

## FY07 1Q Summary of Financial Results (Consolidated)

July 31, 2007

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

(Code Number: 6727 TSE1)

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### 1. Summary of Financial Results (April 1, 2007 – June 30, 2007)

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

(rounded off to mY)

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY07 1Q	7,832	( 27.9)	904	( 2.7)	909	( 3.6)	535	( 3.6)
FY06 1Q	6,126	( 20.5)	880	( 36.6)	877	( 37.1)	516	(31.8)
(Reference) FY06	28,787	-	4,565	-	4,638		2,853	-

	Net Profit per Shares Outstanding		Net Profit per Diluted Shares Outstanding	
	Yen	Sen	Yen	Sen
FY07 1Q	1,274.61		1,266.00	
FY06 1Q	1,250.18		1,230.35	
(Reference) FY05	6,886.19		6,784.24	

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

(rounded off to mY)

	Total Assets	Shareholders' Equity	Equity Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY07 1Q	25,232	16,595	65.8	39,609.01	
FY06 1Q	20,430	13,391	65.6	32,406.13	
(Reference) FY06	25,152	16,320	64.9	38,978.35	

#### [Consolidated Cash Flow]

(rounded off to mY)

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY07 1Q	-162	-686	-517	11,575
FY06 1Q	-298	-63	-210	9,746
(Reference) FY06	3,758	-323	-1,229	12,707

## 2. Dividend

(Record date)	Annual Dividend per Share					
	End of midterm		End of FY		FY total	
	Yen	Sen	Yen	Sen	Yen	Sen
FY06		—	1,500.00		1,500.00	
FY07		—				
FY07 (estimates)		—	1,700.00		1,700.00	

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

	Sales		Operating Profit		Recurring Profit		Net Profit		Net Profit per Share Outstanding	
	mY	%	mY	%	mY	%	mY	%	Yen	Sen
Interim	17,000	( 27.2)	1,800	( -8.0)	1,830	( -7.9)	1,090	( -10.5)	2,601.58	
Full Year	37,000	( 28.5)	5,400	( 18.3)	5,450	( 17.5)	3,280	(15.0)	7,828.61	

### 4. Other

- ① Reclassification of significant subsidiaries during the period  
(Reclassification due to the change in scope of consolidation) : No
- ② Acceptance of simple accounting method approach : Yes
- ③ Change in accounting policy since latest consolidated fiscal period : Yes

\* 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. Please refer to page 4 about the instructions.

## [Qualitative news and financial statements]

### 〈Qualitative news for consolidated business performance〉

Wacom Group's business environment for FY07 1Q (from Apr.1 2007 to June.30 2007) was generally favorable. Corporate investment in plant and equipment was steady and economic expansion continued in Japan. In the U.S., consumer spending was healthy despite a housing market adjustment. Steady economic expansion was enjoyed in Europe and Asia. In addition, the Japanese yen was weaker than expected against the U.S. Dollar and euro, in comparison with the assumed rate set at the beginning of this term.

The above circumstances provided positive conditions for tablet product sales, which is the major business of Electric System and Devices (ESD) division. In FY07 1Q, Wacom increased market penetration and user expansion in the professional graphics tablet market, and launched a new product and expanded sales channels in the consumer graphics tablet segment. With regards to LCD tablets, Wacom was unable to achieve the forecasted sales amount due to supply shortages and a new product release delay. Pen-sensor component sales rebounded due to the recovery of Tablet PC shipments with Windows Vista. As for the Engineering Collaborative Solutions (ECS) business, Wacom pursued further penetration of its existing customer base and looked to enter new markets, while providing steady investment in plant and equipment in Japan. In addition, Wacom made a prior investment for the mid-to-long term in global branding, made preparations for financial trading law compliance (J-SOX), completed advance pricing agreement (APA) on overseas transfer pricing, investigated mergers and acquisitions, and purchased TouchKo Corporation (Texas, U.S.A.) and introduced an advance warning type purchase defense package.

As a result, consolidated 1Q sales ended at ¥7.832bn (+27.9% YoY), operating profit ¥9.04bn (+2.7% YoY), recurring profit ¥9.09bn (+3.6% YoY), and net profit ¥5.35bn (+3.6% YoY).

