

## 2Q FY 3/2015 Summary of Consolidated Financial Results

October 31, 2014

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

(Code Number: 6727 TSE1)

(URL <http://www.wacom.com>)

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Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

### 1. 2Q FY 3/15 Consolidated Financial Results (April 1, 2014 – September 30, 2014)

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

(rounded off to mY)

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
2Q FY 3/15	32,011	-7.1	1,826	-40.3	1,761	-40.9	1,147	-41.4
2Q FY 3/14	34,440	51.4	3,059	15.1	2,982	11.6	1,958	10.7

(Note) Comprehensive income 2Q FY 3/15 1,140 mY (-54.3%) 2Q FY 3/14 2,498 mY (100.5%)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding	
	Yen	Sen	Yen	Sen
2Q FY 3/15		6.89		6.87
2Q FY 3/14		11.64		11.57

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

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
2Q FY 3/15	52,531	31,119	58.9	185.78	
2Q FY 3/14	50,859	32,799	64.2	196.14	

(For Ref.) Capital: 2Q FY3/15 30,927 mY FY 3/14 32,651 mY

### 2. Dividend

(Record date)	Dividend Per Share				
	1Q	2Q	3Q	End of FY	FY Total
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
FY 3/14	-	0.00	-	17.50	17.50
FY 3/15	-				
FY 3/15 (estimates)		0.00	-	18.00	18.00

Changes in dividend per share forecast of FY 3/15 : No

### 3. Consolidated Business Forecasts of FY 3/15 (April 1, 2014 – March 31, 2015)

	Sales		Operating Profit		Recurring Profit		Net Profit		Net Profit Per Share Outstanding
	mY	%	mY	%	mY	%	mY	%	Yen Sen
Full Year	78,700	0.1	5,500	-36.5	5,540	-33.1	3,700	-29.5	22.23

Changes in Consolidated Business Forecast of FY 3/15 : No

4. Other

- 1) Reclassification of significant subsidiaries during the period (Reclassification due to the change in scope of consolidation) : No
- 2) Adoption of special accounting policies for quarterly financial statements : Yes
- 3) Changes in accounting principles, procedures and methods of presentation in consolidated financial statements
  - Changes resulting from revisions in accounting standards : Yes
  - Changes other than those above : No
  - Changes resulting from accounting estimates : No
  - Changes resulting from restatements : No

4) Numbers of shares outstanding (Common stock)

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

	Shares		Shares
2Q FY 3/15	169,046,400	FY 3/14	169,046,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
2Q FY 3/15	2,576,000	FY 3/14	2,578,000

Number of average shares for fiscal period

	Shares		Shares
2Q FY 3/15	166,470,422	2Q FY 3/14	168,199,348

\* 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.

(Accompanying data)

Consolidated Balance Sheet (Summary), Consolidated Profit and Loss Statement (Summary), Consolidated Comprehensive Income Statement, Consolidated Cash Flow Statement (Summary), Segment Information, and Complementary Information

## Qualitative Information and Financial Statements

### Consolidated business performance

*Note: All comparisons are with the same period of the previous fiscal year unless otherwise stated. Amounts for financial results are rounded to the nearest million yen.*

In the first six months (April 1, 2014 to September 30, 2014) of the current fiscal year, the business environment remained mixed in each region and business area. The domestic economy showed gradual recovery after a consumption tax hike triggered a temporary decline. In the global economy, the U.S. economy maintained an upward trend supported by further improvements in corporate performance, positive trends in employment, and strong consumer spending. On the other hand, there has been growing concerns of an economic slowdown in Europe due to the situation in Russia and Ukraine, and in China the government has implemented a number of measures to support the economy.

In foreign exchange, the yen exchange rate against main currencies remained weak. In the IT industry, there was substantial growth in mobile, cloud computing and SNS (Social Networking Services), which has been driving a structural change in the industry as well as a drastic change in our business environment.

In the Creative Business area in our Brand Business category, digital content creation for the movie, comic and game application sectors is expanding into emerging countries such as Asian nations and South America. In developed countries, we are seeing a rapid spread of 3D printing technology used by both industry and general consumers. Furthermore, the design environment is expanding from conventional desktop computers to mobile devices based on cloud computing. Reflecting this change, use of the stylus has been expanding, owing to its functionality in which users can take notes and draw easily on tablets. Competition in the Consumer Business sector is becoming fierce. In the Vertical Market Business, demand for cost-effective paperless procedures and improved digital signature security is growing across a broad range of sectors, including medical, educational and financial. Against this background, the adoption of digital signatures using LCD pen tablet products is growing, as they are considered to be effective ways to improve information security while reducing document handling costs.

