

## FY 3/2013 Summary of Consolidated Financial Results

April 30, 2013

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

(Code Number: 6727 TSE1)

(URL <http://wacom.jp/en/company/outline> )

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Scheduled Date of General Shareholders' Meeting: June 27, 2013

Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

### 1. FY 3/13 Consolidated Financial Results (April 1, 2012 – March 31, 2013)

#### (1) Business Performance (Consolidated)

(Round off to mY)

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY 3/13	61,068	50	7,915	94.6	7,559	94.2	4,770	118.7
FY 3/12	40,706	23.2	4,067	25.1	3,892	15.7	2,181	10.9

(Note) Comprehensive income FY 3/13 5,870 mY (192.4%) FY 3/12 2,007 mY (42.6%)

	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	%	%	%
FY 3/13	11,923.02		11,875.39		19.9	17.9	13.0
FY 3/12	5,463.95		5,458.66		11.7	12.7	10.0

#### (2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY 3/13	50,124	29,212	58.1	69,260.04	
FY 3/12	34,129	18,918	55.2	47,350.46	

(For Ref.) Capital: FY3/13 29,1160 mY FY 3/12 18,827 mY

#### (3) Cash Flow (Consolidated)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/13	5,895	-1,611	4,337	21,596
FY 3/12	4,881	-1,697	-1,627	11,970

### 2. Dividend

(Record date)	Dividend Per Share					FY Amount of dividend	Payout ratio	Dividend on equity ratio	
	1Q	2Q	3Q	End of FY	FY Total				
	Yen	Sen	Yen	Sen	Yen	Sen	mY	%	%
FY 3/12	-	0.00	-	3,000.00	3,000.00		1,193	54.9	6.4
FY 3/13	-	0.00	-	4,500.00	4,500.00		1,892	37.7	7.7
FY 3/14 (estimates)	-	0.00	-	17.50	17.50			39.9	

(Note) Dividend per share for FY 3/13 includes 500 yen as the special dividend.

(Note) On April 30, 2013 the Board of Directors decided to split one share of Wacom stock into 400 shares as of the effective date, June 1, 2013. The above dividend per share for FY 3/14 is reflected by the share split.

(For Ref.) The retroactive dividends per share for FY 3/12 and FY 3/13 with the above share split are as follows.  
 FY total: FY 3/12 7 yen 50 sen, FY 3/13 11 yen 25 sen

With regard to the share split, please refer to the disclosed information “Implementation of Share Split, Adoption of Share-trading-unit and Certain Changes to Articles of Incorporation” on April 30, 2013.

### 3. Consolidated Business Forecasts of FY 3/14 (April 1, 2013 – March 31, 2014)

	Sales		Operating Profit		Recurring Profit		Net Profit		Net Profit Per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
2Q (1H FY 3/14)	37,700	65.8	3,550	33.6	3,530	32.1	2,290	29.5	13.62
Full Year	88,000	44.1	11,380	43.8	11,340	50	7,370	54.5	43.83

(Note) On April 30, 2013 the Board of Directors decided to split one share of Wacom stock into 400 shares as of the effective date, June 1, 2013. The above figures of net profit per share are reflected by the share split.

### 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 resulting from revisions in accounting standards : No
  - Changes other than those above : Yes
  - Changes resulting from accounting estimates : Yes
  - Changes resulting from restatements : No

### 3) Numbers of shares outstanding (Common stock)

Number of shares outstanding at end of year (Including treasury stock):

	Shares		Shares
FY 3/13	422,616	FY 3/12	422,616

Number of treasury stock outstanding at end of year:

	Shares		Shares
FY 3/13	2,232	FY 3/12	25,000

Number of average shares for fiscal period

	Shares		Shares
FY 3/13	400,107	FY 3/12	399,224

\* Regarding the implementation of review procedures

These financial results are not subject to review procedures. Thus, at the time of disclosure of these financial results, the financial statement review procedures based on “Financial Instruments and Exchange Law” have not been completed.

\* 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.

(For Reference) Trend of Consolidated Cash Flow Indicator

	FY 3/10	FY 3/11	FY 3/12	FY 3/13
Capital Ratio (%)	64.8	68.1	55.2	58.1
Market Cap. based Capital Ratio (%)	203.0	150.8	201.9	313.2
Debt Redemption (Yr)	0.2	0.5	0.1	0.1
Interest Coverage Ratio	253.7	124.4	592.1	935.1

(Note) Capital Ratio: Capital / Total Assts  
 Market Cap. based Capital Ratio: Market Cap. / Total Assets  
 Debt Redemption Year: Interest-Bearing Debt / Operating Cash Flow  
 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), Segment Information (Summary), and Complementary Information

## **Qualitative information and financial statements**

### **Consolidated business performance**

(All comparisons are based on the same period of the previous fiscal year, unless otherwise stated.)

*Amounts for financial results are rounded to the closest million yen.*

Despite support in the domestic economy from reconstruction demand following the Great East Japan Earthquake, in the current fiscal year (April 1, 2012 to March 31, 2013), growth slowed in the U.S. due to the prolonged debt problem in Europe and growing anti-Japanese sentiment in China. With regard to forex, the yen further strengthened temporarily in the middle of the fiscal year; however the trend reversed due to the expectation of monetary policy easing by the central bank following the new government starting in Japan in late 2012. Meanwhile, in the IT industry, there was a rapid growth in new product categories including smartphones and tablets. Manufacturers ramped up efforts to grow market share as global OS makers developed and launched hardware.