#### (Business segment performance)

##### ① ESD business

The tablet business, also known as the core ESD, recorded favorable sales in the professional and consumer graphics segments. To bolster its consumer graphics tablet line, Wacom released BAMB00, a new product designed to take advantage of the new features of Windows Vista. Bamboo was successfully launched this May in Japan, Europe, and the Asia-Oceania area to enlarge the business and general PC user base beyond conventional graphics use. On the other hand, LCD tablet sales were almost the same level as those of 1Q of the previous year, due largely to the delayed release of a new product and the increased backlog of existing products due to liquid crystal panel shortages. With regards to pen-sensor component products, the release of Windows Vista propelled shipments to Tablet PCs in a positive way. In addition, for some PC makers, Wacom started shipments of liquid crystal modules, which are comprised of pen-sensor components and liquid crystal panels. In June, Wacom

purchased TouchKO Corporation, a company that has developed its own electrostatic combination touch sensor technology, to enlarge its user interface base. Taking a regional view, Wacom sold as many professional products as last year, but did not reach last year's level of consumer product sales through large-size retail shops. However, owing to strong pen-sensor component sales, Japan sales performance as a whole was positive. In the U.S., sales of both professional and consumer products grew. LCD tablet sales were stagnant, though, due liquid crystal panel supply shortages, which delayed the release of a new product and adversely affected the supply of existing products. Sales in Europe were generally dull and local subsidiary operating income was negative due to the decrease in gross profit margin caused by the change in transfer price last July and the expenses associated with territory expansion in Europe. Wacom showed large-scale sales growth in China and steady growth in Korea and Australia.

As a result, ESD business sales ended at ¥7.618bn (+28.9% YoY), and operating profit ¥1.464bn (+20.0% YoY).

## ② ECS business

For the ECS business, last fiscal year's release of "ECAD/dio" Ver7.0 helped to develop new markets as well as being an upgrade to the prior version. This upgraded version enjoyed increased use in existing facilities. In addition, Wacom developed a 'project administration system' product based on PDM (Product Data Management) to offer to existing customers after this July.

As a result, ECS business sales ended at ¥215mn (-0.4% YoY) and operating profit ¥26mn (-11.7% YoY).

## 〈Qualitative news for consolidated financial position〉

Total assets increased by ¥80mn to be ¥25,232mn and liabilities increased by ¥195mn to be ¥8,637mn in this 1Q compared with the end of FY06. The main reasons for the increase in assets were a ¥364mn increase in notes and accounts receivable, a ¥166 increase in inventories, a ¥304mn increase in accrued revenue, and a ¥406mn increase in goodwill in spite of a ¥1,132mn decrease in cash and cash equivalents. The decrease in liabilities was mainly due to a ¥724 decrease in accrued income taxes in spite of a ¥553mn increase in notes and accounts payable.

Spent operating cash flow was ¥162mn. The main reasons for the change were a spending of income taxes of ¥1,067mn in spite of a strong net profit before taxes and other adjustments of ¥906mn.

Spent investing cash flow was ¥686mn, mainly from fixed asset purchases of ¥303mn and subsidiary company stock purchase of ¥372mn.

Spent financing cash flow was ¥517mn, mainly from payments for dividends of ¥541mn.

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

The business results in the first quarter of FY07 were steady. Upon reviewing the recent FX rate trends, Wacom increased the assumed euro/JPY rate from 145 to 160. The US/JPY rate remained at 115,

unchanged from the rate assumed at the beginning.

Besides the FX rate, Wacom is forecasting tablet product sales to be steady, with some regional variances. Pen-sensor component product sales are expected to be strong for the full year, with some concern about shipment delays of liquid crystal panels.

Due to these revisions, Wacom increased the forecasts for sales, operating profit, recurring profit, and net profit, both in the interim and for the full year.

(Accompanying data)

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

(Accompanying data)

## 1. Summary of Consolidated Balance Sheet

(Unit: '000 Yen, %)

Subject	FY07 1Q	FY06 1Q	Change in Amount		(Reference) FY06
	Amount	Amount	Amount	%	Amount
(Assets)					
I Current Assets					
1. Cash and cash equivalents	11,575,100	9,745,702	1,829,398	18.8	12,707,153
2. Notes and accounts receivable	4,744,872	3,263,604	1,481,268	45.4	4,381,225
3. Inventories	2,287,674	2,513,907	-226,233	-9.0	2,121,745
4. Accrued revenue	1,295,896	317,952	977,944	307.6	991,939
5. Others	838,218	554,456	283,762	51.2	892,792
Allowance for doubtful accounts	-142,142	-29,386	-112,756	383.7	-137,097
Total Current Assets	20,599,618	16,366,235	4,233,383	25.9	20,957,757
II Fixed Assets					
1. Tangible fixed assets					
(1) Buildings and facilities	1,626,943	1,593,659	33,284	2.1	1,625,688
(2) Machinery, equipment and vehicles	111,629	85,108	26,521	31.2	99,292
(3) Tools and furniture	390,364	316,673	73,691	23.3	366,429
(4) Land	1,479,093	1,470,575	8,518	0.6	1,473,559
Total tangible fixed assets	3,608,029	3,406,015	142,014	4.1	3,564,968
2. Intangible fixed assets					
(1) Good will	406,473	-	406,473	-	-
(2) Others	430,063	352,695	77,368	21.9	448,922
Total intangible fixed assets	836,536	352,695	483,841	137.2	448,922
3. Investment and other assets					
(1) Others	190,946	251,123	-60,177	-24.0	183,154
Allowance for doubtful accounts	-2,724	-5,864	3,140	-53.5	-2,610
Total investment and other assets	188,222	245,259	-57,037	-23.3	180,544
Total Fixed assets	4,632,787	4,063,969	568,818	14.0	4,194,434
Total Assets	25,232,405	20,430,204	4,802,201	23.5	25,152,191