In our Component Business, while the low- and mid-end smartphone market is growing rapidly, the high-end smartphone market saw a slowdown, which led to a drastic change in industry structure and also began to impact considerably on our business performance. Additionally, despite anticipated rapid expansion, the tablet market has started to stagnate, and there is a growing demand for further differentiation. In the education and e-book market, we can see that the demand for electronic pen technology is growing not only for reading but also for writing purposes.

Against this background, Wacom Group has further solidified its position as a global leader and pursued investment strategies to enhance the Group's future business base. In order to accelerate the spread of digital pens, we worked on the development and partner expansion of WILL (Wacom Ink Layer Language), which will establish a digital ink standard for exchanging and sharing ink data freely regardless of OS. In order to satisfy the wide range of our users' demands, we not only expanded our product line for tablets in our Brand Business, but also developed the Active-ES (Active Electrostatic) pen, won customers with new models, and began preparing for mass production of our Active-ES pens.

We also focused our efforts on restructuring the global supply chain and developing global IT infrastructures to support both our Brand Business, whose globalization and e-commerce are rapidly progressing, and our Component Business, which requires quick, flexible responses in production adjustment. Simultaneously, in order to enhance our global business, we began to shift the current regional-based organization to a customer segment-based one.

In April we announced our revised New Medium-term Business Plan (for the four-year period from April 2013 to March 2017). Following subsequent rapid changes in the business environment, however, we are now reviewing our financial goals. We will work hard to build new business growth while maintaining our basic policy of expanding our business platform from PC to mobile and Cloud, creating new business and growing our existing business.

Looking at financial performance for the year, consolidated net sales decreased 7.1% to ¥32,011 million, operating income decreased 40.3% to ¥1,826 million, ordinary income decreased 40.9% to ¥1,761 million, and net income decreased 41.4% to ¥1,147 million.

## Segment results

### 1. Brand business

Sales increased steadily overall, owing to the release of new stylus models, growth in the Vertical Market Business, and the weak yen, which offset downturns in the Russian and Ukrainian markets, price decline of existing stylus models due to tougher competition, and a slowdown of sales of Display products.

#### <The Creative Business>

##### ○Pen tablets

Sales increased marginally owing to the weak yen, in spite of a reduction in sales for *Intuos* (formerly *Bamboo*) due to confusion among users caused by brand integration, and the shift from PCs to tablets by new users.

##### ○Mobile products

OS installed tablets, *Cintiq Companion* with Windows 8 Pro and *Cintiq Companion Hybrid* with Android 4.2, were announced last August and contributed to a steady expansion of sales. *Intuos Creative Stylus 2*, launched in September for iPads with pen pressure detection, gained a positive reputation for its thinner tip, which provides increased visibility and intricate detail for sketching and drawing, and contributed to a sales increase.

##### ○Display products

*Cintiq 22HD* (22 inches) showed favorable sales growth. However, sales for *Cintiq 13HD* (13 inches) slowed after heavy demand in the previous fiscal year. Sales of the large display model, *Cintiq24HD* (24 inches), also stagnated in the fourth year after being launched. Helped by a weaker yen, total sales were largely in line with the previous fiscal year.

#### <The Consumer Business>

In September, we unveiled the third-generation *Bamboo Stylus solo* and *Bamboo Stylus duo* for touch-screens and paper with durable carbon fiber nibs to allow smooth navigation. At the same time, the *Bamboo Stylus fineline* for iPads with advanced fine tip, which recreates the natural writing experience of pen on paper, was also launched. These new products contributed to sales. Meanwhile, sales of existing stylus products and *Bamboo Pad*, a wireless touch pad, decreased due to price reductions and intensifying competition. As a result, total sales only increased slightly.

#### <The Vertical Market Business>

Sales increased substantially for solutions in finance and retail industries in the Eurozone, with *DTU 1031*(LCD pen tablet) and *STU- 430* (LCD signature tablet) trending favorably as applications for digital signature solutions expanded.