In markets where Wacom Group participates, a number of trends have become evident. In Professional Products, we are seeing increased adoption of 3D technologies for industrial design by the automobile and home appliance industries, and usage for content creation in the movie and game industries. In Consumer Products, we are seeing a growing need for intuitive input-by-hand functions following an increase in tablets and e-book devices. We are also seeing increased demand in traditional uses such as illustrations, photo retouching and web design. In Business Products, use of LCD pen tablet products is increasing with a growing demand for security improvement and paperless environments across a broad range of sectors, including pharmaceuticals, education and finance. Electronic settlement using digital signatures, in particular, is gaining attention as a remarkably effective way to improve information security and operational efficiency, while reducing document management costs. In our Component business, we are seeing increased utilization of pen or multi-touch technologies in smartphones, tablets and e-book readers using Android OS. Moreover, Samsung's *Galaxy Note Series*, the models of smartphones and tablets incorporating our pen technologies, have increased and established a new high-growth category. In addition, PC manufacturers launched new tablets based on *Windows 8*, Microsoft's next generation OS.

Against this background, Wacom Group aimed for further growth through active online marketing and sales activities, developing new products, expanding the product lineup for tablet devices and strengthening the development systems for pen applications. We also focused on enhancing our SCM system in Shanghai, China, developing a new ERP system in Asia and Oceania. The Company has announced its new medium-term business plan,

“WAP1215” (FY March, 2014 to FY March, 2016), that aims to grow the business and enhance corporate value. According the new business plan, Wacom will strive to achieve consolidated net sales of ¥120 billion or more, an operating profit margin of 15% or more, and ROE of 30% or more by FY March, 2016.

As a result, consolidated net sales increased 50.0% to ¥61,068 million, operating profit increased 94.6% to ¥7,915 million, ordinary profit increased 94.2% to ¥7,559 million and net profit increased 118.7% to ¥4,770 million.

## Segment results

*As of the fiscal year under review, the name of the Tablet business segment has been changed to Brand business.*

### 1. Brand business

In the Brand business, sales increased as a result of robust growth in the *Cintiq* series and strong sales of our *Bamboo Stylus* series. Overall business growth, however, was limited by various factors including the delay new product launches and a stagnated market.

In Professional Products, sales grew thanks to the well-received launches of *Cintiq 24HD* touch and *Cintiq 22HD* in July. Both of them feature a wide format and full HD resolution display. *Cintiq 13HD*, announced in March, was well received by the market, however, due to the launch delay, results are not included in the current consolidated fiscal period. Sales of *Intuos5*, our professional pen tablet, did not achieve the same level of sales as the previous fiscal year due to inventory overhang of previous model in the beginning of the current fiscal year, a shift in demand to *Cintiq* series, and the slow sales through major retail partners in U.S.

In Consumer Products, the *Bamboo Stylus duo* for touch screens and paper was released in April, and the pocket-sized *Bamboo Stylus pocket* for touch screens was launched in September. Overall sales of Consumer Products progressed favorably, supported by increasing sales in the *Bamboo Stylus* series and existing pen tablet models. In December, the *Bamboo Stylus feel* incorporating our *EMR* pen sensor technologies joined the *Bamboo Stylus* family.

In Business Products, sales decreased due to poor sales of products in non-signature categories, although the *STU* series of LCD signature tablets generated favorable sales in Japan and Europe.

Looking at sales by region, in the U.S., sales remained broadly in line with the previous fiscal year owing to the off-set of an increase in Consumer Products against a decrease in Business Products. In Europe, sales increased supported by favorable performance of

*Bamboo Stylus* series and *STU* series and despite an appreciation of the yen against the Euro and a sluggish economy in South Europe. In Japan, sales were slightly lower than the previous fiscal year as the *Intuos5* sales fell short of expectations and Business Products sales decreased despite favorable sales of the *Cintiq* series. In Asia and Oceania, sales in China decreased due to growing anti-Japanese sentiment. Regional sales as a whole decreased despite favorable growth of the *Cintiq* series and *Bamboo Stylus* series due to sluggish sales of other products.

As a result of the above, sales in the Brand business category for the fiscal year ended March 31, 2013 increased 3.2% to ¥29,406 million, with operating profit decreasing 4.5% to ¥4,895 million.

## **2. Component business**

Sales during the fiscal period under review increased significantly, primarily due to commercial production of Wacom's pen sensor system. The component was adopted by Samsung for its *Galaxy Note 8.0* tablet in February, in addition to the *Galaxy Note 10.1* tablet released in August and the *Galaxy Note II*, a new generation smartphone launched last October. As for tablets and notebook PCs on *Windows 8*, our pen sensor system was regularly adopted by major PC manufacturers and has gained new customers such as Dell etc.

Reflecting the above initiatives and outcomes, sales in the Component business category for the fiscal period under review increased 165.8% to ¥31,056 million, while operating profit increased 409.3% to ¥5,554 million.

## **3. Other business**

In the Software business, sales increased owing to improved operating efficiency arising from stronger partnerships with major distributors, and to securing new projects.

As a result of the above, sales in the Other business category for the fiscal period under review increased 17.5% to ¥606 million, with operating profit increasing 46.0% to ¥102 million.

## **Consolidated results forecast**

In the fiscal year from April 1, 2013 to March 31, 2014, Wacom forecasts that the global economy as a whole will undergo a forceful recovery while acknowledging certain risks such as the prolonged debt problem in Europe, an economic slowdown in China, and political unrest in East Asia. The U.S. is expected to show modest economic recovery owing to an

increase of capital expenditure in energy industries and a recovery in consumer consumption. In Europe, economic stagnation will continue due to austerity measures in each country. In Japan, signs of economic recovery have appeared owing to monetary policy easing by the central bank as well as the new government's financial policy addressing economic stagnation following the Great East Japan earthquake. The economy in emerging countries is expected to continue to grow.

