

FY 3/2014 Summary of Consolidated Financial Results

April 30, 2014

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

(Code Number: 6727 TSE1)

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

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Scheduled Date of General Shareholders' Meeting: June 27, 2014

Preparation of Supplemental Explanatory Material for Financial Results: Yes

Holding of Large Meeting for Financial Results: Yes

1. FY 3/14 Consolidated Financial Results (April 1, 2013 – March 31, 2014)

(1) Business Performance (Consolidated)

(Round off to mY)

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY 3/14	78,615	28.7	8,663	9.5	8,282	9.6	5,249	10.0
FY 3/13	61,068	50.0	7,915	94.6	7,559	94.2	4,770	118.7

(Note) Comprehensive income FY 3/14 6,799 mY (15.8%) FY 3/13 5,870 mY (192.4%)

	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 3/14		31.31		31.13	17.0	16.4	11.0
FY 3/13		29.81		29.69	19.9	17.9	13.0

(Note) A 400-for-1 share split was implemented effective June 1, 2013. However, the above "Net Profit per Share Outstanding" and "Net Profit per Diluted Share Outstanding" are calculated on the assumption that such share split was implemented at the beginning of FY 3/14.

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY 3/14	50,859	32,799	64.2	196.14	
FY 3/13	50,124	29,212	58.1	173.15	

(For Ref.) Capital: FY3/14 32,651 mY FY 3/13 29,116 mY

(Note) A 400-for-1 share split was implemented effective June 1, 2013. However, the above "Net Assets per Share" is calculated on the assumption that such share split was implemented at the beginning of FY 3/14.

(3) Cash Flow (Consolidated)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY 3/14	734	-4,416	-3,255	15,394
FY 3/13	5,895	-1,611	4,337	21,596

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	Yen Sen	Yen Sen	mY	%	%
FY 3/13	-	0.00	-	4,500.00	4,500.00	1,892	37.7	7.7

FY 3/14	-	0.00	-	17.50	17.50	2,913	55.9	9.5
FY 3/15 (estimates)	-	0.00	-	18.00	18.00		43.0	

(Note) A 400-for-1 share split was implemented effective June 1, 2013. Dividend per share for FY 3/13 is described in actual amount before the split.

(For Ref.) The retroactive dividend per share for FY 3/13 with the above share split is 11 yen 25 sen (FY total).

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
2Q (1H FY 3/15)	38,800	12.7	3,360	9.8	3,340	12.0	2,230	13.9	13.40
Full Year	92,000	17.0	10,500	21.2	10,450	26.2	6,970	32.8	41.87

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 : Yes
 - Changes other than those above : No
 - Changes resulting from accounting estimates : No
 - 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 3/14	169,046,400	FY 3/13	169,046,400

Number of treasury stock outstanding at end of year:

	Shares		Shares
FY 3/14	2,578,000	FY 3/13	892,800

Number of average shares for fiscal period

	Shares		Shares
FY 3/14	167,623,452	FY 3/13	160,042,800

(Note) A 400-for-1 share split was implemented effective June 1, 2013. However, the above Numbers of shares outstanding are calculated on the assumption that such share split was implemented at the beginning of FY 3/14.

* 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 3/11	FY 3/12	FY 3/13	FY 3/14
Capital Ratio (%)	68.1	55.2	58.1	64.2
Market Cap. based Capital Ratio (%)	150.8	201.9	313.2	237.3
Debt Redemption (Yr)	0.5	0.1	0.1	0.8
Interest Coverage Ratio	124.4	592.1	935.1	158.6

(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 Comprehensive Income Statement , Consolidated Statement of Changes in Shareholder's Equity, Consolidated Cash Flow Statement (Summary), Segment Information and Other 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 current fiscal year (April 1, 2013 to March 31, 2014), the business environment remained generally stable. Domestic business sentiment improved, supported by government economic policies, known as *Abenomics*, and monetary easing measures by the Bank of Japan. In the global economy, in Europe the economy continued to recover gradually despite the situation in the Ukraine, in Asia, the Chinese economy slowed while still maintaining a relatively high level of growth, and the U.S. economy maintained a gradual recovery trend supported by improved employment and strong consumer spending. In foreign exchange, the yen weakened reflecting monetary easing by the Bank of Japan and improvement in U.S. economic data.

In the IT industry, there was continued growth in smartphones and tablets, as well as SNS (Social Networking Service) and cloud computing, which is leading to a new platform. At the same time, the PC market became increasingly borderless and competitive, following the entry of a major OS (Operating System) manufacturer looking to gain a foothold in the new tablet market.

During the period market trends surrounding Wacom Group have changed drastically. In the Creative business area, in our Brand business category, digital content creation is expanding into emerging countries in the movie, comic and game application sectors. These countries include Asia, with a large and young labor force, and South America, soon to host the FIFA World Cup and Olympics. In developed countries, we are seeing a growing need for cutting-edge solutions such as 3D technologies, which are being increasingly adopted for an industrial design, as well as for general consumers. Further, all design environments are expanding from conventional desk tops to mobile devices based on cloud computing.

