

Summary of Consolidated Financial Results FY06

May. 09, 2007

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

(Code Number: 6727 TSE1)

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(rounded off to mY)

1. FY06 Consolidated Financial Results (April 1, 2006 – March 31, 2007)

(1) Consolidated Business Performance (Figures in parenthesis are % change YoY)

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY06	28,787	(20.0)	4,565	(33.3)	4,638	(36.9)	2,853	(33.0)
FY05	23,992	(35.9)	3,424	(86.0)	3,387	(82.9)	2,146	(127.2)

	Net Profit per Share Outstanding		Net Profit per Diluted Share		Return on Equity (ROE)	Total Asset recurring profit ratio	Operating Profit Margin
	Yen	Sen	Yen	Sen	%	%	%
FY06	6,886.19		6,784.24		19.3	20.1	15.9
FY05	5,420.51		5,283.96		21.5	19.3	14.3

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY06	25,152	16,320	64.9	38,978.35	
FY05	21,033	13,288	63.2	32,137.43	

(3) Consolidated Cash Flow

	Operating Cash Flow	Investing Cash Flow	Financing Cash Flow	Cash & Cash Equivalent
	mY	mY	mY	mY
FY06	3,758	-323	-1,229	12,707
FY05	2,270	-93	3,720	10,343

2. Dividend

(Record date)	Annual Dividend per Share			Total Dividend paid (full year)	Payout Ratio (Consolidated)	DOE (Consolidated)	
	End of midterm	End of FY	FY total				
	Yen	Sen	Yen	Sen	mY	%	%
FY05			1,000.00	1,000.00	413	18.5	4.0
FY06			1,500.00	1,500.00	628	21.8	4.2
FY07 (estimates)		-	1,700.00	1,700.00	-	23.7	-

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	15,200	(13.8)	1,620	(-17.2)	1,600	(-19.5)	960	(-21.2)	2,292.83	
Full Year	35,000	(21.6)	5,050	(10.6)	5,000	(7.8)	3,000	(5.1)	7,165.10	

4. Other

(1) Reclassification of significant subsidiaries during the period (Reclassification due to the change in scope of consolidation): None

(2) 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)

1) Changes resulting from revisions in accounting standards: Yes

2) Changes other than those 1) above: None

(3) Numbers of shares outstanding (Common stock)

Number of shares outstanding at end of year (including treasury stock) 3/07: 418,696 3/06: 412,600

Number of treasury stock outstanding at end of year 3/07: - 3/06: -

Business performance

(Business performance for FY2006)

The business environment for Wacom's group of companies in FY2006 (from Apr. 1, 2006 to Mar. 31, 2007) was generally favorable, in spite of high oil prices and fear of a slowdown in growth of the U.S. economy.

Domestic business investment was made possible due to economic recovery, however the rate of PC-related market growth was negative due to the increased demand of large size LCD TVs, the delay of the Windows Vista release, and a general reluctance by consumers to purchase new PCs.

In the U.S., IT-related investment growth rate slowed, but consumer spending was not as bad as previously feared. In the EU, domestic demand-propelled economic expansion continued in both plant investment and consumer spending. East EU market expansion continued as well. The Chinese economy continued to grow at a fast pace and its market expansion continued. In Asian areas other than China and Japan, the market environment remained positive.

Under these circumstances, Wacom was able to maintain sales growth due to market penetration and continuous expansion of professional product users, expansion of sales channels for consumer products, and rapid growth in LCD tablet sales. Wacom was also involved in new user-interface technology development, new product development related to Windows Vista, business expansion in Asia-Pacific, global branding initiative preparation, J-SOX compliance, application for APA, and integration of environmental and quality management. Wacom initiated proactive IR to foreign investors, visiting EU and Asia beginning this fiscal year, and received the 'New Member's Disclosure Reward' by TSE, in recognition of the completeness of its IR activities.