Under the assumptions described above, Wacom will actively promote new product launches and develop new technologies and business for future growth and competitiveness. The Company assumes an average foreign exchange rate of ¥90 per 1 U.S. dollar and ¥115 per 1 Euro in through to FY ending March 2014. Consolidated net sales are expected to increase 44.1% to ¥88,000 million, operating profit to increase 43.8% to ¥11,380 million, ordinary profit to increase 50.0% to ¥11,340 million and net profit to increase 54.5% to ¥7,370 million.

As regards the Brand product business, in the core business for creative fields the Company will expand its product line by launching new pen tablet products and displays, as well as by unveiling new mobile products based on new concepts. In the consumer business, the Company will increase the variety of its *Bamboo Stylus* series, and strive to add new customer to its customer base. On the vertical market business side, the Company will strive for further growth in digital documentation control and workflow solution fields in addition to expanding further into medical and educational fields. As a result under the above, sales in the Brand business category for the fiscal year ended March 31, 2014 are expected to increase 36.4% to ¥40,100 million and operating profit to increase 35.7% to ¥6,640 million. The Components business will aggressively expand its supply for growing smartphones and tablets. The supplies of pen and multi-touch sensor components for Windows 8 OS to PC manufacturers will be expanded as well as development into e-book devices, a new field. As a result of the above, sales in the Component business category for the fiscal year ended March 31, 2014 are expected to increase 52.0% to ¥47,200 million and operating profit to increase 36.8% to ¥7,600 million.

The Software business, included in Other business, will enhance sales and development of new product series for electronics design in CAD and actively promote solution-based proposals to the mechatronics market and existing areas. As a result of the above, sales in the Software business category for the fiscal year ended March 31, 2014 are expected to increase 15.6% to ¥700 million and operating profit to increase 17.1% to ¥120 million.

Wacom will strive to improve recognition as a global brand, increasing competitiveness in every business field and continuing to expanding into new business fields. On the technology development side, the Company will continue to develop new products and technologies, and strengthen the business base for sustainable growth. The Company will strive to enhance the global SCM (supply chain management) and structure, and maintain Quality Assurance systems continuously for supporting further growth and profit as well as

promoting internal control among our affiliate companies and strengthening IT infrastructures for productivity improvement.

Note: Product lines for the Brand product business will be reorganized into three categories “creative business”, “consumer business”, and “vertical market business” as of FY2013 ended on March, 2014. As a result, *Bamboo* pen tablets included in “consumer products” will be included under pen tablets for “creative business”. “Business products” will be replaced by “vertical market business”.

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.

## **Consolidated financial position**

### **1. Assets, Liabilities, and Net Assets**

Total assets as of March 31, 2013 increased by ¥15,995 million to ¥50,124 million compared to the end of the previous fiscal year. The main factors increasing assets were increases of ¥9,627 million in cash and cash equivalents, ¥3,427 million in notes and accounts receivable and ¥1,435 million in accrued revenue due to the launch of new products and business growth.

Total liabilities as of March 31, 2013 increased by ¥5,701 million to ¥20,913 million compared to the end of the previous fiscal year, due to ¥3,511 million in notes and accounts payable and ¥828 million in income tax payable due to the launch of new products and business growth.

Total net assets increased by ¥10,294 million to ¥29,212 million, due to ¥4,770 million in net profit and ¥5,611 million in disposal of treasury stock for allocation to a third party, and the issuance of new shares through execution of subscription rights. Factors decreasing net assets included a ¥1,193 million dividend payment.

### **2. Cash Flow**

Consolidated cash and cash equivalents for the fiscal period ended March 31, 2013 totaled ¥21,596 million, an increase of ¥9,627 million from the end of the previous fiscal year (compared to a ¥1,515 million increase over the previous fiscal period).

(Cash Flow from Operating Activities)

Cash gained in operating activities during the fiscal period ended March 31, 2013 was ¥5,895 million (compared to ¥4,881 million generated in the previous fiscal period). The increase was due to a ¥7,546 million increase in net profit before tax and a ¥3,298 increase in accounts payable, despite a ¥4,583 million increase in accounts receivable.

(Cash Flow from Investing Activities)

Cash flow from investing activities during the fiscal period ended March 31, 2013 was ¥1,611 million (compared to ¥1,697 million used in the previous fiscal period), due primarily to a ¥965 million acquisition of fixed assets such as molds and a ¥588 million acquisition of ERP system software.

(Cash Flow from Financing Activities)

Cash flow used in financing activities during the fiscal period ended March 31, 2013 was ¥4,337 million (compared to ¥1,627 million used in the previous fiscal period). The primary contributing factors were ¥5,527 million for disposal of treasury stock for allocation to third party and the issuance of new shares through execution of subscription rights and despite a decrease from a ¥1,190 million payment of dividends to shareholders.

**Dividend payout policy and dividend for the fiscal year ended March 31**

The Company's dividend payout policy aims to maintain stable payouts while ensuring future business development and reinforcing our financial base. The dividend payout ratio is targeted at 40% or more on a consolidated basis by FY March, 2016 with the goal to increase the ratio over the long-term to attract global investment.

With regard to repurchase of own shares, unlike a fixed dividend payout policy the Company will make decisions with the purpose of ensuring a flexible capital strategy that is effective in a variety of business situations.

In accordance with the above policy, the Board of Directors has decided to pay a dividend of ¥4,500 per share, including a special dividend of ¥500 for Wacom's 30<sup>th</sup> anniversary. As a result, the payout ratio for the fiscal year ended March 31, 2013 is 37.7%.

The dividend for the fiscal year ended March 31, 2014 is estimated at ¥7,000 per share (the dividend per share recalculated after the share split is estimated at ¥17.50 per share). As a result, the payout ratio will be 39.9%.

Note: The Company implement a 400 to 1 share split of common shares on June 1, 2013.