In the Consumer business market, we are seeing a growing need for intuitive input-by-hand functionality in smartphones and tablets, which are showing signs of growth in the electronic stationery market. In the Vertical Market business, demand for paperless environments and digital signature security improvement is growing across a broad range of sectors including medical, educational and financial. Against this background, digital signatures using LCD pen tablet products are expanding as they are considered to be an effective way to improve information security and operational efficiency while reducing paper resources and document handling costs.

In our Component business, amidst significant growth of the tablet market, pen technology is being incorporated into an increasing number of models, including Samsung's Galaxy Note Series and an expanding range of tablets based on Windows 8 Pro. There is also a growing need for pen technology as a differentiator in the field of e-book readers, medical and educational terminals as the market expands. Demand for multi-touch technology is growing broadly in smartphones, tablets, notebook PCs and game machines. However, growth of demand for large-sized monitors has been stagnant.

Against this background, Wacom Group has been working to realize the goals of our medium-term business plan WAP 1215 (for the three-year period from April 2013 to March 2016) through proactive online marketing and sales activities, and expanding our product

lineup by enhancing new product development. In order to support these efforts, we have strengthened our QA systems and SCM with the launch of an automatic assembly facilities for electronic pens and deployed ERP system for subsidiaries in Asia and Oceania, and developed a next-generation global IT infrastructure. Furthermore, we introduced WILL (Wacom Ink Layer language) as a platform for digital ink compatibility to communicate across all mobile device, OS, and application software which have been an impediment to popularizing digital ink. Additionally, we announced a project to supply total pen solutions consisting of three distinct types of technologies: two electrostatic pen technologies in addition to the current EMR.

As a result, consolidated net sales increased 28.7% to ¥78,615 million, operating income increased 9.5% to ¥8,663 million, ordinary income increased 9.6 % to ¥8,282 million and net income increased 10.0% to ¥5,249 million.

Note: As of the fiscal year commencing April 1, 2013, product lines for the Brand business have been reorganized into three categories: "Creative business", "Consumer business", and "Vertical Market business". In addition, the former "Bamboo" pen tablets have been integrated into the 'Intuos' series in Creative business.

Segment results

1. Brand business

Sales increased steadily in the Vertical Market business and the Creative business launching new products to expand the product lineup. Further, effect of yen depreciation on oversea sales contributed to improving sales.

<The Creative business>

○Pen tablets

We launched *Intuos Pro* and developed a pen tablet model with new functionality such as wireless functionality, in September. Additionally, we renewed the design of the former *Bamboo* tablets and integrated them into newly categorized *Intuos* series, and launched both products simultaneously. Sales increased substantially as a whole owing to steady growth of the low-end emerging market model in China, in addition to the effect of yen depreciation, though sales in Japan were slow.

○Mobile products

Our first OS installed tablets, *Cintiq Companion* with Windows 8 Pro and *Cintiq Companion Hybrid* with Android 4.2, were launched in August, and contributed to expansion of sales.

○Display products

Cintiq13HD, a thin compact body and high performance model, has had favorable sales growth since its launch in March, 2013.

<The Consumer business>

We continuously worked on expanding sales through renewal of existing models of the stylus pen and new products' launch. Further, we launched *Bamboo Pad* in September, a touch pad enabling gesture operations using multi touch technology, as well as note taking and writing with an accompanying electronic pen on a PC, as a new category to expand the electronic stationery category.

<The Vertical Market business>Sales increased substantially as we introduced a new product of our signature pen tablet, *STU* series which promotes advanced paperless

environments in addition that the current products expanded globally. Further, *DTU 1031*, an LCD pen tablet which is the most appropriate for digital signature because it gives the sensation of writing on paper with its pen pressure sensitivity, also contributed to a favorable increase in sales.

<By region>

Though each region experienced difficulties in stylus pens in the Consumer business, sales of other businesses increased, partly owing to the effect of yen depreciation.

As a result, overall sales in the Brand business category for the fiscal year ended March 31, 2014 increased 32.5% to ¥38,960 million, and operating income increased 6.5% to ¥5,214 million.

- ※ Creative business : Pen tablet*Intuos* series
(including the former *Bamboo* pen tablets)
Mobile *Cintiq Companion*, *Intuos Creative Stylus*
Display*Cintiq* series

- Consumer business : Stylus pen, Touch pad*Bamboo* series
- Vertical Market business : LCD signature tablet.....*STU* series
LCD pen tablet.....*DT* series

2. Component business

Sales increased in all product lines.

<Pen sensor systems for smartphones>

Shipment for Samsung's Galaxy Note III launched in September, was processed smoothly.

<Pen sensor systems for tablets>

Sales increased substantially owing to the expansion of adoption of our pen sensor systems for Windows 8 Pro tablets and smooth shipment for Galaxy Note 8.0 and Galaxy Note10.1, launched in September. Additionally, shipments of Galaxy Note Pro began in January.

