

FY2010 1Q Summary of Financial Results (Consolidated)

Jul. 29, 2010

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

(Code Number: 6727 TSE1)

(URL <http://www.wacom.co.jp>)

Representative: Masahiko Yamada, CEO

TEL: 03-5309-1500

Contact: Wataru Hasegawa, CFO

Preparation of Supplemental Explanatory Material for Quarterly Financial Results: Yes

Holding of Large Meeting for Quarterly Financial Results: No

1. FY10 1Q Consolidated Financial Results (April 1, 2010 – June 30, 2010)

(1) Business Performance (Consolidated)

(rounded off to mY)

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY10 1Q	7,807	(6.6)	370	(-22.7)	445	(-15.2)	323	(-8.0)
FY09 1Q	7,325	(-19.0)	479	(-54.7)	524	(-47.1)	351	(-41.7)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding	
	Yen	Sen	Yen	Sen
FY10 1Q	803.30		801.66	
FY09 1Q	873.78		871.80	

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY10 1Q	26,416	16,758	63.4	41,704.84	
FY09	28,199	18,270	64.8	45,467.55	

(For Reference) Net Assets FY10 1Q 16,758mY FY09 18,270mY

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
FY09	-	0	-	3,000.00	3,000.00
FY10	-	-	-	-	-
FY10 (estimates)	-	0	-	3,000.00	3,000.00

Changes in dividend per share of FY10 1Q : No

3. Consolidated Business Forecasts of FY10 (April 1, 2010 – March 31, 2011)

	Sales		Operating Profit		Recurring Profit		Net Profit		Net Profit per Share Outstanding	
	mY	%	mY	%	mY	%	mY	%	Yen	Sen
2Q (FY10 1H)	17,500	(20.9)	1,160	(1.0)	1,140	(-7.9)	700	(-13.5)	1,742.09	
Full Year	37,800	(18.0)	3,820	(22.1)	3,780	(19.8)	2,130	(20.4)	5,898.22	

Changes in Consolidated Business Forecasts of FY10 1Q : No

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) Changes in accounting principles, procedures and methods of presentation in consolidated financial statements (Changes in significant items that form the basis for preparing consolidated financial statements)
 - Changes resulting from revisions in accounting standards : Yes
 - Changes other than those 1) above : No
- 4) Numbers of shares outstanding (Common stock)

Number of shares outstanding at end of year (including treasury stock): 6/10: 421,816
3/10: 421,816

Number of treasury stock outstanding at end of year: 6/10: 20,000 3/10: 20,000

Number of average shares for fiscal period (total consolidated fiscal year): 6/10: 401,816
6/09: 401,723

* Regarding the implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures. Thus, at the time of disclosure of these financial results, the quarterly 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 Cash Flow Statement (Summary), Segment Information, and Complementary Information

[Qualitative news and financial statements]

〈Qualitative news for consolidated business performance〉

Wacom Group's business environment for FY10 1Q (from April 1, 2010 to June 30, 2010) did not meet expectations despite a moderate global economic recovery.

In particular, there were concerns about the global economic impact influenced by credit uncertainty in EU. In the foreign exchange market, the U.S. dollar and Euro showed depreciation against the Japanese yen compared to the previous fiscal year. In the professional graphics field, the productivity of digital processing was further focused on, owing to the growing trend for producing movies in stereoscopic 3D for delivery to audiences in digital 3D cinemas and on home 3D TVs. In the health, education, and financial fields, the demand for more secure and paperless processes has increased. Moreover, the slate type devices and e-Books such as "iPad" started making a new category beyond the traditional PC market.

Under the above conditions, Wacom's performance in FY10 1Q was weak due to the influence of a rapid depreciation of the Euro. Meanwhile, Wacom continued to strengthen production of its multi-touch sensor system, which is regarded to increase in demand owing to the successful "iPad" release and the proliferation of e-Books, slates and similar category devices, where Wacom is aiming for future business expansion. Moreover, in consideration of the recent rapid growth in the Indian market, Wacom decided to establish an Indian subsidiary in order to establish a business base early. Wacom India is now preparing to start operating from October. In terms of capital expenditure, Wacom continued to develop its global IT infrastructure which helps to increase productivity and support future growth. The company not only cut over a global SCM system in April smoothly but also continues to improve its ERP system. As a result, the consolidated FY10 1Q business results ended in sales of ¥7.81bn (+6.6% YoY), operating profit ¥0.37bn (-22.7% YoY), recurring profit ¥0.44bn (-15.2% YoY), and net profit ¥0.32bn (-8.0% YoY).