(Accompanying data)

**1. Summary of Consolidated Balance Sheet**

(Unit: '000 Yen)

Subject	FY 3/12 (as of Mar. 31, 2012)	FY 3/13 (as of Mar. 31, 2013)
	Amount	Amount
<b>(Assets)</b>		
<b>Current Assets</b>		
1. Cash and cash equivalents	11,969,873	21,596,429
2. Notes and accounts receivable	7,174,640	10,601,728
3. Merchandise and Finished Products	3,887,185	3,742,068
4. Work in process	377,985	426,982
5. Raw Materials and Supplies	812,756	1,314,261
6. Deferred tax assets	1,521,961	2,956,854
7. Other accounts receivable	1,107,663	1,228,865
8. Others	654,433	902,267
9. Allowance for doubtful accounts	-16,480	-17,686
<b>Total Current Assets</b>	<b>27,490,016</b>	<b>42,751,768</b>
<b>Fixed Assets</b>		
<b>1. Tangible Fixed Assets</b>		
(1) Buildings and facilities (net amount)	1,577,106	1,726,451
(2) Machinery, equipment and vehicles (net amount)	68,657	105,273
(3) Tools and furniture (net amount)	535,880	1,130,119
(4) Land	1,435,469	1,448,067
<b>Total Tangible Fixed Assets</b>	<b>3,617,112</b>	<b>4,409,910</b>
<b>2. Intangible Fixed Assets</b>		
(1) Goodwill	46,905	25,257
(2) Others	2,430,256	2,382,308
<b>Total Intangible Fixed Assets</b>	<b>2,477,161</b>	<b>2,407,565</b>
<b>3. Investment and Other Assets</b>		
(1) Investment securities	195,115	218,869
(2) Deferred tax assets	13,786	24,788
(3) Others	352,069	330,330
(4) Allowance for doubtful accounts	-15,861	-19,037
<b>Total Investment and Other Assets</b>	<b>545,109</b>	<b>554,950</b>
<b>Total Fixed Assets</b>	<b>6,639,382</b>	<b>7,372,425</b>
<b>Total Assets</b>	<b>34,129,398</b>	<b>50,124,193</b>

(Unit: '000 Yen)

Subject	FY 3/12 (as of Mar. 31, 2012)	FY3/13 (as of Mar. 31, 2013)
	Amount	Amount
(Liabilities)		
Current Liabilities		
1. Notes and Accounts Payable	8,307,536	11,818,960
2. Short-term Debt	600,000	600,000
3. Income Taxes Payable	1,375,072	2,203,506
4. Provision for Bonuses	613,708	875,274
5. Provision for Director's Bonuses	89,174	168,299
6. Asset Retirement Obligations	60,800	—
7. Others	3,149,516	3,930,418
Total Current Liabilities	14,195,806	19,596,457
Fixed Liabilities		
1. Deferred tax liabilities	46,227	160,424
2. Provision for retirement benefits	511,261	610,683
3. Asset Retirement Obligations	15,495	78,044
4. Others	442,714	467,052
Total Fixed Liabilities	1,015,697	1,316,203
Total Liabilities	15,211,503	20,912,660
(Net Assets)		
Shareholders' Equity		
1. Capital Stock	4,203,469	4,203,469
2. Capital Surplus	4,044,882	7,573,104
3. Retained Earnings	14,776,193	18,353,830
4. Treasury Stock	-2,287,245	-204,205
Total Shareholders' Equity	20,737,299	29,926,198
Accumulated Comprehensive Income		
1. Valuation Difference on Available-for-Sale Securities	8,443	23,641
2. Foreign Currency Translation Adjustments	-1,918,442	-834,025
Total Accumulated Comprehensive Income	-1,909,999	-810,384
Subscription Rights to Shares	90,595	95,719
Total Net Assets	18,917,895	29,211,533
Total Liabilities & Net Assets	34,129,398	50,124,193

## 2. Consolidated Profit & Loss Statement

(Unit: '000 Yen)

Subject	FY 3/12 (Apr. 1, 2011 to Mar. 31, 2012)	FY 3/13 (Apr. 1, 2012 to Mar. 31, 2013)
	Amount	Amount
Sales	40,705,578	61,068,078
Cost of Goods Sold	22,664,585	36,832,764
Gross Profit	18,040,993	24,235,314
Selling, General and Administrative Expenses	13,973,518	16,320,263
Operating Profit	4,067,475	7,915,051
Non-operating Revenue		
1. Interest	28,579	27,317
2. Dividend Income	—	51,826
3. Refund of Value-added Taxes of Overseas Subsidiaries	6,945	—
4. Others	25,302	31,600
Sub Total	60,826	110,743
Non-operating Expense		
1. Interest Cost	8,229	6,278
2. Foreign Exchange Losses	203,087	434,770
3 Others	25,284	26,239
Sub Total	236,600	467,287
Recurring Profit	3,891,701	7,558,507
Extraordinary Gain		
1. Gain on Sales of Fixed Assets	1,337	1,847
2. Gain on Reversal of Subscription Rights to Shares	—	1,771
Sub Total	1,337	3,618
Extraordinary Loss		
1. Loss on Sales of Fixed Assets	2,057	1,803
2. Loss on Disposal of Fixed Assets	10,751	14,189
3. Loss on Withdrawal from Employees' Pension Fund	253,775	—
4. Office transfer expenses	59,150	—
5. Others	62,768	328
Sub Total	388,501	16,320
Net Profit before Taxes and Other Adjustments	3,504,537	7,545,805
Total of Income Tax, Inhabitant Tax and Enterprise Tax	1,323,196	2,775,320
Net Profit before Minority Interests Adjustments	2,181,341	4,770,485
Net Profit	2,181,341	4,770,485