<Pen sensor systems for notebook PCs>

Sales grew steadily as electric pens were increasingly used throughout the business world.

Overall sales in the Component business category for the fiscal year ended March 31, 2014 increased 25.6% to ¥39,002 million, and operating income increased 20.0% to ¥6,667 million.

3. Other business (the Software business)

Sales increased owing to successes in winning large projects, robust demand prior to the consumption tax hike and replacement demand stemming from the end of XP support in the second half, and in spite of slow progress in winning large new projects in the first half. We also announced *ECAD dio DCX*, a new product adding a newly developed engine to *ECAD dio* series, CAD for electrical engineering.

Overall sales in Other business category for the fiscal year ended March 31, 2014 increased 7.9% to ¥653 million, and operating income increased 19.6% to ¥123 million.

Consolidated results forecast

In the fiscal year from April 1, 2014 to March 31, 2015, Wacom forecasts that the global economy as a whole will undergo a moderate recovery while acknowledging certain risks such as the economic structural fragility in Europe, an economic slowdown in China, and political unrest in Ukraine and East Asia. The U.S. is expected to show economic recovery owing to an increase of consumer consumption, robust housing investment, and expanding employment. In Europe, economic growth will keep a low level continuously due to austerity measures in each country. Japan is expected to be on a track to a recovery in a positive growth cycle overcoming a consumption tax hike. The economy in Asia is expected to be slightly weak in spite of a gradual economic expansion.

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 ¥100 per 1 U.S. dollar and ¥135 per 1 Euro in through to FY ending March 2015. Consolidated net sales are expected to increase 17.0% to ¥92,000 million, operating profit to increase 21.2% to ¥10,500 million, ordinary profit to increase 26.2% to ¥10,450 million and net profit to increase 32.8% to ¥6,970 million.

As regards the Brand business, for the Creative business, the core business, the company will expand its product line by launching new display products and mobile products. In the Consumer business, the company will renovate the current product line of *Bamboo Stylus* series launching new products, and strive to capture new customers by enhancing brand marketing. In the Vertical Market business, the company will strive for further growth in digital documentation control and workflow solution fields in addition to expanding further into financial and distribution fields. As a result, under the above, sales in the Brand business category for the fiscal year ending March 31, 2015 are expected to increase 26.3% to ¥49,200 million and operating profit to increase 40.4% to ¥7,320 million.

The Component business will aggressively expand its supply for continuously growing smartphones and tablets and develop a new market of education and e-book devices. Further, we will complete new development of electrostatic pens and start shipment. As a result of the above, sales in the Component business category for the fiscal year ending March 31, 2015 are expected to increase 7.9% to ¥42,100 million and operating profit to increase 8.0% to ¥7,200 million.

The Software business included in Other business, will enhance sales of new product *ECAD dio DCX R1* series with developed design function for electronics design in CAD, launched in January, 2014 and of *ECAD dio 2014*, the latest model of the current series. Through these sales activities, we will 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, 2015 are expected to increase 7.1% to ¥700 million and operating profit to increase 6.1% to ¥130 million.

Note: 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, 2014 increased by ¥735 million to ¥50,859 million compared to the end of the previous fiscal year. The main factors contributing to an increase in assets were increases of ¥3,847 million in inventory, ¥922 million in tangible fixed assets through capital expenditure, ¥814 million in intangible fixed assets from acquisition of software, and ¥1,396 million in investment securities from acquisition of stock. The main factor contributing to a decrease in assets was a decrease of ¥6,202 million in cash and cash equivalents. Total liabilities as of March 31, 2014 decreased by ¥2,853 million to ¥18,060 million compared to the end of the previous fiscal year. The main factors contributing to a decrease were ¥ 435 million in notes payable and ¥ 1,954 million in accounts payable. Total net assets increased by ¥3,588 million to ¥32,799 million compared to the end of the previous fiscal year. The main contributing factors were a ¥5,249 million increase in net profit, a ¥1,158 million increase in foreign currency translation adjustments due to the effects of the weakened Japanese currency, a ¥1,334 million decrease in treasury stock by share buy-back, and a ¥1,892 million decrease from payment of shareholder dividends. As a result, the capital ratio increased by 6.1 points to 64.2% compared to the end of the previous fiscal year.

2. Cash Flow

Consolidated cash & cash equivalents for the fiscal period ended March 31, 2014 totaled ¥15,394 million, a decrease of ¥6,202 million from the end of the previous fiscal year (a ¥9,627 million increase over the same previous fiscal period) .

(Cash Flow from Operating Activities)

Cash gained in operating activities during the fiscal period ended March 31, 2014 was ¥734 million (¥5,895 million generated in the same previous fiscal period). The main factors contributing to an increase were ¥8,269 million in net profit before taxes and other adjustments. The main factors contributing to a decrease were a ¥3,149 million increase in Inventories and ¥3,776 million in income tax paid.