According to the "Accounting Standard for Disclosure of Segment Information" (management approach), Wacom will disclose re-divided reporting segments from two prior segments of ESD business and ECS business to 3 segments of the Tablet business, the Components business, and Other businesses.

(Business Segment Performance)

1) Tablet business

For Tablet business, as a whole, sales slightly decreased despite its steady

demand, mainly due to the rapid appreciation of the Japanese yen. For the professional tablet business, "Intuos 4" showed a slowdown as a replacement 'Upgrade' for previous Intuos models due to it now being one year after its launch, and as a result sales have decreased. Regarding the consumer tablet business, "Bamboo" the new series with added multi-touch functions which launched last September, recorded significant sales growth in Asia and Oceania areas. For the LCD tablet business, the release of a new series "Cintiq 21UX" for the professional graphics market is receiving a strong industry reputation but is unable to keep pace with orders due to tight supplies of LCD panels and has a backlog of orders globally. Meanwhile, general-purpose products showed favorable sales growth for corporate.

Geographically, in Japan sales of professional products struggled and in the U.S. sales of LCD products kept steady for corporate. In EU as a whole, tablet business was significantly influenced by the Euro's depreciation, despite its favorable sales based on local currency. Asia and Oceania, as a whole, sales grew steadily with regional differences.

As a result, the tablet business FY10 1Q sales ended at ¥6.24bn, and operating profit was ¥992mn.

3) Component business

Component business sales to third party vendor product lines that incorporate Wacom components showed recovery and the number of manufacturers that have newly adopted Wacom's multi-touch sensor components have increased. With the continuing shipments of pen sensor components to tablet PC, slate and e-Book manufacturers, component business sales remain steady.

As a result, the component business FY10 1Q sales ended at ¥1.46bn, and operating loss was ¥71mn.

3) Other businesses

Other businesses so far consist of Software business and DJ Device business. Software business, formerly known as Engineering Collaborative Solutions (ECS), suffered from the severe business environment. Its sales however, showed growth owing to a gradual recovery of manufacturer's investment in plant and equipment. For the DJ device business, although the professional DJ device "Nextbeat" has received high acclaims and reputation from professional DJ artists, the market penetration did not advance and sales so far remain small. As a result, other businesses FY10 1Q sales ended at ¥111mn, and operating loss was ¥33mn.

〈Qualitative news for consolidated financial position〉

Total assets decreased by ¥1.78bn to ¥26.42bn in FY10 1Q compared with the end of FY09. The main reasons were a ¥1.68bn decrease by a payment of shareholders' dividends and income tax as well as the reduction of redeemed price due to the appreciation of the Japanese yen.

Total liabilities decreased by ¥0.27bn to ¥9.66bn in FY10 1Q compared with the end of FY09. The main reasons for the decrease were a ¥0.65bn in accrued income tax and a ¥0.17bn in allowance for bonus payable, despite a ¥0.56bn increase in notes and accounts payable mainly due to the increase in the purchase of materials.

Total net assets decreased by ¥1.51bn to ¥16.76bn compared with the end of FY09. The main reason for the decrease were a ¥1.21bn payment of shareholders' dividends and a ¥0.63bn change in foreign currency translation adjustments due to the appreciation of the Japanese yen, despite a ¥0.32bn increase in retained earnings for FY10 1Q.

Consolidated cash & cash equivalents for FY10 1Q decreased by ¥1.68bn (¥0.67bn decrease in FY09 1Q) to ¥10.67bn in FY10 1Q, compared with the end of FY09.

(Cash Flow from Operating Activities)

Expended operating cash flow for FY10 1Q was ¥0.10bn (¥0.54bn gained in FY09 1Q). The main reasons for the decrease were a ¥0.65bn increase in inventories and a payment of income tax of ¥0.78bn, despite a ¥0.39bn of NPBT, a ¥0.30bn decrease in account receivable, and a ¥0.71bn increase in accounts payable.

