 31, 2008)		Change in Amount
	Amount	%	Amount	%	Amount
(Assets)					
I Current Assets					
1. Cash and cash equivalents	12,707,153		8,078,235		-4,628,918
2. Notes and accounts receivable	4,381,225		4,537,959		156,734
3. Securities	—		5,500,000		5,500,000
4. Inventories	2,121,745		3,373,683		1,251,938
5. Advanced money	108,791		—		△108,791
6. Deferred tax assets	595,839		825,339		229,500
7. Accrued revenue	991,939		—		△991,939
8. Others	188,162		2,023,911		1,835,749
Allowance for doubtful accounts	-137,097		-31,094		106,003
Total Current Assets	20,957,757	83.3	24,308,033	83.2	3,350,276
II Fixed Assets					
1. Tangible fixed assets					
(1) Buildings and facilities	1,625,688		1,552,601		-73,087
(2) Machinery, equipment and vehicles	99,292		92,653		-6,639
(3) Tools and furniture	366,429		—		-366,429
(4) Land	1,473,559		1,454,588		-18,971
(5) Construction in Progress	—		28,804		28,804
(6) Others	—		374,800		374,800
Total tangible fixed assets	3,564,968	14.2	3,503,446	12.0	-61,522
2. Intangible fixed assets					
(1) Goodwill	—		180,021		180,021
(2) Acquired patent right	23,125		—		-23,125
(3) Software	406,729		—		-406,729
(4) Software in progress	8,277		—		-8,277
(5) Others	10,791		563,954		553,163
Total intangible fixed assets	448,922	1.8	743,975	2.5	295,053
3. Investment and other assets					
(1) Investment securities	56,086		536,429		480,035
(2) Deposit and guarantee money paid	115,272		—		-115,335
(3) Long-term accrued revenue	5,591		—		-5,591
(4) Deferred tax assets	3,024		3,412		387
(5) Others	2,810		128,258		125,448

Subject	FY06 (as of Mar. 31, 2007)		FY07 (as of Mar. 31, 2008)		Change in Amount
	Amount	%	Amount	%	Amount
Allowance for doubtful accounts	-2,610		-2,223		387
Total investment and other assets	180,544	0.7	665,876	2.3	485,332
Total Fixed assets	4,194,434	16.7	4,913,297	16.8	718,863
Total Assets	25,152,191	100.0	29,221,330	100.0	4,069,139

(Unit: '000 Yen, %)

Subject	FY06 (as of Mar. 31, 2007)		FY07 (as of Mar. 31, 2008)		Change in Amount
	Amount	%	Amount	Amount	%
(Liabilities)					
I Current Liabilities					
1. Notes and accounts payable	3,960,231		5,717,425		1,757,194
2. Short-term debt	600,000		600,000		—
3. Current installments of Long-term debt	70,000		—		-70,000
4. Accrued liabilities	1,166,369		—		-1,166,369
5. Accrued income taxes	1,363,139		1,163,242		-199,897
6. Advance received	180,545		—		-180,545
7. Allowance for bonus payable	490,691		475,189		-15,502
8. Allowance for board members' bonus payable	29,800		23,695		-6,105
9. Others	308,837		1,731,738		1,422,901
Total Current Liabilities	8,169,612	32.5	9,711,289	33.2	1,541,677
II Fixed Liabilities					
1. Deferred tax liabilities	64,332		191,050		126,718
2. Accrued retirement benefits	331,865		370,605		38,740
3. Reserve for retirement benefits for directors and corporate auditors	259,298		379,343		120,045
4. Others	7,003		7,301		298
Total Fixed Liabilities	662,498	2.6	948,299	3.3	285,801
Total Liabilities	8,832,110	35.1	10,659,588	36.5	1,827,478
(Net Assets)					
I Shareholders' Equity					
1. Capital	3,988,001	15.9	4,082,842	14.0	94,841
2. Additional paid-in capital	3,829,418	15.2	3,924,258	13.4	94,840
3. Retained earnings	7,980,608	31.7	10,853,924	37.1	2,873,316
Total Shareholders' Equity	15,798,027	62.8	18,861,024	64.5	3,062,997
II Evaluation & Exchange Conversion					
1. Foreign currency translation adjustments	522,054	2.1	-299,282	-1.0	-821,336
Total Evaluation & Exchange Conversion	522,054	2.1	-299,282	-1.0	-821,336
Total Net Assets	16,320,081	64.9	18,561,742	63.5	2,241,661
Total Liabilities & Net Assets	25,152,191	100.0	29,221,330	100.0	4,069,139