(Cash Flow from Investing Activities)

Cash flow used in investing activities during the fiscal period ended March 31, 2014 was ¥4,416 million (¥1,611 million used in the same previous fiscal period), due to ¥1,910 million in payments for purchase of tangible assets such as machinery, equipment and mold, and ¥1,447 million in payment for purchase of software such as ERP systems, and ¥785 million in Purchases of Investment Securities.

(Cash Flow from Financing Activities)

Cash flow used in financing activities during the fiscal period ended March 31, 2014 was ¥3,255 million (¥4,337 million used in the same previous fiscal period). The primary contributing factors were a ¥1,439 million payment for acquisition of own shares and a ¥1,887 million Payment for Shareholders' Dividends.

Dividend payout policy and dividend for the fiscal year ended March 31, 2014

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 to maintain a level of 40% or more on a consolidated basis to attract global investment.

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

In accordance with the above policy, the Board of Directors has decided to pay a dividend of ¥17.50 per share. As a result, the payout ratio for the fiscal year ended March 31, 2014 is 55.9%.

The dividend for the fiscal year ending March 31, 2015 is estimated to be ¥18.00 per share with an estimated payout ratio of 43.0%.

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(Unit: '000 Yen)

Subject	FY 3/13 (as of Mar. 31, 2013)	FY 3/14 (as of Mar. 31, 2014)
	Amount	Amount
(Assets)		
Current Assets		
1. Cash and cash equivalents	21,596,429	15,393,939
2. Notes and accounts receivable	10,601,728	11,388,120
3. Merchandise and Finished Products	3,742,068	7,161,410
4. Work in process	426,982	357,618
5. Raw Materials and Supplies	1,314,261	1,810,948
6. Deferred tax assets	1,228,865	1,717,556
7. Others	3,859,121	2,295,018
8. Allowance for doubtful accounts	-17,686	-51,210
Total Current Assets	42,751,768	40,073,399
Fixed Assets		
1. Tangible Fixed Assets		
(1) Buildings and facilities (net amount)	1,726,451	1,964,246
(2) Machinery, equipment and vehicles (net amount)	105,273	626,428
(3) Tools and furniture (net amount)	1,130,119	1,283,909
(4) Land	1,448,067	1,457,489
Total Tangible Fixed Assets	4,409,910	5,332,072
2. Intangible Fixed Assets		
(1) Goodwill	25,257	3,608
(2) Others	2,382,308	3,218,373
Total Intangible Fixed Assets	2,407,565	3,221,981
3. Investment and Other Assets		
(1) Investment securities	218,869	1,614,624
(2) Deferred tax assets	24,788	41,081
(3) Others	330,330	595,696
(4) Allowance for doubtful accounts	-19,037	-19,696
Total Investment and Other Assets	554,950	2,231,705
Total Fixed Assets	7,372,425	10,785,758
Total Assets	50,124,193	50,859,157

(Unit: '000 Yen)

Subject	FY 3/13 (as of Mar. 31, 2013)	FY3/14 (as of Mar. 31, 2014)
	Amount	Amount
(Liabilities)		
Current Liabilities		
1. Notes payable-trade	434,846	—
2. Accounts payable-trade	11,384,114	9,429,820
3. Short-term Debt	600,000	600,000
4. Income Taxes Payable	2,203,506	1,928,931
5. Provision for Bonuses	875,274	484,443
6. Provision for Director's Bonuses	168,299	59,137
7. Others	3,930,418	3,737,163
Total Current Liabilities	19,596,457	16,239,494
Fixed Liabilities		
1. Deferred tax liabilities	160,424	425,348
2. Provision for retirement benefits	610,683	—
3. Net defined benefit liability	—	768,278
4. Asset Retirement Obligations	78,044	151,369
5. Others	467,052	475,340
Total Fixed Liabilities	1,316,203	1,820,335
Total Liabilities	20,912,660	18,059,829
(Net Assets)		
Shareholders' Equity		
1. Capital Stock	4,203,469	4,203,469
2. Capital Surplus	7,573,104	7,563,702
3. Retained Earnings	18,353,830	21,710,864
4. Treasury Stock	-204,205	-1,538,697
Total Shareholders' Equity	29,926,198	31,939,338
Accumulated Comprehensive Income		
1. Valuation Difference on Available-for-Sale Securities	23,641	416,116
2. Foreign Currency Translation Adjustments	-834,025	323,810
3. Remeasurements of defined benefit plans	—	-27,772
Total Accumulated Comprehensive Income	-810,384	712,154
Subscription Rights to Shares	95,719	147,836
Total Net Assets	29,211,533	32,799,328
Total Liabilities & Net Assets	50,124,193	50,859,157

2. Summary of Consolidated Profit & Loss Statement

(Unit: '000 Yen)