(Cash Flow from Investing Activities)

Investing cash flow for FY10 1Q was ¥0.24bn (¥0.19bn expended in FY09 1Q). The main reasons were the purchases of mold and the next enterprise resource planning systems of ¥0.24bn in fixed assets.

(Cash Flow from Financing Activities)

Financing cash flow for FY10 1Q was ¥1.05bn. (¥1.04bn expended in FY09 1Q)
The main reason was a payment of shareholders' dividends.

〈Qualitative news on the forecast of consolidated results〉

At the present time, we will maintain our earnings forecast released on April 29, 2010.

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(Unit: '000 Yen)

Subject	FY10 1Q (as of Jun. 30, 2010)	FY09 (as of Mar. 31, 2010)
	Amount	Amount
(Assets)		
Current Assets		
1. Cash and cash equivalents	10,667,714	12,350,113
2. Notes and accounts receivable	4,055,476	4,701,126
3. Merchandise and Finished Products	2,442,627	2,123,002
4. Work in process	207,452	149,084
5. Raw Materials and Supplies	733,629	683,440
6. Others	2,962,860	2,856,927
7. Allowance for doubtful accounts	-22,945	-39,753
Total Current Assets	21,046,813	22,823,939
Fixed Assets		
1. Tangible fixed assets		
(1) Buildings and facilities (net amount)	1,711,110	1,739,717
(2) Others (net amount)	1,946,552	1,998,658
Total tangible fixed assets	3,657,662	3,738,375
2. Intangible fixed assets		
(1) Goodwill	83,319	84,097
(2) Others	1,400,223	1,323,391
Total intangible fixed assets	1,483,542	1,407,488
3. Investment and other assets		
(1) Others	240,603	229,627
(2) Allowance for doubtful accounts	-12,870	—
Total investment and other assets	227,733	229,627
Total Fixed assets	5,368,937	5,375,490
Total Assets	26,415,750	28,199,429

(Unit: '000 Yen)

Subject	FY10 1Q (as of Jun. 30, 2010)	FY09 (as of Mar. 31, 2010)
	Amount	Amount
(Liabilities)		
Current Liabilities		
1. Notes and accounts payable	5,546,781	4,983,535
2. Short-term debt	600,000	600,000
3. Accrued income taxes	168,390	813,874
4. Allowance for bonus payable	146,867	314,192
5. Allowance for board members' bonus payable	11,509	32,357
6. Others	2,148,622	2,137,885
Total Current Liabilities	8,622,169	8,881,843
Fixed Liabilities		
1. Accrued retirement benefits	441,597	438,024
2. Reserve for retirement benefits for directors and corporate auditors	—	459,085
3. Asset Retirement Obligations	57,527	—
4. Others	536,784	150,887
Total Fixed Liabilities	1,035,908	1,047,996
Total Liabilities	9,658,077	9,929,839
(Net Assets)		
Shareholders' Equity		
1. Capital Stock	4,196,405	4,196,405
2. Capital Surplus	4,037,819	4,037,819
3. Retained earnings	12,178,160	13,060,831
4. Treasury stock	-1,848,486	-1,848,486
Total Shareholders' Equity	18,563,898	19,446,569
Evaluation & Exchange Conversion		
1. Foreign currency translation adjustments	-1,806,225	-1,176,979
Total Evaluation & Exchange Conversion	-1,806,225	-1,176,979
Total Net Assets	16,757,673	18,269,590
Total Liabilities & Net Assets	26,415,750	28,199,429

2. Consolidated Profit & Loss Statement

(Unit: '000 Yen)