#### <By region>

Sales in the U.S. increased, mainly because sales of mobile products in the Creative Business trended favorably. Sales in Europe increased, owing to favorable sales of LCD pen tablets in the Vertical Market Business and the weak yen against the euro. This is in spite of a sharp sales decline in Russia and Ukraine due to the situation in Ukraine. In the domestic market, sales decreased due to a consumption tax hike despite new products in the Consumer Business and mobile products in the Creative Business contributing to sales. In Asia and Oceania, sales increased significantly owing to favorable sales in the Creative Business, particularly in Korea and Singapore.

As a result, overall sales in the Brand Business category for the six-month period under review increased 17.0% to ¥19,502 million, and operating income increased 32.9% to ¥2,505 million.

※ Creative Business:	Pen tablet ..... <i>Intuos</i> series (including the former <i>Bamboo</i> pen tablets)
	Mobile ..... <i>Cintiq Companion</i> , <i>Intuos Creative Stylus</i>
	Display ..... <i>Cintiq</i> series
Consumer Business:	Stylus pen, Touch pad ..... <i>Bamboo</i> series
Vertical Market Business:	LCD signature tablet..... <i>STU</i> serie LCD pen tablet..... <i>DT</i> series

## **2. Component Business**

Overall sales decreased substantially due to a sharp drop in orders of pen component shipments for major tablet manufacturers such as Samsung.

<Pen sensor systems for smartphones>

Sales stagnated due to the delay in mass production of Samsung's Galaxy Note 4.

<Pen sensor systems for tablets>

The adoption of our pen sensor systems expanded steadily among major tablet manufacturers. Fuhu, a U.S. company that sells educational materials with dedicated tablets for children, adopted our pen sensor systems as we took the initiative into a new field.

However, shipments for major tablet manufacturers decreased rapidly, resulting in substantial sales decrease. In response to diversifying demands of tablet users, we developed the Active-ES pen, a new technology original to Wacom, and initiated mass production of new projects we have won.

<Pen sensor systems for notebook PCs>

Sales decreased substantially due to the shift in demand for electronic pens from notebook PCs to tablets as a result of the expansion of tablets with detachable keyboards, as well as the influence of manufacturer model transitions.

Overall sales in the Component Business category for the six-month period under review decreased 30.5% to ¥12,166 million, and operating income decreased 57.2% to ¥1,250 million.

## **3. Other business (the Software business)**

Sales increased steadily owing to some large-scale orders of a new product *E-CAD dio DCX R1*, and stimulation of replacement demand stemming from the end of Windows XP support continuing from the previous fiscal year.

Overall sales in the Other Business category for the six-month period under review increased 25.7% to ¥344 million, and operating income increased 408.4% to ¥69 million.

## Consolidated financial position

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

Total assets as of September 30, 2014 increased by ¥1,672 million to ¥52,531 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥1,496 million in notes and accounts receivable, an increase of ¥1,832 million in inventory, an increase of ¥818 million in intangible assets, and a decrease of ¥2,926 million in cash and cash equivalents due to payment of shareholders' dividends.

Total liabilities as of September 30, 2014 increased by ¥3,353 million to ¥21,412 million compared to the end of the previous fiscal year. The main factors contributing to this were an increase of ¥1,837 million in accounts payable and a ¥2,000 million increase in short-term loans payable.

Total net assets decreased by ¥1,680 million to ¥31,119 million compared to the end of the previous fiscal year. The main contributing factors were an increase of ¥1,147 million in net profit and a decrease of ¥2,913 million in the payment for shareholder's dividends.

As a result, the capital ratio decreased by 5.3 points to 58.9% compared to the end of the previous fiscal year.

### 2. Cash Flow

Consolidated cash and cash equivalents as of September 30, 2014 totaled ¥12,468 million, a ¥2,926 million decrease from the end of the previous fiscal year and a ¥6,515 million decrease compared to the same period of the previous fiscal year.

#### Cash Flow from Operating Activities

Cash flow from operating activities during the six-month period was ¥791 million, compared to an outflow of ¥2,798 million in the same period of the previous fiscal year. The main factors contributing to cash inflow were an increase of ¥1,714 million in income before income taxes and minority, and a ¥1,659 million increase in notes and accounts payable – trade. The main factors contributing to cash outflow were a ¥2,035 million increase in notes and accounts receivable, and a ¥1,927 million payment of income taxes.