Subject	FY 3/13 (Apr. 1, 2012 to Mar. 31, 2013)	FY 3/14 (Apr. 1, 2013 to Mar. 31, 2014)
	Amount	Amount
Sales	61,068,078	78,615,309
Cost of Goods Sold	36,832,764	48,684,206
Gross Profit	24,235,314	29,931,103
Selling, General and Administrative Expenses	16,320,263	21,268,011
Operating Profit	7,915,051	8,663,092
Non-operating Revenue		
1. Interest	27,317	45,877
2. Dividend Income	51,826	—
3. Others	31,600	43,840
Sub Total	110,743	89,717
Non-operating Expense		
1. Interest Cost	6,278	4,627
2. Foreign Exchange Losses	434,770	392,803
3. Value-added Taxes of Overseas Subsidiaries for prior periods	—	53,367
4 Others	26,239	19,601
Sub Total	467,287	470,398
Recurring Profit	7,558,507	8,282,411
Extraordinary Gain		
1. Gain on Sales of Fixed Assets	1,847	1,621
2. Gain on Reversal of Subscription Rights to Shares	1,771	385
Sub Total	3,618	2,006
Extraordinary Loss		
1. Loss on Sales of Fixed Assets	1,803	3,733
2. Loss on Disposal of Fixed Assets	14,189	12,039
3. Others	328	—
Sub Total	16,320	15,772
Net Profit before Taxes and Other Adjustments	7,545,805	8,268,645
Total income taxes	2,775,320	3,019,883
Net Profit before Minority Interests Adjustments	4,770,485	5,248,762
Net Profit	4,770,485	5,248,762

3. Consolidated Comprehensive Income Statement

(Unit: '000 Yen)

Subject	FY 3/13 (Apr. 1, 2012 to Mar. 31, 2013)	FY 3/14 (Apr. 1, 2013 to Mar. 31, 2014)
	Amount	Amount
Income before Minority Interests	4,770,485	5,248,762
Other Comprehensive Income		
1. Valuation Difference on Available-for-Sale Securities	15,198	392,475
2. Foreign Currency Translation Adjustment	1,084,417	1,157,835
Total Other Comprehensive income	1,099,615	1,550,310
Comprehensive Income	5,870,100	6,799,072
(Breakdown)		
Comprehensive Income Attributable to Owners of the Parent	5,870,100	6,799,072
Comprehensive Income Attributable to Minority Interests	—	—

4. Consolidated Statement of Changes in Shareholder's Equity

FY3/13 (Apr. 1, 2012 to Mar. 31, 2013)

(Unit: '000 Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stocks	Total Shareholders' Equity
Balance at Beginning of Term	4,203,469	4,044,882	14,776,193	-2,287,245	20,737,299
Changes in FY					
Distribution of Retained earnings			-1,192,848		-1,192,848
Net Profit			4,770,485		4,770,485
Purchase of Treasury Stock					—
Disposal of Treasury Stock		3,528,222		2,083,040	5,611,262
Net changes of items other than shareholders' equity					
Total Amount of Changes	—	3,528,222	3,577,637	2,083,040	9,188,899
Balance at End of Term	4,203,469	7,573,104	18,353,830	-204,205	29,926,198

	Accumulated Other Comprehensive Income				Subscription Rights to Shares	Total Net Assets
	Valuation difference on available-for-sale securities	Foreign Currency Transaction Adjustment	Remeasur ements of defined benefit plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Term	8,443	-1,918,442	—	-1,909,999	90,595	18,917,895
Changes in FY						
Distribution of Retained earnings						-1,192,848
Net profit						4,770,485
Purchase of Treasury Stock						—
Disposal of Treasury Stock						5,611,262
Net changes of items other than shareholders' equity	15,198	1,084,417	—	1,099,615	5,124	1,104,739
Total Amount of Changes	15,198	1,084,417	—	1,099,615	5,124	10,293,638
Balance at End of Term	23,641	-834,025	—	-810,384	95,719	29,211,533

FY3/14 (Apr. 1, 2013 to Mar. 31, 2014)

(Unit: '000 Yen)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stocks	Total Shareholders' Equity
Balance at Beginning of Term	4,203,469	7,573,104	18,353,830	-204,205	29,926,198
Changes in FY					
Distribution of Retained earnings			-1,891,728		-1,891,728
Net Profit			5,248,762		5,248,762
Purchase of Treasury Stock				-1,436,579	-1,436,579
Disposal of Treasury Stock		-9,402		102,087	92,685
Net changes of items other than shareholders' equity					
Total Amount of Changes	—	-9,402	3,357,034	-1,334,492	2,013,140
Balance at End of Term	4,203,469	7,563,702	21,710,864	-1,538,697	31,939,338