### 3. Consolidated Comprehensive Income Statement

(Unit: '000 Yen)

Subject	FY 3/12 (Apr. 1, 2011 to Mar. 31, 2012)	FY 3/13 (Apr. 1, 2012 to Mar. 31, 2013)
	Amount	Amount
Income before Minority Interests	2,181,341	4,770,485
Other Comprehensive Income		
1. Valuation Difference on Available-for-Sale Securities	8,443	15,198
2. Foreign Currency Translation Adjustment	-182,433	1,084,417
Total Other Comprehensive income	-173,990	1,099,615
Comprehensive Income	2,007,351	5,870,100
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	2,007,351	5,870,100
Comprehensive Income Attributable to Minority Interests	—	—

**4. Consolidated Statement of Changes in Shareholder's Equity** (Unit: '000 Yen)

Subject	FY 3/12 (Apr. 1, 2011 to Mar. 31, 2012)	FY 3/13 (Apr. 1, 2012 to Mar. 31, 2013)
	Amount	Amount
<b>Shareholders' Equity</b>		
Capital Stock	4,196,405	4,203,469
Balance at Beginning of Term		
Changes in FY		—
Stock Issuance	7,064	—
Total Amount of Changes	7,064	—
Balance at End of Term	4,203,469	4,203,469
Capital Surplus		
Balance at Beginning of Term	4,037,819	4,044,882
Changes in FY		
Stock Issuance	7,063	—
Disposal of Treasury Stock	—	3,528,222
Total Amount of Changes	7,063	3,528,222
Balance at End of Term	4,044,882	7,573,104
Retained Earnings		
Balance at Beginning of Term	13,800,300	14,776,193
Changes in FY		
Distribution of Retained earnings	-1,205,448	-1,192,848
Net Profit	2,181,341	4,770,485
Total Amount of Changes	975,893	3,577,637
Balance at End of Term	14,776,193	18,353,830
Treasury Stock		
Balance at Beginning of Term	-1,848,486	-2,287,245
Changes in FY		
Purchase of Treasury Stock	-438,759	—
Disposal of Treasury Stock	—	2,083,040
Total Amount of Changes	-438,759	2,083,040
Balance at End of Term	-2,287,245	-204,205
<b>Total Shareholders' Equity</b>		
Balance at Beginning of Term	20,186,038	20,737,299
Changes in FY		
Stock Issuance	14,127	—
Distribution of Retained earnings	-1,205,448	-1,192,848
Net Profit	2,181,341	4,770,485
Purchase of Treasury Stock	-438,759	—

Disposal of Treasury Stock	—	5,611,262
Total Amount of Changes	551,261	9,188,899
Balance at End of Term	20,737,299	29,926,198
<b>Accumulated Other Comprehensive Income</b>		
Valuation difference on available-for-sale securities		
Balance at Beginning of Term	—	8,443
Changes in FY		
Net Change of Non Shareholders' Equity Item	8,443	15,198
Total Amount of Changes	8,443	15,198
Balance at End of Term	8,443	23,641
<b>Foreign Currency Transaction Adjustment</b>		
Balance at Beginning of Term	-1,736,009	-1,918,442
Changes in FY		
Net Change of Non Shareholders' Equity Item	-182,433	1,084,417
Total Amount of Changes	-182,433	1,084,417
Balance at End of Term	-1,918,442	-834,025
<b>Total Accumulated Other Comprehensive Income</b>		
Balance at Beginning of Term	-1,736,009	-1,909,999
Changes in FY		
Net Change of Non Shareholders' Equity Item	-173,990	1,099,615
Total Amount of Changes	-173,990	1,099,615
Balance at End of Term	-1,909,999	-810,384
<b>Subscription Rights to Shares</b>		
Balance at Beginning of Term	31,917	90,595
Changes in FY		
Net Change of Non Shareholders' Equity Item	58,678	5,124
Total Amount of Changes	58,678	5,124
Balance at End of Term	90,595	95,719
<b>Total Net Assets</b>		
Balance at Beginning of Term	18,481,946	18,917,895
Changes in FY		
Stock Issuance	14,127	—
Distribution of Retained earnings	-1,205,448	-1,192,848
Net Profit	2,181,341	4,770,485
Purchase of Treasury Stock	-438,759	—

Disposal of Treasury Stock	—	5,611,262
Net Change of Non Shareholders' Equity Item	-115,312	1,104,739
Total Amount of Changes	435,949	10,293,638
Balance at End of Term	18,917,895	29,211,533

## 5. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY 3/12 (Apr. 1, 2011 to Mar. 31, 2012)	FY 3/13 (Apr. 1, 2012 to Mar. 31, 2013)
	Amount	Amount
<b>Operating Cash Flow</b>		
Net Profit Before Taxes and Other Adjustments	3,504,537	7,545,805
Depreciation	1,068,140	1,160,090
Share-based Compensation Expenses	58,678	69,659
Increase in Provision for Doubtful Accounts (- represents decrease)	176	1,939
Increase in Provision for Bonus Payable (- represents decrease)	338,217	234,529
Increase in Provision for Director's Bonus Payable (- represents decrease)	59,963	72,652
Increase Provision for Retirement Benefits (- represents decrease)	33,404	99,422
Interest and Dividend Income	-28,579	-79,143
Interest Cost	8,229	6,278
Foreign Exchange Loss (- Gain)	-50,149	-586,864
Loss on Sale and Disposal of Fixed Assets (- Gain)	11,471	14,145
Decrease in Notes and Accounts Receivable (- represents increase)	-3,115,094	-4,583,027
Decrease in Inventory (- represents increase)	-1,371,687	93,048
Increase in Notes and Accounts Payable (- represents decrease)	4,346,111	3,297,961
Others	1,135,384	489,626
Sub Total	5,998,801	7,836,120
Interest and Dividend Received	27,933	79,425
Interest Paid	-8,242	-6,304
Disaster Expense Paid	-144,102	—
Business Liquidation Expense Paid	-24,696	—
Increase Provision for Withdrawal from Employees' Pension Fund (- represents decrease)	-253,775	—
Income Taxes Paid	-696,692	-2,014,369
Others	-18,684	—
Operating Cash Flow	4,880,543	5,894,872
<b>Investing Cash Flow</b>		
Payments for Purchase of Tangible Assets	-526,039	-964,979
Payments for Purchase of Intangible Assets	-47,906	-7,682
Payments for Purchase of Software	-865,288	-588,464
Purchase of Investment Securities	-167,703	—
Proceeds from Sale of Fixed Assets	31,129	9,036
Payments for Lease and Guarantee Deposits	-125,811	-134,381
Proceeds from Collection of Lease and Guarantee Deposits	3,596	136,480
Payments for Asset Retirement Obligations	—	-61,342