#### Cash Flow from Investing Activities

Cash flow from investing activities during the six-month period was ¥1,433 million, compared to a cash outflow of ¥2,166 million in the same period of the previous fiscal year. The primary contributing factor was a ¥1,438 million purchase of tangible assets such as global IT infrastructure.

#### Cash Flow from Financing Activities

Cash flow from financing activities during the six-month period was ¥900 million, compared to cash outflow of ¥1,846 million in the same period of the previous fiscal year. The primary contributing factors were a ¥2,000 million increase in short-term loans payable and a ¥2,901 million payment for shareholders' dividends.

## Consolidated results forecast

No revisions have been made to the consolidated full-year forecasts released on July 30, 2014.

(Accompanying data)

## 1. Summary of Consolidated Balance Sheet

(Unit : '000 Yen)

	FY 3/14 (as of Mar. 31,2014)	2Q FY 3/15 (as of Sep. 30,2014)
<b>Assets</b>		
Current assets		
Cash and deposits	15,393,939	12,468,051
Notes and accounts receivable - trade	11,388,120	12,884,445
Merchandise and finished goods	7,161,410	8,626,632
Work in process	357,618	387,076
Raw materials and supplies	1,810,948	2,148,677
Other	4,012,574	4,984,487
Allowance for doubtful accounts	-51,210	-86,130
Total current assets	40,073,399	41,413,238
Non-current assets		
Property, plant and equipment		
Other, net	5,332,072	5,421,302
Total property, plant and equipment	5,332,072	5,421,302
Intangible assets		
Goodwill	3,608	—
Other	3,218,373	4,040,189
Total intangible assets	3,221,981	4,040,189
Investments and other assets		
Other	2,251,401	1,676,070
Allowance for doubtful accounts	-19,696	-19,564
Total investments and other assets	2,231,705	1,656,506
Total non-current assets	10,785,758	11,117,997
Total assets	50,859,157	52,531,235
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	9,429,820	11,266,537
Short-term loans payable	600,000	2,600,000
Income taxes payable	1,928,931	619,031
Provision for bonuses	484,443	505,890
Provision for directors' bonuses	59,137	30,218
Other	3,737,163	4,753,002
Total current liabilities	16,239,494	19,774,678
Non-current liabilities		
Net defined benefit liability	768,278	755,460
Asset retirement obligations	151,369	152,155
Other	900,688	730,070
Total non-current liabilities	1,820,335	1,637,685
Total liabilities	18,059,829	21,412,363

(Unit : '000 Yen)

	FY 3/14 (as of Mar. 31,2014)	2Q FY 3/15 (as of Sep. 30,2014)
Net assets		
Shareholders' equity		
Capital stock	4,203,469	4,203,469
Capital surplus	7,563,702	7,563,056
Retained earnings	21,710,864	19,992,819
Treasury shares	-1,538,697	-1,537,504
Total shareholders' equity	31,939,338	30,221,840
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	416,116	44,589
Foreign currency translation adjustment	323,810	683,072
Remeasurements of defined benefit plans	-27,772	-22,289
Total accumulated other comprehensive income	712,154	705,372
Subscription rights to shares	147,836	191,660
Total net assets	32,799,328	31,118,872
Total liabilities and net assets	50,859,157	52,531,235



## 2. Consolidated Profit & Loss Statement

(Unit : '000 Yen)

	2Q FY 3/14 (Apr.1, 2013 to Sep.30, 2013)	2Q FY 3/15 (Apr.1,2014 to Sep.30, 2014)
Net sales	34,440,121	32,010,976
Cost of sales	21,052,325	18,930,159
Gross profit	13,387,796	13,080,817
Selling, general and administrative expenses	10,328,828	11,254,362
Operating income	3,058,968	1,826,455
Non-operating income		
Interest income	24,183	28,467
Other	33,025	30,158
Total non-operating income	57,208	58,625
Non-operating expenses		
Interest expenses	4,064	2,684
Foreign exchange losses	64,947	118,522
Value added tax in foreign subsidiary for prior periods	49,584	—
Other	15,757	2,873
Total non-operating expenses	134,352	124,079
Ordinary income	2,981,824	1,761,001
Extraordinary income		
Gain on sales of non-current assets	287	449
Total extraordinary income	287	449
Extraordinary losses		
Loss on sales of non-current assets	2,523	1,355
Loss on retirement of non-current assets	5,872	1,650
Business structure improvement expenses	—	44,041
Total extraordinary losses	8,395	47,046
Income before income taxes and minority interests	2,973,716	1,714,404
Income taxes	1,015,484	567,347
Income before minority interests	1,958,232	1,147,057
Net income	1,958,232	1,147,057