	Accumulated Other Comprehensive Income				Subscription Rights to Shares	Total Net Assets
	Valuation difference on available-for-sale securities	Foreign Currency Transaction Adjustment	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income		
Balance at Beginning of Term	23,641	-834,025	—	-810,384	95,719	29,211,533
Changes in FY						
Distribution of Retained earnings						-1,891,728
Net profit						5,248,762
Purchase of Treasury Stock						-1,436,579
Disposal of Treasury Stock						92,685
Net changes of items other than shareholders' equity	392,475	1,157,835	-27,772	1,522,538	52,117	1,574,655
Total Amount of Changes	392,475	1,157,835	-27,772	1,522,538	52,117	3,587,795
Balance at End of Term	416,116	323,810	-27,772	712,154	147,836	32,799,328

5. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY 3/13 (Apr. 1, 2012 to Mar. 31, 2013)	FY 3/14 (Apr. 1, 2013 to Mar. 31, 2014)
	Amount	Amount
Operating Cash Flow		
Net Profit Before Taxes and Other Adjustments	7,545,805	8,268,645
Depreciation	1,160,090	1,811,923
Share-based Compensation Expenses	69,659	74,804
Increase in Provision for Doubtful Accounts (- represents decrease)	1,939	29,457
Increase in Provision for Bonus Payable (- represents decrease)	234,529	-414,487
Increase in Provision for Director's Bonus Payable (- represents decrease)	72,652	-116,250
Increase Provision for Retirement Benefits (- represents decrease)	99,422	-
Net defined benefit liability (- represents decrease)	-	157,595
Interest and Dividend Income	-79,143	-45,877
Interest Cost	6,278	4,627
Foreign Exchange Loss (- Gain)	-586,864	-356,893
Loss on Sale and Disposal of Fixed Assets (- Gain)	14,145	14,359
Decrease in Notes and Accounts Receivable (- represents increase)	-4,583,027	1,396,307
Decrease in Inventory (- represents increase)	93,048	-3,148,548
Increase in Notes and Accounts Payable (- represents decrease)	3,297,961	-2,665,132
Others	489,626	-541,486
Sub Total	7,836,120	4,469,044
Interest and Dividend Received	79,425	45,466
Interest Paid	-6,304	-4,626
Income Taxes Paid	-2,014,369	-3,776,043
Operating Cash Flow	5,894,872	733,841
Investing Cash Flow		
Payments into time deposits	-	-7,000,000
Proceeds from withdrawal of time deposits	-	7,000,000
Payments for Purchase of Tangible Assets	-964,979	-1,909,639
Payments for Purchase of Intangible Assets	-7,682	-16,649
Payments for Purchase of Software	-588,464	-1,447,145
Purchase of Investment Securities	-	-784,620
Proceeds from Sale of Fixed Assets	9,036	8,052
Payments for Lease and Guarantee Deposits	-134,381	-269,279
Proceeds from Collection of Lease and Guarantee Deposits	136,480	3,308
Payments for Asset Retirement Obligations	-61,342	-
Investing Cash Flow	-1,611,332	-4,415,972

Financing Cash Flow		
Purchase of Treasury Stock	—	-1,438,734
Proceeds from Disposal of Treasury stock	5,526,934	70,037
Payments for Shareholders' Dividends	-1,190,174	-1,886,671
Financing Cash Flow	4,336,760	-3,255,368
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,006,256	735,009
Net Increase in Cash and Cash Equivalents (- represents Decrease)	9,626,556	-6,202,490
Cash and Cash Equivalents at Beginning of Term	11,969,873	21,596,429
Cash and Cash Equivalents at End of Term	21,596,429	15,393,939

6. Segment Information and Other information

a. Segment Information

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

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

(Unit: '000 Yen)

	Reportable Segments			Other Business (Note)1	Total	Adjustment (Note)2	Amount of Consolidated P/L (Note)3
	Brand Business	Component business	Sub Total				
Sales							
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) 1. “Other businesses” consist of Software business.

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

3. “Segment Profit” is adjusted for “Operating Profit”.

FY 3/14 (April 1, 2013 – March 31, 2014)

(Unit: '000 Yen)

	Reportable Segments			Other Business (Note)1	Total	Adjustment (Note)2	Amount of Consolidated P/L (Note)3
	Brand Business	Component business	Sub Total				
Sales							
Sales towards external customers	38,960,243	39,001,590	77,961,833	653,476	78,615,309	—	78,615,309
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
Total	38,960,243	39,001,590	77,961,833	653,476	78,615,309	—	78,615,309
Segment Profit or Loss (-)	5,214,140	6,666,914	11,881,054	122,526	12,003,580	-3,340,488	8,663,092
Segment Total Assets	22,492,099	11,685,138	34,177,237	556,850	34,734,087	16,125,070	50,859,157
Other items							
Depreciation	1,029,240	409,573	1,438,813	175,260	1,614,073	176,198	1,790,271
Amortization in Goodwill	—	21,652	21,652	—	21,652	—	21,652
Increase in Tangible fixed Assets and Intangible fixed Assets	876,456	947,021	1,823,477	115,738	1,939,215	1,525,115	3,464,330

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

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

b. Related Information

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.