Subject	FY09 1Q (Apr. 1, 2009 to Jun. 30, 2009)	FY10 1Q (Apr. 1, 2010 to Jun. 30, 2010)
	Amount	Amount
Sales	7,324,760	7,806,765
Cost of Goods Sold	3,597,953	4,212,378
Gross Profit	3,726,807	3,594,387
Sales & General Administration Cost	3,247,984	3,224,482
Operating Profit	478,823	369,905
Non-operating Revenue	49,418	79,184
1. Interest and dividend income	7,274	2,572
2. Exchange gain	39,635	73,775
3. Others	2,509	2,837
Non-operating Expense	3,767	4,277
1. Interest cost	2,843	3,174
2 Others	1,170	1,103
Recurring Profit	524,474	444,812
Extraordinary Gain	—	4,433
1. Gain on sales of fixed assets	—	872
2.Reversal of allowance for doubtful accounts	—	3,561
Extraordinary Loss	601	54,377
1. Loss on sales of fixed assets	149	—
2. Loss on disposal of fixed assets	452	5,799
3. Loss on Write-down of Investment Securities	—	20,000
4. Loss on adjustment for changes of accounting standard for asset retirement obligations	—	28,578
Net Profit before Taxes and Other Adjustments	523,873	394,868
Income Tax, Inhabitant Tax and Enterprise Tax	172,854	72,090
Net Profit before Minority Interests Adjustments	—	322,778
Net Profit	351,019	322,778

3. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY091Q (Apr. 1, 2009 to Jun. 30, 2009)	FY101Q (Apr. 1, 2010 to Jun. 30, 2010)
	Amount	Amount
Operating Cash Flow		
Net profit before taxes and other adjustments	523,873	394,868
Depreciation	144,752	177,852
Increase in allowance (- represents decrease)	117,709	-634,870
Interest and dividend income	-7,274	-2,572
Interest cost	2,597	3,174
Loss on Write-down of Investment Securities	—	20,000
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	28,578
Decrease in notes and accounts receivable (- represents increase)	-116,928	303,694
Decrease in inventory (- represents increase)	502,610	-646,163
Increase in notes and accounts payable (- represents decrease)	-619,457	707,717
Others	383,123	331,928
Subtotal	931,005	684,206
Interest and dividend received	19,234	2,571
Interest paid	-2,666	-3,348
Income tax paid	-404,555	-780,361
Operating Cash Flow	543,018	-96,932
Investing Cash Flow		
Payments for purchase of Fixed Assets	-190,294	-244,164
Others	2,025	1,485
Investing Cash Flow	-188,269	-242,679
Financing Cash Flow		
Proceeds from stock issuance	692	—
Payments for shareholders' dividends	-1,041,423	-1,053,680
Financing Cash Flow	-1,040,731	-1,053,680
Effect of Exchange Rate Changes on Cash and Cash Equivalents	16,881	-289,108
Net Increase in Cash and Cash Equivalents (- represents Decrease)	-669,101	-1,682,399
Cash and Cash Equivalents at beginning of term	11,014,114	12,350,113
Cash and Cash Equivalents at end of term	10,345,013	10,667,714

4. Segment Information

Effective from FY10 1Q, “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” have been applied. The Company consists of “Tablet business” and “Component business” as the reportable segments and “Other businesses”.

FY10 1Q (April 1, 2010 – June 30, 2010)

(Unit: '000 Yen)

	Reportable Segments			Other businesses	Total	Adjustment (Note)	Amount of Quarterly Consolidated P/L
	Tablet business	Component business	Sub Total				
Sales							
Sales towards external customers	6,236,338	1,459,394	7,695,732	111,033	7,806,765	—	7,806,765
Sales between internal segments and internal transfer	—	—	—	—	—	—	—
Total	6,236,338	1,459,394	7,695,732	111,033	7,806,765	—	7,806,765
Segment Profit	991,522	-71,014	920,508	-33,457	887,051	-517,146	369,905

(Note) The above ¥517,146 of “Adjustment” in “Segment Profit” is mainly the cost of financial and general affairs departments which are not included in the reportable segments. “Segment Profit” is adjusted for “Operating Income”.

FY2010 1Q Summary of Financial Results (Consolidated)**(1) Business Performance**

	FY2010		FY2009		YOY Change		FY2010		FY2009		YOY Change	
	1Q Result	1Q Result	1Q Result	1Q Result	Amount	Ratio	Full Year Forecast	Full year Result	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	mil JPY		mil JPY	
Sales	7,807	7,325	482	6.6%	37,800	32,045	5,755	18.0%				
Operating Profit	370	479	-109	-22.7%	3,820	3,128	692	22.1%				
(Operation Profit Margin)	4.7%	6.5%			10.1%	9.8%						
Recurring Profit	445	524	-79	-15.1%	3,780	3,156	624	19.8%				
(Recurring Profit Margin)	5.7%	7.2%			10.0%	9.8%						
Net Profit	323	351	-28	-8.0%	2,370	1,968	402	20.4%				
(Net Profit Margin)	4.1%	4.8%			6.3%	6.1%						