### 3. Consolidated Comprehensive Income Statement

(Unit : '000 Yen)

	2Q FY 3/14 (Apr.1, 2013 to Sep.30, 2013)	2Q FY 3/15 (Apr.1, 2014 to Sep.30, 2014)
Income before minority interests	1,958,232	1,147,057
Other comprehensive income		
Valuation difference on available-for-sale securities	6,755	-371,527
Foreign currency translation adjustment	532,759	359,262
Remeasurements of defined benefit plans, net of tax	—	5,483
Total other comprehensive income	539,514	-6,782
Comprehensive income	2,497,746	1,140,275
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,497,746	1,140,275
Comprehensive income attributable to minority interests	—	—

#### 4. Summary of Consolidated Cash Flow Statement

(Unit : '000 Yen)

	2Q FY 3/14 (Apr.1, 2013 to Sep.30, 2013)	2Q FY 3/15 (Apr.1, 2014 to Sep.30, 2014)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	2,973,716	1,714,404
Depreciation	809,414	924,394
Share-based compensation expenses	38,437	43,953
Increase (decrease) in provision	-545,226	22,308
Increase (decrease) in net defined benefit liability	—	43,796
Interest income	-24,183	-28,467
Interest expenses	4,064	2,684
Decrease (increase) in notes and accounts receivable - trade	48,133	-2,034,699
Decrease (increase) in inventories	-4,401,435	-1,652,920
Increase (decrease) in notes and accounts payable - trade	758,950	1,658,799
Other, net	-199,446	414,200
Subtotal	-537,576	1,108,452
Interest income received	23,824	28,467
Interest expenses paid	-4,063	-1,383
Income taxes paid	-2,280,397	-1,926,991
Net cash provided by (used in) operating activities	-2,798,212	-791,455
<b>Cash flows from investing activities</b>		
Payments into time deposits	-7,000,000	—
Proceeds from withdrawal of time deposits	7,000,000	—
Purchase of non-current assets	-1,438,555	-1,437,622
Purchase of investment securities	-468,450	—
Other, net	-258,584	5,032
Net cash provided by (used in) investing activities	-2,165,589	-1,432,590
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	—	2,000,000
Proceeds from disposal of treasury shares	38,465	396
Cash dividends paid	-1,884,911	-2,900,735
Net cash provided by (used in) financing activities	-1,846,446	-900,339
Effect of exchange rate change on cash and cash equivalents	294,886	198,496
Net increase (decrease) in cash and cash equivalents	-6,515,361	-2,925,888
Cash and cash equivalents at beginning of period	21,596,429	15,393,939
Cash and cash equivalents at end of period	15,081,068	12,468,051

## 5. Segment Information

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

2Q FY 3/14 (April 1, 2013 – September 30, 2013)

(Unit: '000 Yen)

	Reportable Segments			Other Businesses (Note)1	Total	Adjustment (Note)2	Amount of Consolidated P/L (Note)3
	Brand Business	Component business	Sub Total				
<b>Sales</b>							
Sales towards external customers	16,670,808	17,495,815	34,166,623	273,498	34,440,121	—	34,440,121
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
<b>Total</b>	<b>16,670,808</b>	<b>17,495,815</b>	<b>34,166,623</b>	<b>273,498</b>	<b>34,440,121</b>	<b>—</b>	<b>34,440,121</b>
<b>Segment Profit or Loss (-)</b>	<b>1,885,722</b>	<b>2,921,802</b>	<b>4,807,524</b>	<b>13,501</b>	<b>4,821,025</b>	<b>-1,762,057</b>	<b>3,058,968</b>

(Note) 1. “Other businesses” consist of Software business.

2. The above “Adjustment” in “Segment Profit”, -1,762,057 ('000Yen) is mainly the cost of financial and general affairs departments which are not included in the reportable segments.

3. “Segment Profit or Loss” is adjusted for operating profit.