FY 3/14 (April 1, 2013 – March 31, 2014)

[Information by products and services]

Ditto (substitution with the above reportable segment information)

[Sales]

(Unit: '000 Yen)

Japan	US	Europe	Asia & Oceania	Others	Total
13,606,963	12,218,149	12,205,008	39,283,992	1,301,197	78,615,309

(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
3,480,224	676,048	245,906	929,894	5,332,072

[Information of each major customer]

(Unit: '000 Yen)

Name of Major Customer	Sales	Related Segment
SAMSUNG GROUP	29,340,681	Component Business

(Notes) Samsung Group includes Samsung Electronics Vietnam, Samsung Electronics, Samsung Electronics Huizhou, Tianjin Samsung Telecom Technology, Samsung Japan Corporation, and Samsung Electronics Japan.

c. Impairment Loss in Fixed Assets by Segment

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

N/A

FY 3/13 (April 1, 2013 – March 31, 2014)

N/A

d. Balance of Amortization and Unamortization in Goodwill

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

(Unit: '000 Yen)

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

FY 3/14 (April 1, 2013 – March 31, 2014)

(Unit: '000 Yen)

	Brand business	Component business	Others	Internal Elimination	Total
Balance at End of Term	—	3,608	—	—	3,608

e. Balance of Amortization in Gain on Negative Goodwill

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

N/A

FY 3/14 (April 1, 2013 – March 31, 2014)

N/A

FY 3/2014 Summary of Consolidated Financial Results
from April 1, 2013 to March 31, 2014

(1) Business Performance

	FY 3/14	FY 3/13	YOY Change	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Sales	78,615	61,068	17,547	28.7%
Operating Profit	8,663	7,915	748	9.5%
(Operation Profit Margin)	11.0%	13.0%		
Recurring Profit	8,282	7,559	723	9.6%
(Recurring Profit Margin)	10.5%	12.4%		
Net Profit	5,249	4,770	479	10.0%
(Net Profit Margin)	6.7%	7.8%		
P/L FX Rate (Average in the Term)	JPY	JPY	JPY	
(US Daller)	100.00	83.23	16.77	20.1%
(Euro)	134.01	107.57	26.44	24.6%

(2) Sales by Business Segment

	FY 3/14	FY 3/13	YOY Change	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Brand product business				
Sales	38,960	29,406	9,554	32.5%
Operating Profit	5,214	4,895	319	6.5%
(Operation Profit Margin)	13.4%	16.6%		
Component business				
Sales	39,002	31,056	7,946	25.6%
Operating Profit	6,667	5,554	1,113	20.0%
(Operation Profit Margin)	17.1%	17.9%		
Other business				
Sales	653	606	47	7.9%
Operating Profit	123	102	21	19.6%
(Operation Profit Margin)	18.7%	16.9%		

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

(3) Sales by Product Lines

	FY 3/14	FY 3/13	YOY Change	
	Result	Result	Amount	Ratio
(by Subsidiaries)	mil JPY	mil JPY	mil JPY	
Brand product business	38,960	29,406	9,554	32.5%
Creative business	33,334	24,963	8,371	33.5%
Pen tablets	20,664	18,379	2,285	12.4%
(Japan)	2,907	3,572	-665	-18.6%
(U.S.)	6,597	5,792	805	13.9%
(Germany)	6,495	5,676	819	14.4%
(Asia-Oceania)	4,665	3,339	1,326	39.7%
Mobiles	2,871	534	2,337	437.2%
(Japan)	523	29	494	-
(U.S.)	1,084	126	958	757.2%
(Germany)	779	302	477	158.0%
(Asia-Oceania)	485	77	408	525.7%
Displays	9,799	6,050	3,749	62.0%
(Japan)	2,217	1,209	1,008	83.4%
(U.S.)	3,793	2,505	1,288	51.4%
(Germany)	2,670	1,597	1,073	67.1%
(Asia-Oceania)	1,119	739	380	51.4%
Consumer business	1,691	1,825	-134	-7.3%
(Japan)	148	111	37	32.9%
(U.S.)	607	520	87	16.7%
(Germany)	753	1,051	-298	-28.3%
(Asia-Oceania)	183	143	40	28.1%
Vertical market business	3,935	2,618	1,317	50.3%
(Japan)	1,130	1,029	101	9.8%
(U.S.)	413	352	61	17.2%
(Germany)	1,971	1,004	967	96.4%
(Asia-Oceania)	421	233	188	80.8%
Component business	39,002	31,056	7,946	25.6%
For smartphones	22,190	17,666	4,524	25.6%
For tablets	11,096	8,317	2,779	33.4%
For notebook PCs	5,373	5,000	373	7.4%
For touch use	343	73	270	371.5%
Other business	653	606	47	7.9%
CAD for electrical engineering	653	606	47	7.9%
(Japan)	653	606	47	7.9%
Total	78,615	61,068	17,547	28.7%

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", "Business products" is replaced by "Vertical market business".