## 2. Consolidated Profit & Loss Statement

(Unit: '000 Yen, %)

Subject	FY06 (Apr. 1, 2006 to Mar. 31, 2007)		FY07 (Apr. 1, 2007 to Mar. 31, 2008)		FY06 (Apr. 1, 2006 to Mar. 31, 2007)			
	Amount	%	Amount	%	Amount	%		
I Sales		28,787,066	100.0		36,739,196	100.0		7,952,130
II Cost of Goods Sold		13,759,425	47.8		18,098,841	49.3		4,339,416
Gross Profit		15,027,641	52.2		18,640,355	50.7		3,612,714
III Sales & General Administration Cost		10,463,048	36.3		13,101,484	35.7		2,638,436
Operating Profit		4,564,593	15.9		5,538,871	15.1		974,278
IV Non-operating Revenue								
1. Interest and dividend income	155,229			159,069				
2. Others	24,875	180,104	0.6	32,278	191,347	0.5		11,243
V Non-operating Expense								
1. Interest cost	15,075			12,291				
2. Foreign exchange loss	77,064			117,369				
3. Stock issuance cost	6,437			—				
4. Others	7,632	106,208	0.4	19,354	149,014	0.4		42,806
Recurring Profit		4,638,489	16.1		5,581,204	15.2		942,715
VI Extraordinary Gain								
1. Gain on sale of fixed assets	1,461			108				
2. Gain on sale of investment securities	3,649			—				
3. Reversal of allowance for doubtful accounts	431			91,537				
4. Tax refunds	136,550			—				
5. Others	—	142,091	0.5	—	91,645	0.2		-50,446
VII Extraordinary Loss								
1. Loss on disposal of fixed assets	1,882			1,517				
2. Loss on retirement of fixed assets	40,479			11,759				
3. Write-offs of investment securities	—			20,000				
4. Deferred Director's Retirement Allowance	—	42,361	0.0	75,491	108,767	0.3		66,406
Net Profit before Taxes and Other Adjustments		4,738,219	16.5		5,564,082	15.1		825,863
Income Tax, Inhabitant Tax and Enterprise Tax	2,015,214			2,190,198				
Deferred Income Tax	-130,269	1,884,945	6.6	-127,476	2,064,722	5.6		177,777
Net Profit		2,853,274	9.9		3,501,360	9.5		648,086

### 3. Consolidated Statement of Changes in Shareholder's Equity

FY06 (Apr. 1, 2006 to Mar. 31, 2007)

(Unit: '000 Yen)

	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance as of March 31, 2006	3,803,231	3,644,654	5,567,934	13,015,819
Changes during the Fiscal 2006				
Stock Issuance	184,770	184,764		369,534
Distribution of Retained earnings			-412,600	-412,600
Directors' Bonus			-28,000	-28,000
Net Profit			2,853,274	2,853,274
Net increase/decrease during the fiscal 2006 of non shareholders' equity items				
Total increase/decrease during the fiscal 2006	184,770	184,764	2,412,674	2,782,208
Balance as of March 31, 2007	3,988,001	3,829,418	7,980,608	15,798,027

	Valuation and Translation Adjustments		Total Net Assets
	Foreign Currency Transaction Adjustment	Total Valuation And Translation Adjustments	
Balance as of March 31, 2007	272,085	272,085	13,287,904
Changes during the Fiscal 2006			
Stock Issuance			369,534
Distribution of Retained earnings			-412,600
Directors' Bonus			-28,000
Net Profit			2,853,274
Net increase/decrease during the fiscal 2006 of non shareholders' equity items	249,969	249,969	249,969
Total increase/decrease during the fiscal 2006	249,969	249,969	3,032,177
Balance as of March 31, 2007	522,054	522,054	16,320,081