2Q FY 3/15 (April 1, 2014 – September 30, 2014)

(Unit: '000 Yen)

	Reportable Segments			Other Businesses (Note)1	Total	Adjustment (Note)2	Amount of Consolidated P/L (Note)3
	Brand Business	Component business	Sub Total				
<b>Sales</b>							
Sales towards external customers	19,501,710	12,165,599	31,667,309	343,667	32,010,976	—	32,010,976
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
<b>Total</b>	<b>19,501,710</b>	<b>12,165,599</b>	<b>31,667,309</b>	<b>343,667</b>	<b>32,010,976</b>	<b>—</b>	<b>32,010,976</b>
<b>Segment Profit or Loss (-)</b>	<b>2,505,441</b>	<b>1,250,164</b>	<b>3,775,605</b>	<b>68,637</b>	<b>3,824,242</b>	<b>-1,997,787</b>	<b>1,826,455</b>

(Note) 1. “Other businesses” consist of Software business.

2. The above “Adjustment” in “Segment Profit”, -1,997,787 ('000Yen) is mainly the cost of financial and general affairs departments which are not included in the reportable segments.

3. “Segment Profit or Loss” is adjusted for operating profit.

4. The method for attributing the expected amount of retirement benefits to periods has been changed from straight-line basis to benefit formula basis from this consolidated first quarter accounting period. These changes have minor significance on segment profit and loss.

**2Q FY 3/2015 Summary of Consolidated Financial Results**  
from April 1, 2014 to September 30, 2014

**(1) Business Performance**

	FY 3/14		FY 3/15		YOY Change		FY 3/14		FY 3/15		YOY Change	
	2Q Result	2Q Result	Amount	Ratio	Full Year Result	Full Year Forecast (Previous forecast)	Amount	Ratio	Full Year Result	Full Year Forecast (Previous forecast)	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY (mil JPY)	mil JPY		mil JPY	mil JPY (mil JPY)	mil JPY	
Sales	34,440	32,011	-2,429	-7.1%	78,615	78,700 (92,000)	85	0.1%	78,615	78,700 (92,000)	85	0.1%
Operating Profit (Operation Profit Margin)	3,059	1,826	-1,233	-40.3%	8,663	5,500 (10,500)	-3,163	-36.5%	8,663	5,500 (10,500)	-3,163	-36.5%
Recurring Profit (Recurring Profit Margin)	2,982	1,761	-1,221	-40.9%	8,282	5,540 (10,450)	-2,742	-33.1%	8,282	5,540 (10,450)	-2,742	-33.1%
Net Profit (Net Profit Margin)	1,958	1,147	-811	-41.4%	5,249	3,700 (6,970)	-1,549	-29.5%	5,249	3,700 (6,970)	-1,549	-29.5%
	5.7%	3.6%			6.7%	4.7% 7.6%			6.7%	4.7% 7.6%		
PL FX Rate (Average in the Term) (US Dollar) (Euro)	JPY 97.99 128.79	JPY 103.51 139.07	JPY 5.52 10.28	5.6% 8.0%	JPY 100.00 134.01	JPY 102.62 (100.00) 137.49 (135.00)	JPY 2.62 3.48	2.6% 2.6%	JPY 100.00 134.01	JPY 102.62 (100.00) 137.49 (135.00)	JPY 2.62 3.48	2.6% 2.6%

Note) No revisions have been made to FY 3/15 Full Year Forecast announced on July 30, 2014. Each figure in ( ) of FY 3/15 Full Year Forecast shows the forecast as of Apr. 30, 2014.

Note) Assumption of FX rate from November, 2014: 1USD=JPY 100, 1EUR=JPY 135

**(2) Sales by Business Segment**

	FY 3/14		FY 3/15		YOY Change		FY 3/14		FY 3/15		YOY Change	
	2Q Result	2Q Result	Amount	Ratio	Full Year Result	Full Year Forecast (Previous forecast)	Amount	Ratio	Full Year Result	Full Year Forecast (Previous forecast)	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY (mil JPY)	mil JPY		mil JPY	mil JPY (mil JPY)	mil JPY	
Brand business												
Sales	16,671	19,502	2,831	17.0%	38,960	43,950 (49,200)	4,990	12.8%	38,960	43,950 (49,200)	4,990	12.8%
Operating Profit (Operation Profit Margin)	1,886	2,505	619	32.9%	5,214	5,450 (7,320)	236	4.5%	5,214	5,450 (7,320)	236	4.5%
	11.3%	12.8%			13.4%	12.4% 14.9%			13.4%	12.4% 14.9%		
Component business												
Sales	17,496	12,165	-5,331	-30.5%	39,002	34,000 (42,100)	-5,002	-12.8%	39,002	34,000 (42,100)	-5,002	-12.8%
Operating Profit (Operation Profit Margin)	2,922	1,250	-1,672	-57.2%	6,667	4,500 (7,200)	-2,167	-32.5%	6,667	4,500 (7,200)	-2,167	-32.5%
	16.7%	10.3%			17.1%	13.2% 17.1%			17.1%	13.2% 17.1%		
Other business												
Sales	273	344	71	25.7%	653	750 (700)	97	14.8%	653	750 (700)	97	14.8%
Operating Profit (Operation Profit Margin)	14	69	55	408.4%	123	150 (130)	27	22.4%	123	150 (130)	27	22.4%
	4.9%	20.0%			18.7%	20.0% 18.6%			18.7%	20.0% 18.6%		