As a result, consolidated sales ended at ¥28.79bn (+20.0% YoY), operating profit ¥4.56bn (+33.3% YoY), recurring profit ¥4.64bn (+36.9% YoY), and net profit ¥2.85bn (+33.0% YoY).

(Business segment performance)

1. ESD business

The tablet business, also known as the core electric system and devices (ESD) business, recorded favorable sales both on unit and revenue bases in all product lines including professional, consumer, and LCD tablets, with a small variance depending on the area. In particular, LCD tablet sales increased drastically in the U.S. professional graphics and educational sector, as well as the Japanese medical sector. Professional graphics tablet sales also maintained steady growth due to global expansion of digital design and user growth in Asia.

The component business, whose major customer is Tablet PC manufacturers, released new sensor technology this fiscal year called 'Penabled DualTouch,' a method of dual input using an electronic pen and finger touch on LCD monitors. Since Microsoft added pen input functionality as a standard feature of their Windows Vista operating system, the potential base of tablets in the PC market is growing. However, the long delay of the release of new Tablet PCs due to the Windows Vista launch delay, coupled with a supply shortage of Tablet PC LCDs, led to a similar sales performance as the previous fiscal year.

As a result, ESD business sales ended at ¥27.86bn (+20.9% YoY) and operating profit ¥6.36bn (+39.0% YoY).

2. ECS business

The Engineering Collaborative Solutions (ECS) business released a new product called "ECAD/dio" Ver.7.0, which includes improved functionality such as language collective conversion to improve plan compilation for users developing overseas. This product motivated existing users to purchase upgrades, and enjoyed success with first-time customers. These factors led to higher sales performance compared to the previous term.

In the PDM (Product Data Management) business, Wacom continued technical support and service sales activities as a partner of Japan IBM, but did not match the previous term's sales performance. In total, ECS business sales from this fiscal year were slightly less than last year's, and operating income was almost unchanged.

As a result, ECS business sales ended at ¥923mn (-2.2% YoY) and operating profit ¥154bn (+1.3% YoY).

(Forecast for FY2007)

In FY2007, though the future of the global economy seems unclear, moderate economic growth is forecasted to continue in the U.S., EU, and Japan. In China and other parts of Asia, high economic growth is predicted due to investment in social infrastructure and corporate plant expansion. The spread of Windows Vista is likely to progress more slowly than originally forecasted in the PC market. An increase in relevant application software would improve business opportunities, and demand from individual users would contribute to sales growth in FY2007, but corporate user's real demand is not likely to occur until after FY2008. Therefore, Wacom's performance should maintain consistent expansion, but the direct impact of Windows Vista would be somewhat limited. In addition, foreign exchange rates are assumed to be ¥115 per 1 U.S.\$ and ¥145 per 1 Euro.

Under these circumstances, consolidated sales would end at ¥35.00bn (+21.6% YoY), operating profit ¥5.05bn (+10.6% YoY), recurring profit ¥5.00bn (+7.8% YoY), and net profit ¥3.00 (+5.2% YoY).

(Accompanying data)

Consolidated Balance Sheet (Summary), Consolidated Profit and Loss Statement (Summary), Consolidated Statement of Changes in Shareholder's Equity FY06, Consolidated Cash Flow Statement (Summary), and Segment Information (Summary).

* 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 predictive statements in this presentation due to these risks and uncertainties.

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(Unit: '000 Yen)