Others	643	—
Investing Cash Flow	-1,697,379	-1,611,332
Financing Cash Flow		
Proceeds from Stock Issuance	14,049	—
Purchase of Treasury Stock	-439,603	—
Proceeds from Disposal of Treasury stock	—	5,526,934
Payments for Shareholders' Dividends	-1,201,162	-1,190,174
Financing Cash Flow	-1,626,716	4,336,760
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-41,395	1,006,256
Net Increase in Cash and Cash Equivalents (- represents Decrease)	1,515,053	9,626,556
Cash and Cash Equivalents at Beginning of Term	10,454,820	11,969,873
Cash and Cash Equivalents at End of Term	11,969,873	21,596,429

## 6. Segment Information

The Company consists of “Brand business” and “Component business” as reportable segments and “Other business”.

FY 3/12 (April 1, 2011 – March 31, 2012)

(Unit: '000 Yen)

	Reportable Segments			Other business	Total	Adjustment (Note)	Amount of Quarterly Consolidated P/L
	Brand Business	Component business	Sub Total				
<b>Sales</b>							
Sales towards external customers	28,507,159	11,682,921	40,190,080	515,498	40,705,578	—	40,705,578
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
<b>Total</b>	<b>28,507,159</b>	<b>11,682,921</b>	<b>40,190,080</b>	<b>515,498</b>	<b>40,705,578</b>	<b>—</b>	<b>40,705,578</b>
<b>Segment Profit or Loss (-)</b>	<b>5,124,727</b>	<b>1,090,508</b>	<b>6,215,235</b>	<b>70,193</b>	<b>6,285,428</b>	<b>-2,217,953</b>	<b>4,067,475</b>
<b>Segment Total Assets</b>	<b>17,712,705</b>	<b>5,594,110</b>	<b>23,306,815</b>	<b>349,715</b>	<b>23,656,530</b>	<b>10,472,868</b>	<b>34,129,398</b>
<b>Other items</b>							
Depreciation	745,383	142,146	887,529	42,850	930,379	116,110	1,046,489
Amortization in Goodwill	—	21,651	21,651	—	21,651	—	21,651
Increase in Tangible fixed Assets and Intangible fixed Assets	869,220	242,140	1,111,360	70,500	1,181,860	199,518	1,381,378

(Note) “Other businesses” consist of Software business.

The above “Adjustment” in “Segment Profit” is mainly the cost of financial and general affairs departments which are not included in the reportable segments. “Segment Profit” is adjusted for “Operating Profit”.

FY 3/13 (April 1, 2012 – March 31, 2013)

(Unit: '000 Yen)

	Reportable Segments			Other business	Total	Adjustment (Note)	Amount of Quarterly Consolidated P/L
	Brand Business	Component business	Sub Total				
<b>Sales</b>							
Sales towards external customers	29,406,293	31,056,073	60,462,366	605,712	61,068,078	—	61,068,078
Sales between internal segments and internal transfer	—	—	—	—	—	—	—

Total	29,406,293	31,056,073	60,462,366	605,712	61,068,078	—	61,068,078
Segment Profit or Loss (-)	4,894,771	5,554,400	10,449,171	102,473	10,551,644	-2,636,593	7,915,051
Segment Total Assets	18,108,478	11,174,500	29,282,978	462,180	29,745,158	20,379,035	50,124,193
Other items							
Depreciation	811,792	164,761	976,553	52,315	1,028,868	109,570	1,138,438
Amortization in Goodwill	—	21,652	21,652	—	21,652	—	21,652
Increase in Tangible fixed Assets and Intangible fixed Assets	959,121	302,134	1,261,255	91,274	1,352,529	492,574	1,845,103

(Note) "Other businesses" consist of Software business.

The above "Adjustment" in "Segment Profit" is mainly the cost of financial and general affairs departments which are not included in the reportable segments. "Segment Profit" is adjusted for "Operating Profit".

(Changes in accounting principles)

We have adopted the straight-line method instead of the declining-balance method for depreciation in tangible fixed assets since 1Q FY3/13. The profit increases in each segment due to this change are followings: 187,028 thousand yen in Brand business, 82,856 thousand yen in Component business, 4,508 thousand yen in Other business, and 14,184 thousand yen in corporate functions of Adjustment.