(2) Sales by Business Segment

	FY2010		FY2009		YOY Change		FY2010		FY2009		YOY Change	
	1Q Result	1Q Result	1Q Result	1Q Result	Amount	Ratio	Full Year Forecast	Full year Result	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	mil JPY		mil JPY	
Tablet business	6,236	6,253	-17	-0.3%	30,600	26,680	3,920	14.7%				
Component business	1,459	973.8	486	49.9%	6,600	4,901	1,699	34.7%				
Other businesses	111	97.7	13	13.6%	600	465	135	29.0%				
Total	7,807	7,325	483	6.6%	37,800	32,045	5,755	18.0%				

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

	FY2010		FY2009		YOY Change		FY2010		FY2009		YOY Change	
	1Q Result	1Q Result	1Q Result	1Q Result	Amount	Ratio	Full Year Forecast	Full year Result	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	mil JPY		mil JPY	
Tablet business	6,236	6,253	-17	-0.3%	30,600	26,680	3,920	14.7%				
Professional tablets	2,362	2,653	-291	-11.0%	11,000	10,104	896	8.9%				
(Japan)	479	652	-173	-26.5%		1,816						
(U.S.)	686	896	-210	-23.4%		3,498						
(Germany)	627	607	20	3.3%		3,094						
(Asia-Oceania)	571	498	73	14.7%		1,695						
Consumer tablets	2,085	1,936	149	7.7%	10,600	9,742	858	8.8%				
(Japan)	401	437	-36	-8.2%		2,001						
(U.S.)	791	785	6	0.8%		3,155						
(Germany)	495	455	40	8.8%		3,298						
(Asia-Oceania)	398	258	140	54.3%		1,287						
LCD tablets	1,789	1,664	125	7.5%	9,000	6,834	2,166	31.7%				
(Japan)	369	373	-4	-1.1%		1,289						
(U.S.)	929	720	209	29.0%		2,627						
(Germany)	347	436	-89	-20.4%		1,808						
(Asia-Oceania)	143	135	8	5.9%		610						
Component business	1,459	974	485	49.8%	6,600	4,901	1,699	34.7%				
(Japan)	1,459	974	485	49.8%		4,901						
Other businesses	111	98	13	13.3%	600	465	135	29.0%				
CAD for electrical engineering	110	98	12	12.4%		411						
(Japan)	110	98	12	12.4%		411						
Next beat	1	0	1			54						
(Japan)	0	0	0			13						
(Germany)	1	0	1			41						
Total	7,807	7,325	482	6.6%	37,800	32,046	5,754	18.0%				

(4) Sales by Subsidiaries

	FY2010		FY2009		YOY Change		FY2010		FY2009		YOY Change	
	1Q Result	1Q Result	1Q Result	1Q Result	Amount	Ratio	Full Year Forecast	Full year Result	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	mil JPY		mil JPY	
Japan	2,818	2,534	284	11.2%				10,932				
U.S.	2,406	2,402	4	0.2%				9,281				
Germany	1,470	1,498	-28	-1.9%				8,241				
Asia-Oceania	1,113	891	222	24.9%				3,592				
Total	7,807	7,325	482	6.6%	37,800	32,046	5,754	18.0%				

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

Note) Sales by product lines and sales by subsidiaries are not subject to review procedures based on the related Law.

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

	FY2010		FY2009		YOY Change		FY2010		FY2009		YOY Change	
	1Q Result	1Q Result	1Q Result	1Q Result	Amount	Ratio	Full Year Forecast	Full year Result	Amount	Ratio	Amount	Ratio
	mil JPY	mil JPY	mil JPY	mil JPY	mil JPY		mil JPY	mil JPY	mil JPY		mil JPY	
Capital Expenditure	225	137	88	64.2%	1,600	1,385	215	15.5%				
Depreciation	178	145	33	22.8%	750	757	-7	-0.9%				
R&D Expenditure	298	346	-48	-13.9%	1,500	1,580	-80	-5.1%				

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