FY07 (Apr. 1, 2007 to Mar. 31, 2008)

(Unit: '000 Yen)

	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance as of March 31, 2007	3,988,001	3,829,418	7,980,608	15,798,027
Changes during the Fiscal 2007				
Stock Issuance	94,841	94,841		189,681
Distribution of Retained earnings			-628,044	-628,044
Director's Bonus				
Net Profit			3,501,360	3,501,360
Net increase/decrease during the fiscal 2007 of non shareholders' equity items				
Total increase/decrease during the fiscal 2007	94,841	94,841	2,873,316	3,062,997
Balance as of March 31, 2008	4,082,842	3,924,258	10,853,924	18,861,024

	Valuation and Translation Adjustments		Total Net Assets
	Foreign Currency Transaction Adjustment	Total Valuation And Translation Adjustments	
Balance as of March 31, 2007	522,054	522,054	16,320,081
Changes during the Fiscal 2007			
Stock Issuance			189,681
Distribution of Retained earnings			-628,044
Director's Bonus			
Net Profit			3,501,360
Net increase/decrease during the fiscal 2007 of non shareholders' equity items	-821,336	-821,336	-821,336
Total increase/decrease during the fiscal 2007	-821,336	-821,336	2,241,661
Balance as of March 31, 2008	-299,282	-299,282	18,561,742

## 4. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY06	FY07	Change in Amount
	Amount	Amount	Amount
I Operating Cash Flow			
Net profit before taxes and other adjustments	4,738,219	5,564,082	825,219
Depreciation	237,819	518,500	280,681
Software amortization	146,360	—	-146,360
Stock Delivery Expense	6,437	—	-6,437
Increase in allowance for doubtful accounts (- represents decrease)	81,894	-107,147	-189,041
Increase in allowance for bonus payable (- represents decrease)	41,492	5,599	-35,893
Increase in allowance for Director's bonus payable (- represents decrease)	29,800	-6,105	-35,905
Increase Reserve for Retirement Allowance (- represents decrease)	38,407	43,175	4,768
Increase Reserve for Director's Retirement Allowance (- represents decrease)	40,173	126,428	86,255
Interest and dividend income	-155,229	-159,069	-3,840
Interest cost	15,075	12,291	-2,784
Exchange Loss (- Gain)	1,874	22,227	20,353
Loss on Sale and Disposal of Fixed Assets	42,361	13,276	-29,085
Gain on Sale of Fixed Assets	-1,461	-108	1,353
Gain on Sales of Investment Securities	-3,649	—	3,649
Loss on Write-down of Investment Securities	—	20,000	20,000
Decrease in notes and accounts receivable (- represents increase)	-1,746,231	-618,776	1,127,455
Decrease in inventory (- represents increase)	527,642	-1,539,455	-2,067,097
Increase in Other Assets	-23,489	—	23,489
Increase in notes and accounts payable (- represents decrease)	494,703	1,993,906	1,499,203
Increase in Other Liabilities	414,644	—	-414,644
Director's Bonus	-28,000	—	28,000
Others	—	-120,962	-120,962
Subtotal	4,898,841	5,767,862	869,021
Interest and dividend received	155,229	151,422	-3,807
Interest paid	-16,045	-11,153	4,892
Income tax paid	-1,280,431	-2,447,508	-1,167,077
Operating Cash Flow	3,757,594	3,460,623	-296,971
II Investing Cash Flow			
Payments for purchase of Tangible Assets	-202,382	-414,760	-211,378
Payments for purchase of Intangible Assets	-23,319	-6,389	16,930
Payments for purchase of In-house software	-86,903	—	86,903
Payments for purchase of software	-13,171	-186,407	-173,236
Proceeds from Sale of Fixed assets	7,936	3,111	-4,825
Payments for Purchase of stock of subsidiary company	—	-420,216	-420,216
Payments for Purchase of Investment Securities	—	-500,000	-500,000
Proceeds from Sale of Investment Securities	3,288	—	-3,288
Deposit and Guarantee Money Paid	-15,279	-28,121	-12,842
Deposit and Guarantee Money Received	1,204	15,337	14,133
Others	6,151	1,123	-7,274