## 7. Related Information

FY 3/12 (April 1, 2011 – March 31, 2012)

[Information by products and services]

Ditto (substitution with the above reportable segment information)

[Sales]

(Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Others	Total
12,780,756	9,148,302	8,650,728	9,424,116	701,676	40,705,578

(Notes) The above sales are classified by countries or regions based on customer's location

[Tangible fixed assets]

(Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Total
2,770,789	505,663	116,655	224,005	3,617,112

[Information of each major customer]

(Unit: '000 Yen)

Name of Major Customer	Sales	Related Segment
SAMSUNG JAPAN CORPORATION	5,086,360	Component Business

FY 3/13 (April 1, 2012 – March 31, 2013)

[Information by products and services]

Ditto (substitution with the above reportable segment information)

[Sales]

(Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Others	Total
31,710,003	9,355,229	9,018,923	9,769,114	1,214,809	61,068,078

(Notes) The above sales are classified by countries or regions based on customer's location

[Tangible fixed assets]

(Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Total
3,157,451	552,791	185,458	514,210	4,409,910

[Information of each major customer]

(Unit: '000 Yen)

Name of Major Customer	Sales	Related Segment
SAMSUNG GROUP	24,444,563	Component Business

(Notes) Samsung Group includes Samsung Electronics, Samsung Electronics Japan, and Samsung Japan Corporation.

## 8. Impairment Loss in Fixed Assets by Segment

FY 3/12 (April 1, 2011 – March 31, 2012)

N/A

FY 3/13 (April 1, 2012 – March 31, 2013)

N/A

### 9. Balance of Amortization and Unamortization in Goodwill

FY 3/12 (April 1, 2011 – March 31, 2012)

(Unit: '000 Yen)

	Tablet business	Component business	Others	Internal Elimination	Total
Balance at End of Term	—	46,905	—	—	46,905

FY 3/13 (April 1, 2012 – March 31, 2013)

(Unit: '000 Yen)

	Tablet business	Component business	Others	Internal Elimination	Total
Balance at End of Term	—	25,257	—	—	25,257

### 10. Balance of Amortization in Gain on Negative Goodwill

FY 3/12 (April 1, 2011 – March 31, 2012)

N/A

FY 3/13 (April 1, 2012 – March 31, 2013)

N/A

**FY 3/2013 Summary of Financial Results (Consolidated)**  
**from April 1, 2012 to March 31, 2013**

**(1) Business Performance**

	FY 3/13	FY 3/12	YOY Change	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Sales	61,068	40,706	20,362	50.0%
Operating Profit	7,915	4,067	3,848	94.6%
<i>(Operation Profit Margin)</i>	13.0%	10.0%		
Recurring Profit	7,559	3,892	3,667	94.2%
<i>(Recurring Profit Margin)</i>	12.4%	9.6%		
Net Profit	4,770	2,181	2,589	118.7%
<i>(Net Profit Margin)</i>	7.8%	5.4%		
P/L FX rate (Average in the term)	JPY	JPY	JPY	
<i>(US Daller)</i>	83.23	79.30	3.93	5.0%
<i>(Euro)</i>	107.57	110.17	-2.60	-2.4%

**(2) Sales by Business Segment**

	FY 3/13	FY 3/12	YOY Change	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Brand business	29,406	28,507	899	3.2%
Component business	31,056	11,683	19,373	165.8%
Other businesses	606	516	90	17.4%
<b>Total</b>	<b>61,068</b>	<b>40,706</b>	<b>20,362</b>	<b>50.0%</b>

Note) "Tablet business" has changed its name to "Brand business" from FY2012.

**(3) Sales by Product Lines**

	FY 3/13	FY 3/12	YOY Change	
	Result	Result	Amount	Ratio
<i>(by Subsidiaries)</i>	mil JPY	mil JPY	mil JPY	
<b>Brand business</b>	<b>29,406</b>	<b>28,507</b>	<b>899</b>	<b>3.2%</b>
Professional Products	15,318	15,381	-63	-0.4%
Pen tablets	9,268	10,044	-776	-7.7%
<i>(Japan)</i>	1,445	1,769	-324	-18.3%
<i>(U.S.)</i>	3,004	3,169	-165	-5.2%
<i>(Germany)</i>	2,983	3,115	-132	-4.2%
<i>(Asia-Oceania)</i>	1,836	1,991	-155	-7.8%
LCD tablets	6,050	5,337	713	13.3%
<i>(Japan)</i>	1,209	924	285	30.8%
<i>(U.S.)</i>	2,505	2,287	218	9.5%
<i>(Germany)</i>	1,597	1,536	61	4.0%
<i>(Asia-Oceania)</i>	739	590	149	25.3%
Consumer Products	11,470	10,138	1,332	13.1%
<i>(Japan)</i>	2,267	2,169	98	4.5%
<i>(U.S.)</i>	3,434	2,844	590	20.7%
<i>(Germany)</i>	4,046	3,394	652	19.2%
<i>(Asia-Oceania)</i>	1,723	1,731	-8	-0.4%
Business tablets	2,618	2,988	-370	-12.4%
<i>(Japan)</i>	1,029	1,154	-125	-10.8%
<i>(U.S.)</i>	352	706	-354	-50.1%
<i>(Germany)</i>	1,004	854	150	17.5%
<i>(Asia-Oceania)</i>	233	274	-41	-14.8%
<b>Component business</b>	<b>31,056</b>	<b>11,683</b>	<b>19,373</b>	<b>165.8%</b>
<i>(Japan)</i>	31,019	11,622	19,397	166.9%
<i>(U.S.)</i>	35	52	-17	-33.7%
<i>(Germany)</i>	2	9	-7	-75.5%
<b>Other businesses</b>	<b>606</b>	<b>516</b>	<b>90</b>	<b>17.5%</b>
CAD for electrical engineering	606	516	90	17.5%
	0	0	0	-
<b>Total</b>	<b>61,068</b>	<b>40,706</b>	<b>20,362</b>	<b>50.0%</b>

**(4) Sales by Subsidiaries**

	FY 3/13	FY 3/12	YOY Change	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	37,574	18,152	19,422	107.0%
U.S.	9,330	9,060	270	3.0%
Germany	9,632	8,909	723	8.1%
Asia-Oceania	4,532	4,585	-53	-1.2%
<b>Total</b>	<b>61,068</b>	<b>40,706</b>	<b>20,362</b>	<b>50.0%</b>

Note) Japan's sales includes Taiwan area. Germany's includes EMEA, Asia-Oceania's is a total of sales of the subsidiaries in China, Korea, Australia, and Singapore.