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

**(3) Sales by Product Lines**

(by Subsidiaries)	FY 3/14		FY 3/15		YOY Change		FY 3/14		FY 3/15		YOY Change	
	2Q Result	2Q Result	Amount	Ratio	Full Year Result	Full Year Forecast (Previous forecast)	Amount	Ratio	Full Year Result	Full Year Forecast (Previous forecast)	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY (mil JPY)	mil JPY		mil JPY	mil JPY (mil JPY)	mil JPY	
<b>Brand business</b>	<b>16,671</b>	<b>19,502</b>	<b>2,831</b>	<b>17.0%</b>	<b>38,960</b>	<b>43,950</b> (49,200)	<b>4,990</b>	<b>12.8%</b>	<b>38,960</b>	<b>43,950</b> (49,200)	<b>4,990</b>	<b>12.8%</b>
Creative business	14,366	16,054	1,688	11.8%	33,334	36,150 (40,900)	2,816	8.4%	33,334	36,150 (40,900)	2,816	8.4%
Pen tablets	9,247	9,473	226	2.5%	20,664	20,750 (22,500)	86	0.4%	20,664	20,750 (22,500)	86	0.4%
(Japan)	1,406	1,196	-210	-14.9%	2,907				2,907			
(U.S.)	2,962	2,999	37	1.3%	6,597				6,597			
(Germany)	2,603	2,476	-127	-4.9%	6,495				6,495			
(Asia-Oceania)	2,276	2,802	526	23.1%	4,665				4,665			
Mobiles	390	1,769	1,379	353.3%	2,871	4,500 (6,300)	1,629	56.7%	2,871	4,500 (6,300)	1,629	56.7%
(Japan)	96	235	139	145.2%	523				523			
(U.S.)	124	754	630	508.2%	1,084				1,084			
(Germany)	104	394	290	277.2%	779				779			
(Asia-Oceania)	66	386	320	485.7%	485				485			
Displays	4,729	4,812	83	1.7%	9,799	10,900 (12,100)	1,101	11.2%	9,799	10,900 (12,100)	1,101	11.2%
(Japan)	1,096	855	-241	-22.0%	2,217				2,217			
(U.S.)	1,945	2,071	126	6.5%	3,793				3,793			
(Germany)	1,129	1,184	55	4.9%	2,670				2,670			
(Asia-Oceania)	559	702	143	25.5%	1,119				1,119			
Consumer business	632	663	31	5.0%	1,691	1,500 (2,600)	-191	-11.3%	1,691	1,500 (2,600)	-191	-11.3%
(Japan)	77	108	31	40.3%	148				148			
(U.S.)	190	284	94	49.3%	607				607			
(Germany)	292	207	-85	-28.9%	753				753			
(Asia-Oceania)	73	64	-9	-12.7%	183				183			
Vertical market business	1,673	2,785	1,112	66.4%	3,935	6,300 (5,700)	2,365	60.1%	3,935	6,300 (5,700)	2,365	60.1%
(Japan)	511	414	-97	-19.0%	1,130				1,130			
(U.S.)	180	189	9	4.3%	413				413			
(Germany)	777	1,943	1,166	150.2%	1,971				1,971			
(Asia-Oceania)	205	239	34	16.8%	421				421			
<b>Component business</b>	<b>17,496</b>	<b>12,165</b>	<b>-5,331</b>	<b>-30.5%</b>	<b>39,002</b>	<b>34,000</b> (42,100)	<b>-5,002</b>	<b>-12.8%</b>	<b>39,002</b>	<b>34,000</b> (42,100)	<b>-5,002</b>	<b>-12.8%</b>
For smartphones	7,671	6,312	-1,359	-17.7%	22,190	17,600 (23,000)	-4,590	-20.7%	22,190	17,600 (23,000)	-4,590	-20.7%
For tablets	6,659	3,926	-2,733	-41.0%	11,096	12,600 (17,400)	1,504	13.6%	11,096	12,600 (17,400)	1,504	13.6%
For notebook PCs, etc.	3,166	1,927	-1,239	-39.1%	5,716	3,800 (1,700)	-1,916	-33.5%	5,716	3,800 (1,700)	-1,916	-33.5%
<b>Other business</b>	<b>273</b>	<b>344</b>	<b>71</b>	<b>25.7%</b>	<b>653</b>	<b>750</b> (700)	<b>97</b>	<b>14.8%</b>	<b>653</b>	<b>750</b> (700)	<b>97</b>	<b>14.8%</b>
CAD for electrical engineering (Japan)	273	344	71	25.7%	653	750 (700)	97	14.8%	653	750 (700)	97	14.8%
	273	344	71	25.7%	653				653			
<b>Total</b>	<b>34,440</b>	<b>32,011</b>	<b>-2,429</b>	<b>-7.1%</b>	<b>78,615</b>	<b>78,700</b> (92,000)	<b>85</b>	<b>0.1%</b>	<b>78,615</b>	<b>78,700</b> (92,000)	<b>85</b>	<b>0.1%</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 included in "Consumer products" is reclassified in pen tablets of "Creative business" and "Business products" is replaced by "Vertical market business".