	FY06	FY07	Change in Amount
	Amount	Amount	Amount
Investing Cash Flow	-323,475	-1,538,568	--1,215,093
III Financing Cash Flow			
Payments for redemption of bonds	-700,000	—	700,000
Payments for long-term debt	-117,600	-70,000	47,600
Payments for long-term accrued liability	-365,196	—	365,196
Proceeds from stock issuance	363,097	186,915	-176,182
Payments for shareholders' dividends	-409,286	-627,869	-218,583
Financing Cash Flow	-1,228,985	-510,954	718,031
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	159,376	-541,060	-700,436
V Net Increase in Cash and Cash Equivalents (- represents Decrease)	2,364,510	870,041	-1,494,469
VI Cash and Cash Equivalents at beginning of term	10,342,643	12,707,153	2,364,510
VII Cash and Cash Equivalents at end of term	12,707,153	13,577,194	870,041



## 5. Segment Information

[By Division]

FY06 (Apr. 1, 2006 to Mar. 31, 2007)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
I Sales					
(1) Sales towards external customers	27,864,338	922,728	28,787,066	—	28,787,066
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	27,864,338	922,728	28,787,066	—	28,787,066
Operating Cost	21,503,018	768,250	22,271,268	1,951,206	24,222,473
Operating Profit	6,361,320	154,478	6,515,798	-1,951,205	4,564,593
II Asset, Depreciation, and Capital expenditure					
Asset	14,182,435	643,493	14,825,928	10,326,263	25,152,191
Depreciation	299,484	34,575	334,059	50,120	384,179
Capital expenditure	349,856	27,475	377,331	190,099	567,430

FY07 (Apr. 1, 2007 to Mar. 31, 2008)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
I Sales					
(1) Sales towards external customers	35,842,651	896,545	36,739,196	—	36,739,196
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	35,842,651	896,545	36,739,196	—	36,739,196
Operating Cost	27,811,600	756,969	28,638,569	2,561,756	31,200,325
Operating Profit	7,961,051	139,576	8,100,627	-2,561,756	5,538,871
II Asset, Depreciation, and Capital expenditure					
Asset	16,227,230	539,227	16,766,457	12,454,873	29,221,330
Depreciation	411,322	38,082	441,699	76,801	518,500
Capital expenditure	341,982	25,512	367,494	71,378	404,460

[By Area]

FY06 (Apr. 1, 2006 to Mar. 31, 2007)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
I Sales							
(1) Sales towards external customers	11,030,123	9,085,617	6,417,305	2,254,021	28,787,066	—	28,787,066
(2) Sales between internal segments and internal transfer	11,650,894	93,736	111,136	60,937	11,916,703	-11,916,703	—
Total	22,681,017	9,179,353	6,528,441	2,314,958	40,703,769	-11,916,703	28,787,066
Operating Cost	17,592,167	8,354,690	5,713,430	2,031,055	33,691,342	-9,468,869	24,222,473
Operating Profit	5,088,850	824,663	815,011	283,903	7,012,427	-2,447,834	4,564,593
II Asset	9,538,241	4,200,988	3,023,833	1,071,575	17,834,637	7,317,554	25,152,191

FY07 (Apr. 1, 2007 to Mar. 31, 2008)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
I Sales							
(1) Sales towards external customers	13,569,637	11,029,962	8,448,701	3,690,896	36,739,196	—	36,739,196
(2) Sales between internal segments and internal transfer	16,936,515	212,874	-	24,158	17,173,547	-17,173,547	—
Total	30,506,153	11,242,836	8,448,701	3,715,054	53,912,743	-17,173,547	36,739,196
Operating Cost	23,677,708	10,531,834	7,916,478	3,321,545	45,447,565	-14,247,240	31,200,325
Operating Profit	6,828,444	711,002	532,223	393,509	8,465,178	-2,926,307	5,538,871
II Asset	10,711,737	5,364,589	3,744,090	1,521,749	21,342,165	7,879,165	29,211,330