Subject	FY06	FY05	Change in Amount
	Amount	Amount	Amount
(Assets)			
I Current Assets			
1. Cash and cash equivalents	12,707,153	10,342,643	2,364,510
2. Notes and accounts receivable	4,381,225	3,085,377	1,295,848
3. Inventories	2,121,745	2,555,966	-434,221
4. Deferred tax assets	595,839	340,202	255,637
5. Accrued revenue	991,939	388,922	603,017
6. Advanced money	108,791	71,058	37,733
7. Others	188,162	173,593	14,569
Allowance for doubtful accounts	-137,097	-34,939	-102,158
Total Current Assets	20,957,757	16,922,822	4,034,935
II Fixed Assets			
1. Tangible fixed assets			
(1) Buildings and facilities	1,625,688	1,610,421	15,267
(2) Machinery, equipment and vehicles	99,292	82,246	17,046
(3) Tools and furniture	366,429	304,101	62,328
(4) Land	1,473,559	1,472,943	616
Total tangible fixed assets	3,564,968	3,469,711	95,257
2. Intangible fixed assets			
(1) Software	406,729	363,419	43,310
(2) Software in progress	8,278	-	8,278
(3) Others	33,915	11,553	22,362
Total intangible fixed assets	448,922	374,972	73,950
3. Investment and other assets			
(1) Investment securities	56,394	55,804	590
(2) Deposit and guarantee money paid	115,335	100,427	14,908
(3) Long-term accrued revenue	5,591	37,935	-32,344
(4) Deferred tax assets	3,024	64,967	-61,943
(5) Others	2,810	9,738	-6,928
Allowance for doubtful accounts	-2,610	-3,513	903
Total investment and other assets	180,544	265,358	-84,814
Total Fixed assets	4,194,434	4,110,041	84,393
Total Assets	25,152,191	21,032,863	4,119,328

(Unit: '000 Yen)

Subject	FY06	FY05	Change in Amount
	Amount	Amount	Amount
(Liabilities)			
I Current Liabilities			
1. Notes and accounts payable	3,960,231	3,389,839	570,392
2. Short-term debt	600,000	600,000	-
3. Current portion of bonds	-	700,000	-700,000
4. Current installments of long-term debt	70,000	117,600	-47,600
5. Accrued income taxes	1,363,139	567,273	795,866
6. Accrued liabilities	1,166,369	744,111	422,258
7. Advance received	180,545	132,416	48,129
8. Allowance for bonus payable	490,691	443,702	46,989
9. Allowance for board members' bonus payable	29,800	-	29,800
10. Others	308,837	254,346	54,491
Total Current Liabilities	8,169,612	6,949,287	1,220,325
II Fixed Liabilities			
1. Bond payable	-	-	-
2. Long-term debt	-	70,000	-70,000
3. Deferred tax liabilities	64,332	-	64,332
4. Accrued retirement benefits	331,865	293,046	38,819
5. Reserve for retirement benefits for directors and corporate auditors	259,298	219,125	40,173
6. Others	7,003	213,501	-206,498
Total Fixed Liabilities	662,498	795,672	-133,174
Total Liabilities	8,832,110	7,744,959	1,087,151
(Shareholders' Equity)			
I Capital	-	3,803,231	-3,803,231
II Additional paid-in capital	-	3,644,654	-3,644,654
III Retained earnings	-	5,567,934	-5,567,934
IV Foreign currency translation adjustments	-	272,085	-272,085
Total Shareholders' Equity	-	13,287,904	-13,287,904
Total Liabilities & Shareholders' Equity	-	21,032,863	-21,032,863

(Unit: '000 Yen)

Subject	FY06	FY05	Change in Amount
	Amount	Amount	Amount
(Net Assets)			
I Shareholders' Equity			
1. Capital	3,988,001	—	3,988,001
2. Additional paid-in capital	3,829,418	—	3,829,418
3. Retained earnings	7,980,608	—	7,980,608
Total Shareholders' Equity	15,798,027	—	15,798,027
II Evaluation & Exchange Conversion			
1. Foreign currency translation adjustments	522,054	—	522,054
Total Evaluation & Exchange Conversion	522,054	—	522,054
Total Net Assets	16,320,081	—	16,320,081
Total Liabilities & Net Assets	25,152,191	—	25,152,191

2. Summary of Consolidated Profit & Loss Statement

(Unit: '000 Yen)