(Unit: '000 Yen, %)

Subject	FY07 1Q	FY06 1Q	Change in Amount		(Reference) FY06
	Amount	Amount	Amount	%	Amount
<b>(Liabilities)</b>					
<b>I Current Liabilities</b>					
1. Notes and accounts payable	4,513,236	2,763,016	1,750,220	63.3	3,960,231
2. Short-term debt	600,000	600,000	-	-	600,000
3. Current portion of bonds	-	700,000	-700,000	-	-
4. Current installments of long-term debt	52,500	105,000	-52,500	-50.0	70,000
5. Accrued liabilities	639,560	452,548	187,012	41.3	1,363,139
6. Accrued income taxes	1,035,423	1,021,759	13,664	1.3	1,166,369
7. Allowance for bonus payable	319,697	127,492	192,205	150.8	490,691
8. Allowance for board members' bonus payable	36,933	-	36,933	-	29,800
9. Others	719,027	485,768	233,259	48.0	489,382
Total Current Liabilities	7,916,376	6,255,583	1,660,793	26.5	8,169,612
<b>II Fixed Liabilities</b>					
1. Long-term debt	-	52,500	-52,500	-	-
2. Accrued retirement benefits	343,694	308,194	35,500	11.5	331,865
3. Reserve for retirement benefits for directors and corporate auditors	271,381	223,050	48,331	21.7	259,298
4. Others	105,728	200,014	-94,286	-47.1	71,335
Total Fixed Liabilities	720,803	783,758	-62,955	-8.0	662,498
Total Liabilities	8,637,179	7,039,341	1,597,838	22.7	8,832,110
<b>(Net Assets)</b>					
<b>I Shareholders' Equity</b>					
1. Capital	4,008,842	3,821,422	187,420	4.9	3,988,001
2. Additional paid-in capital	3,850,258	3,662,845	187,413	5.1	3,829,418
3. Retained earnings	7,887,496	5,643,568	2,243,928	39.8	7,980,608
Total Shareholders' Equity	15,746,596	13,127,835	2,618,761	19.9	15,798,027
<b>II Evaluation &amp; Exchange Conversion</b>					
1. Foreign currency translation adjustments	848,630	263,028	585,602	222.6	522,054
Total Evaluation & Exchange Conversion	843,630	263,028	585,602	222.6	522,054
Total Net Assets	16,595,226	13,390,863	3,204,363	23.9	16,320,081
Total Liabilities & Net Assets	25,232,405	20,430,204	4,802,201	23.5	25,152,191

## 2. Summary of Consolidated Profit & Loss Statement

(Unit: '000 Yen, %)

Subject	FY07 1Q	FY06 1Q	Change in Amount		(Reference) FY06
	Amount	Amount	Amount	%	Amount
I Sales	7,832,458	6,126,097	1,706,361	27.9	28,787,066
II Cost of Goods Sold	3,852,044	3,002,781	849,263	28.3	13,759,425
Gross Profit	3,980,414	3,123,316	857,098	27.4	15,027,641
III Sales & General Administration Cost	3,076,829	2,243,807	833,022	37.1	10,463,048
Operating Profit	903,585	879,509	24,076	2.7	4,563,593
IV Nonoperating Revenue	43,936	28,163	15,773	56.0	180,104
V Nonoperating Expense	38,784	30,480	8,304	27.2	106,208
Recurring Profit	908,737	877,192	31,545	3.6	4,638,489
VI Extraordinary Gain	901	12	889	-	142,091
VII Extraordinary Loss	3,450	2,122	1,328	62.6	42,361
Net Profit before Taxes and Other Adjustments	906,188	875,082	31,106	3.6	4,738,219
Tax Expense	371,256	358,849	12,407	3.5	1,884,945
Net Profit	534,932	516,233	18,699	3.6	2,853,274

(Note) For 1Q, simple accounting method approach is adopted. Therefore, income tax, inhabitant tax and enterprise tax and tax adjustments are combined as tax expense.