**(5) Capital Expenditure, Depreciation, and R&D Expenditure**

	FY 3/13	FY 3/12	YOY Change	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	1,845	1,381	464	33.6%
Depreciation	1,160	1,068	92	8.6%
R&D Expenditure	2,382	1,842	540	29.3%

Note) The amount of capital expenditure is a total of new purchases of tangible assets and intangible assets.

**FY 3/2014 Summary of Financial Forecast (Consolidated)**  
**from April 1, 2013 to March 31, 2014**

**(1) Forecast of Business Performance**

	FY 3/14	FY 3/13	YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Sales	88,000	61,068	26,932	44.1%
Operating Profit	11,380	7,915	3,465	43.8%
(Operation Profit Margin)	12.9%	13.0%		
Recurring Profit	11,340	7,559	3,781	50.0%
(Recurring Profit Margin)	12.9%	12.4%		
Net Profit	7,370	4,770	2,600	54.5%
(Net Profit Margin)	8.4%	7.8%		
P/L FX rate (Average in the term)	JPY	JPY	JPY	
(US Daller)	90.00	83.23	6.77	8.1%
(Euro)	115.00	107.57	7.43	6.9%

**(2) Sales Forecast by Business Segment**

	FY 3/14	FY 3/13	YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Brand product business				
Sales	40,100	29,406	10,694	36.4%
Operating Profit	6,640	4,895	1,745	35.7%
(Operation Profit Margin)	16.6%	16.6%		
Component business				
Sales	47,200	31,056	16,144	52.0%
Operating Profit	7,600	5,554	2,046	36.8%
(Operation Profit Margin)	16.1%	17.9%		
Other businesses				
Sales	700	606	94	15.6%
Operating Profit	120	102	18	17.1%
(Operation Profit Margin)	17.1%	16.8%		

Note) The above operating profit in each segment doesn't include the cost of corporate segment.

**(3) Sales Forecast by Product Lines**

(by Product Lines)	FY 3/14	FY 3/13	YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
<b>Brand product business</b>	<b>40,100</b>	<b>29,406</b>	<b>10,694</b>	<b>36.4%</b>
Creative business	31,800	24,963	6,837	27.4%
Pen tablets	20,000	18,379	1,621	8.8%
(Japan)		3,572		
(U.S.)		5,792		
(Germany)		5,676		
(Asia-Oceania)		3,339		
Mobiles	4,500	534	3,966	742.0%
(Japan)		29		
(U.S.)		126		
(Germany)		302		
(Asia-Oceania)		77		
Displays	7,300	6,050	1,250	20.7%
(Japan)		1,209		
(U.S.)		2,505		
(Germany)		1,597		
(Asia-Oceania)		739		
Consumer business	3,600	1,825	1,775	97.3%
(Japan)		111		
(U.S.)		520		
(Germany)		1,051		
(Asia-Oceania)		143		
Vertical market business	4,700	2,618	2,082	79.5%
(Japan)		1,029		
(U.S.)		352		
(Germany)		1,004		
(Asia-Oceania)		233		
<b>Component business</b>	<b>47,200</b>	<b>31,056</b>	<b>16,144</b>	<b>52.0%</b>
Pen for smartphones	23,200	17,666	5,534	31.3%
Pen for tablets	17,500	8,317	9,183	110.4%
Pen for notebook PCs	6,300	5,000	1,300	26.0%
Touch components	200	73	127	174.6%
<b>Other businesses</b>	<b>700</b>	<b>606</b>	<b>94</b>	<b>15.6%</b>
CAD for electrical engineering	700	606	94	15.6%
(Japan)	700	606	94	15.6%
<b>Total</b>	<b>88,000</b>	<b>61,068</b>	<b>26,932</b>	<b>44.1%</b>

Note) The product lines of the brand product business are reorganized into new three categories of "Creative business", "Consumer business", and "Vertical market business" from FY2013 ended on March, 2014. As a result, *Bamboo* pen tablets of included in "Consumer products" is reclassified in pen tablets of "Creative business", "Business products" is replaced by "Vertical market business".

**(4) Sales by Subsidiaries**

	FY 3/14		FY 3/13		YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio	Amount	Ratio
	mil JPY		mil JPY		mil JPY	
Japan	54,400	37,611	16,789	44.6%		
( Japan excluding Component business )	7,200	6,555	645	9.8%		
U.S.	13,900	9,295	4,605	49.5%		
Germany	13,000	9,630	3,370	35.0%		
Asia-Oceania	6,700	4,532	2,168	47.9%		
<b>Total</b>	<b>88,000</b>	<b>61,068</b>	<b>26,932</b>	<b>44.1%</b>		

Note) Component business belongs to Japan region. Japan's sales includes Taiwan area. Germany's includes EMEA, Asia-Oceania's is a total of sales of the subsidiaries in China, Korea, Australia, and Singapore.

**(5) Each Forecast of Capital Expenditure, Depreciation, and R&D Expenditure**

	FY 3/14		FY 3/13		YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio	Amount	Ratio
	mil JPY		mil JPY		mil JPY	
Capital Expenditure	3,200	1,845	1,355	73.4%		
Depreciation	2,120	1,160	960	82.7%		
R&D Expenditure	2,520	2,382	138	5.8%		

Note) The amount of capital expenditure is a total of new purchases of tangible assets and intangible assets.