Subject	FY06	FY05	Change in Amount
	Amount	Amount	Amount
I Sales	28,787,066	23,992,206	4,794,860
II Cost of Goods Sold	13,759,425	12,021,444	1,737,981
Gross Profit	15,027,641	11,970,762	3,056,879
III Sales & General Administration Cost	10,463,048	8,546,397	1,916,651
Operating Profit	4,564,593	3,424,365	1,140,228
IV Nonoperating Revenue	180,104	70,709	109,395
V Nonoperating Expense	106,208	107,661	-1,453
Recurring Profit	4,638,489	3,387,413	1,251,076
VI Extraordinary Gain	142,091	44,707	97,384
VII Extraordinary Loss	42,361	31,442	10,919
Net Profit before Taxes and Other Adjustments	4,738,219	3,400,678	1,337,541
Tax Expense	1,884,945	1,254,857	630,088
Net Profit	2,853,274	2,145,821	707,453

3. Consolidated Statement of Changes in Shareholder's Equity

FY06 (Apr. 1, 2006 to Mar.31, 2007)

(Unit: '000 Yen)

	Shareholders' Equity			
	Capital Stock	Capital Surplus	Retained Earnings	Total Shareholders' Equity
Balance as of March31,2006	3,803,231	3,644,654	5,567,934	13,015,819
Changes during the Fiscal 2006				
Stock Issuance	184,770	184,764		369,534
Distribution of Retained earnings			-412,600	-412,600
Directors' Bonus			-28,000	-28,000
Net Profit			2,853,274	2,853,274
Net increase/decrease during the fiscal 2006 of non shareholders' equity items				
Total increase/decrease during the fiscal 2006	184,770	184,764	2,412,674	2,782,208
Balance as of March 31' 2007	3,988,001	3,829,418	7,980,608	15,798,027

	Valuation and Translation Adjustments		Total Net Assets
	Foreign Currency Translation Adjustments	Total Valuation And Translation Adjustments	
Balance as of March31,2006	272,085	272,085	13,287,904
Changes during the Fiscal 2006			
Stock Issuance		184,770	369,354
Distribution of Retained earnings			-412,600
Directors' Bonus			-28,000
Net Profit			2,853,274
Net increase/decrease during the fiscal 2006 of non shareholders' equity items	249,969	249,969	249,969
Total increase/decrease during the fiscal 2006	249,969	249,969	3,032,177
Balance as of March 31' 2007	522,054	522,054	16,320,081

4. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY06	FY05	Change in Amount
	Amount	Amount	Amount
I Operating Cash Flow			
Net profit before taxes and other adjustments	4,738,219	3,400,678	1,337,541
Depreciation	384,179	365,156	19,023
Increase in allowance for doubtful accounts (- represents decrease)	231,766	307,547	-75,681
Interest and dividend income	-155,229	-48,617	-106,612
Interest cost	15,075	36,768	-21,693
Decrease in notes and accounts receivable (- represents increase)	-1,746,231	13,138	-1,759,369
Decrease in inventory (- represents increase)	527,642	-813,204	1,340,846
Increase in notes and accounts payable (- represents decrease)	494,703	-4,393	499,096
Directors' bonus allowance	-28,000	-14,000	-14,000
Others	436,717	86,914	349,803
Subtotal	4,898,841	3,329,987	1,568,854
Interest and dividend received	155,229	48,617	106,612
Interest paid	-16,045	-33,225	17,180
Income tax paid	-1,280,431	-1,075,204	-205,227
Operating Cash Flow	3,757,594	2,270,175	1,487,419
II Investing Cash Flow			
Payments for purchase of fixed assets	-326,775	-232,142	-94,633
Proceeds from sale of fixed assets	7,936	6,287	1,649
Proceeds from sale of investment securities	3,288	66,882	-63,594
Proceeds from insurance surrender	—	70,117	-70,117
Payments for insurance reserve funding	—	-5,873	5,873
Others	-7,924	2,153	-5,771
Investing Cash Flow	-323,475	-92,576	-230,899
III Financing Cash Flow			
Payments for redemption of bonds	-700,000	—	-700,000
Payments for long-term debt	-117,600	-399,400	281,800
Net increase in short-term debt (- represents net decrease)	—	100,000	-100,000
Payments for long-term accrued liability	-365,196	-144,535	-220,661
Proceeds from stock issuance	363,097	4,356,335	-3,993,238
Payments for shareholders' dividends	-409,286	-191,910	-217,376
Financing Cash Flow	-1,228,985	3,720,490	-4,949,475
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	159,376	211,367	-51,991
V Net Increase in Cash and Cash Equivalents (- represents Decrease)	2,364,510	6,109,456	-3,744,946
VI Cash and Cash Equivalents at beginning of term	10,342,643	4,233,187	6,109,456
VII Cash and Cash Equivalents at end of term	12,707,153	10,342,643	2,364,510