**(4) Sales by Subsidiaries**

	FY 3/14		FY 3/15		YOY Change		FY 3/14		FY 3/15		YOY Change	
	2Q Result	2Q Result	2Q Result	2Q Result	Amount	Ratio	Full Year Result	Full Year Forecast (Previous forecast)	Full Year Result	Full Year Forecast (Previous forecast)	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY (mil JPY)	mil JPY	mil JPY (mil JPY)	mil JPY	
Japan	20,956	15,317	20,956	15,317	-5,639	-26.9%	46,580	41,950 (50,100)	46,580	41,950 (50,100)	-4,630	-9.9%
( Japan excluding Component business )	3,460	3,152	3,460	3,152	-308	-8.9%	7,578	7,950 (8,000)	7,578	7,950 (8,000)	372	4.9%
U.S.	5,401	6,297	5,401	6,297	896	16.6%	12,493	14,250 (15,900)	12,493	14,250 (15,900)	1,757	14.1%
Germany	4,904	6,204	4,904	6,204	1,300	26.5%	12,668	14,100 (16,300)	12,668	14,100 (16,300)	1,432	11.3%
Asia-Oceania	3,179	4,193	3,179	4,193	1,014	31.9%	6,874	8,400 (9,700)	6,874	8,400 (9,700)	1,526	22.2%
Total	34,440	32,011	34,440	32,011	-2,429	-7.1%	78,615	78,700 (92,000)	78,615	78,700 (92,000)	85	0.1%

Note) The sales of the Component business is included in Japan.

Note) Japan's sales included Taiwan area until Jan. 2014. Germany's includes EMEA. Asia-Oceania's is a total of sales of the subsidiaries in China, Korea, Australia, Singapore included India until Aug. 2014, Taiwan area (after Feb. 2014), and India (after Sep. 2014).

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

	FY 3/14		FY 3/15		YOY Change		FY 3/14		FY 3/15		YOY Change	
	2Q Result	2Q Result	2Q Result	2Q Result	Amount	Ratio	Full Year Result	Full Year Forecast (Previous forecast)	Full Year Result	Full Year Forecast (Previous forecast)	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY (mil JPY)	mil JPY	mil JPY (mil JPY)	mil JPY	
Capital Expenditure	1,439	1,790	1,439	1,790	351	24.4%	3,464	5,500 (4,900)	3,464	5,500 (4,900)	2,036	58.8%
Depreciation	809	924	809	924	115	14.2%	1,812	2,300 (2,300)	1,812	2,300 (2,300)	488	26.9%
R&D Expenditure	1,650	1,494	1,650	1,494	-156	-9.4%	2,863	3,100 (3,100)	2,863	3,100 (3,100)	237	8.3%

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