(4) Sales by Subsidiaries

	<u>FY 3/14</u>	<u>FY 3/13</u>	<u>YOY Change</u>	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Japan	46,580	37,611	8,969	23.8%
<i>(Japan excluding Component business)</i>	7,578	6,555	1,023	15.6%
U.S.	12,493	9,295	3,198	34.4%
Germany	12,668	9,630	3,038	31.6%
Asia-Oceania	6,874	4,532	2,342	51.7%
Total	78,615	61,068	17,547	28.7%

Note) The sales of the Component business is categorized 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, and Taiwan area (after Feb. 2014).

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

	<u>FY 3/14</u>	<u>FY 3/13</u>	<u>YOY Change</u>	
	Result	Result	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Capital Expenditure	3,464	1,845	1,619	87.8%
Depreciation	1,812	1,160	652	56.2%
R&D Expenditure	2,863	2,382	481	20.2%

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

FY 3/2015 Summary of Financial Forecast (Consolidated)
from April 1, 2014 to March 31, 2015

(1) Forecast of Business Performance

	FY 3/15	FY 3/14	YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Sales	92,000	78,615	13,385	17.0%
Operating Profit	10,500	8,663	1,837	21.2%
(Operation Profit Margin)	11.4%	11.0%		
Recurring Profit	10,450	8,282	2,168	26.2%
(Recurring Profit Margin)	11.4%	10.5%		
Net Profit	6,970	5,249	1,721	32.8%
(Net Profit Margin)	7.6%	6.7%		
P/L FX Rate (Average in the Term)	JPY	JPY	JPY	
(US Daller)	100.00	100.00	0.00	0.0%
(Euro)	135.00	134.01	0.99	0.7%

(2) Sales Forecast by Business Segment

	FY 3/15	FY 3/14	YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Brand product business				
Sales	49,200	38,960	10,240	26.3%
Operating Profit	7,320	5,214	2,106	40.4%
(Operation Profit Margin)	14.9%	13.4%		
Component business				
Sales	42,100	39,002	3,098	7.9%
Operating Profit	7,200	6,667	533	8.0%
(Operation Profit Margin)	17.1%	17.1%		
Other business				
Sales	700	653	47	7.1%
Operating Profit	130	123	7	6.1%
(Operation Profit Margin)	18.6%	18.8%		

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

(3) Sales Forecast by Product Lines

(by Product Lines)	FY 3/15	FY 3/14	YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio
	mil JPY	mil JPY	mil JPY	
Brand product business	49,200	38,960	10,240	26.3%
Creative business	40,900	33,334	7,566	22.7%
Pen tablets	22,500	20,664	1,836	8.9%
(Japan)		2,907		
(U.S.)		6,597		
(Germany)		6,495		
(Asia-Oceania)		4,665		
Mobiles	6,300	2,871	3,429	119.4%
(Japan)		523		
(U.S.)		1,084		
(Germany)		779		
(Asia-Oceania)		485		
Displays	12,100	9,799	2,301	23.5%
(Japan)		2,217		
(U.S.)		3,793		
(Germany)		2,670		
(Asia-Oceania)		1,119		
Consumer business	2,600	1,691	909	53.8%
(Japan)		148		
(U.S.)		607		
(Germany)		753		
(Asia-Oceania)		183		
Vertical market business	5,700	3,935	1,765	44.8%
(Japan)		1,130		
(U.S.)		413		
(Germany)		1,971		
(Asia-Oceania)		421		
Component business	42,100	39,002	3,098	7.9%
For smartphones	23,000	22,190	810	3.7%
For tablets	17,400	11,096	6,304	56.8%
For notebook PCs, etc.	1,700	5,716	-4,016	-70.3%
Other business	700	653	47	7.1%
CAD for electrical engineering	700	653	47	7.1%
(Japan)	700	653	47	7.1%
Total	92,000	78,615	13,385	17.0%

Note) The product lines of the Component business are reclassified by three categories. As a result, Sales of "For touch use" in FY3/2014 is included in the category of "For notebook PCs, etc.".

(4) Sales by Subsidiaries

	FY 3/15		FY 3/14		YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	
Japan	50,100	46,580	3,520	7.6%		
(Japan excluding Component business)	8,000	7,578	422	5.6%		
U.S.	15,900	12,493	3,407	27.3%		
Germany	16,300	12,668	3,632	28.7%		
Asia-Oceania	9,700	6,874	2,826	41.1%		
Total	92,000	78,615	13,385	17.0%		

Note) The sales of the Component business is categorized 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, and Taiwan area (after Feb. 2014).

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

	FY 3/15		FY 3/14		YOY Change	
	Full Year Forecast	Full Year Results	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY		mil JPY	
Capital Expenditure	4,900	3,464	1,436	41.4%		
Depreciation	2,300	1,812	488	26.9%		
R&D Expenditure	3,100	2,863	237	8.3%		

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