5. Segment Information

[By Division]

FY06 (Apr. 1, 2006 to Mar.31, 2007)

(Unit: '000 Yen)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
Sales					
(1) Sales towards external customers	27,864,338	922,728	28,787,066	—	28,787,066
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	27,864,338	922,728	28,787,066	—	28,787,066
Operating Cost	21,503,018	768,250	22,271,268	1,951,206	24,222,474
Operating Profit	6,361,320	154,479	6,515,799	-1,951,206	4,564,593
Assets	14,182,435	643,493	14,825,928	10,326,263	25,152,191
Depreciation	299,484	34,575	334,059	50,120	384,179
Capital expenditures	349,856	27,475	377,331	190,099	567,430

FY05 (Apr. 1, 2005 to Mar.31, 2006)

(Unit: '000 Yen)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
Sales					
(1) Sales towards external customers	23,048,789	943,417	23,992,206	—	23,992,206
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	23,048,789	943,417	23,992,206	—	23,992,206
Operating Cost	18,473,856	790,971	19,264,827	1,303,014	20,567,841
Operating Profit	4,574,933	152,446	4,727,379	-1,303,014	3,424,365
Assets	11,684,328	577,059	12,261,387	8,771,476	21,032,863
Depreciation	201,282	43,300	244,582	120,574	365,156
Capital Expenditures	211,796	43,910	255,706	10,832	266,538

[By Area]

FY06 (Apr. 1, 2006 to Mar.31, 2007)

(Unit: '000 Yen)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
Sales							
(1) Sales towards external customers	11,030,123	9,085,617	6,417,305	2,254,021	28,787,066	—	28,787,066
(2) Sales between internal segments and internal transfer	11,650,894	93,736	111,136	60,937	11,916,703	-11,916,703	—
Total	22,681,017	9,179,353	6,528,441	2,314,958	40,703,769	-11,916,703	28,787,066
Operating Cost	17,592,167	8,354,690	5,713,430	2,031,055	33,691,342	-9,468,869	24,222,473
Operating Profit	5,088,850	824,663	815,011	283,903	7,012,427	-2,447,834	4,564,593
Assets	9,538,241	4,200,988	3,023,833	1,071,575	17,834,637	7,317,554	25,152,191

FY05 (Apr. 1, 2005 to Mar.31, 2006)

(Unit: '000 Yen)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
Sales							
(1) Sales towards external customers	11,305,478	6,477,616	4,983,442	1,225,670	23,992,206	—	23,992,206
(2) Sales between internal segments and internal transfer	6,997,712	148,960	150,098	74,418	7,371,188	-7,371,188	—
Total	18,303,190	6,626,576	5,133,540	1,300,088	31,363,394	-7,371,188	23,992,206
Operating Cost	15,851,924	5,392,638	4,171,090	1,104,981	26,520,633	-5,952,792	20,567,841
Operating Profit	2,451,266	1,233,938	962,450	195,107	4,842,761	-1,418,396	3,424,365
Assets	8,345,111	3,311,950	2,048,939	673,940	14,379,940	6,652,923	21,032,863