### 3. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY07 1Q	FY06 1Q	(Reference) FY06
	Amount	Amount	Amount
<b>I Operating Cash Flow</b>			
Net profit before taxes and other adjustments	906,188	875,082	4,738,219
Depreciation	111,490	89,321	384,179
Increase in allowance for doubtful accounts (- represents decrease)	-157,862	-302,155	231,766
Interest and dividend income	-34,798	-24,164	-155,229
Interest cost	2,907	3,895	15,075
Decrease in notes and accounts receivable (- represents increase)	-557,921	-95,716	-1,746,231
Decrease in inventory (- represents increase)	-66,323	44,158	527,642
Increase in notes and accounts payable (- represents decrease)	412,915	-627,507	494,703
Others	256,465	140,272	408,717
Subtotal	873,061	103,186	4,898,841
Interest and dividend received	34,798	24,164	155,229
Interest paid	-2,977	-2,591	-16,045
Income tax paid	-1,067,108	-422,620	-1,280,431
Operating Cash Flow	-162,226	-297,861	3,757,594
<b>II Investing Cash Flow</b>			
Payments for purchase of fixed assets	-302,620	-44,868	-326,775
Payments for purchase of stocks of subsidiary company	-372,100	-	-
Others	-11,110	-18,581	3,300
Investing Cash Flow	-685,830	-63,449	-323,475
<b>III Financing Cash Flow</b>			
Payments for redemption of bonds	-	-	-700,000
Payments for long-term debt	-17,500	-30,100	-117,600
Payments for long-term accrued liability	-	-34,401	-365,196
Proceeds from stock issuance	40,823	34,024	363,097
Payments for shareholders' dividends	-540,795	-179,233	-409,286
Financing Cash Flow	-517,472	-209,710	-1,228,985
<b>IV Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	233,475	-25,921	159,376
<b>V Net Increase in Cash and Cash Equivalents (- represents Decrease)</b>	-1,132,053	-596,941	2,364,510
<b>VI Cash and Cash Equivalents at beginning of term</b>	12,707,153	10,342,643	10,342,643
<b>VII Cash and Cash Equivalents at end of term</b>	11,575,100	9,745,702	12,707,153

#### 4. Segment Information

[By Division]

FY06 1Q (Apr. 1, 2006 to June.30, 2006)

(Unit: '000 Yen)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
Sales					
(1) Sales towards external customers	5,910,673	215,424	6,126,097	—	6,126,097
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	5,910,673	215,424	6,126,097	—	6,126,097
Operating Cost	4,691,219	185,741	4,876,960	369,628	5,246,588
Operating Profit	1,219,454	29,683	1,249,137	(369,628)	879,509

FY07 1Q (Apr. 1, 2007 to June.30, 2007)

(Unit: '000 Yen)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
Sales					
(1) Sales towards external customers	7,617,937	214,521	7,832,458	—	7,832,458
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	7,617,937	214,521	7,832,458	—	7,832,458
Operating Cost	6,154,194	188,300	6,342,494	586,379	6,928,873
Operating Profit	1,463,743	26,221	1,489,964	(586,379)	903,585

[By Division]

FY06 1Q (Apr. 1, 2006 to June.30, 2006)

(Unit: '000 Yen)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
Sales							
(1) Sales towards external customers	2,409,972	1,969,874	1,270,979	475,272	6,126,097	—	6,126,097
(2) Sales between internal segments and internal transfer	2,021,571	31,569	22,909	8,878	2,084,927	(2,084,927)	—
Total	4,431,543	2,001,443	1,293,888	484,150	8,211,024	(2,084,927)	6,126,097
Operating Cost	3,802,407	1,670,679	1,087,292	402,766	6,963,144	(1,716,556)	5,246,588
Operating Profit	629,136	330,764	206,596	81,384	1,247,880	(368,371)	879,509

FY07 1Q (Apr. 1, 2007 to June.30, 2007)

(Unit: '000 Yen)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
Sales							
(1) Sales towards external customers	2,832,303	2,627,952	1,452,508	919,695	7,832,458	—	7,832,458
(2) Sales between internal segments and internal transfer	3,237,928	36,528	-	3,317	3,277,773	(3,277,773)	—
Total	6,070,231	2,664,480	1,452,508	923,012	11,110,231	(3,277,773)	7,832,458
Operating Cost	5,412,139	2,537,798	1,495,206	806,093	10,251,236	(3,322,363)	6,928,873
Operating Profit	658,092	126,682	-42,698	116,919	858,995	44,590	903,585