

FY07 3Q Summary of Financial Results (Consolidated)

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

(Code Number: 6727 TSE1)

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1. Summary of Financial Results (April 1, 2007 – December 31, 2007)

(1) Business Performance (Consolidated)

(rounded off to mY)

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY07 3Q	21,219	(29.0)	3,870	(6.2)	3,868	(4.6)	2,315	(-0.1)
FY06 3Q	21,099	(17.5)	3,645	(48.4)	3,699	(50.2)	2,317	(48.7)
(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 3Q	5,523.05		5,490.89	
FY06 3Q	5,603.72		5,514.93	
(Reference) FY06	6,886.19		6,784.24	

(2) Financial Position (Consolidated)

(rounded off to mY)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY07 3Q	28,838	18,177	63.0	43,280.84	
FY06 3Q	24,046	15,613	64.9	37,584.60	
(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 3Q	1,388	-941	-518	12,601
FY06 3Q	2,177	-229	-1,197	11,256
(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	—	—	2,200.00
FY07 (estimates)	—	2,200.00	

(Note) Annual dividend per share of FY07 (estimates) is including a special dividend of ¥500 per share as the Company's 25th Anniversary.

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
Full Year	37,000	(28.5)	5,400	(18.3)	5,450	(17.5)	3,280	(15.0)	7,809.97	

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 5 about the instructions.

[Qualitative news and financial statements]

〈Qualitative news for consolidated business performance〉

Wacom Group's business environment for FY07 Q3 (from Apr. 1 2007 to Dec. 31 2007) was generally favorable, despite the challenges presented by persistent soaring oil prices and the subprime loan problem in the U.S.

Corporate investment in plant and equipment was steady in Japan, however domestic business was compromised due to high raw material prices, a decrease in construction, and weak consumer consumption of PCs. In the U.S., consumer spending slowed due to the housing market adjustment, and the economic forecast seems more uncertain. However, these influences on our business were limited. On the other hand, the EU economy enjoyed steady growth. In Asian countries, the economy kept growing with positive investment in equipment and increasing individual consumption.

In addition, the valuation of the Japanese yen against the U.S. dollar and euro was steady in comparison with the assumed rate (¥115 per 1USD, ¥160 per 1EUR) set at the mid-term of this fiscal year.

Under these circumstances, in September Wacom developed a new corporate brand in conjunction with the Company's 25th anniversary. The purpose of the new corporate brand launch is to expand Wacom's customer base from the existing market for graphics users to a wide area market including business and general PC users. Several months before introducing the Company's new corporate brand, a new global consumer graphics tablet brand named "Bamboo™" was announced as a global brand and launched in markets worldwide.

Wacom acquired TouchKO Corporation, a company known for having superior spatial capacitive and resistive touch technologies; the acquisition will enlarge the technology domain in the field of user interface solutions. In addition, Wacom made preparations for compliance with the Financial Instruments and Exchange Law (J-SOX) and the application of an advance pricing agreement (APA) on overseas transfer pricing. Concurrently, the Company introduced an advanced warning purchase defense package, and is the plaintiff in litigation stemming from a patent infringement dispute.

As a result, consolidated Q3 business results ended in sales of ¥27.22bn (+29.0% YoY), operating profit ¥3.87bn (+6.2% YoY), recurring profit ¥3.87bn (+4.6% YoY), and net profit ¥2.32bn (-0.1% YoY).

(Business segment performance)

1) ESD business

The tablet business, also known as the core electric system and devices (ESD) business, continued to show global sales expansion in the professional graphics tablet segment. On the consumer graphics tablet side, the "Bamboo™" brand series of tablets for "Windows Vista™" also recorded large sales growth. As for LCD tablets, a supply shortage of LCDs was resolved and they enjoyed sales growth. A new professional LCD tablet "Cintiq™12WX" was released in November and received a favorable reception. With regards to the component business, whose major customers are Tablet PC

manufacturers, the release of "Windows Vista™" propelled shipments of Tablet PCs in a positive way. In addition, major PC makers adopted LCD modules, which are comprised of the Company's pen-sensor components and LCD panels. Therefore, it contributed to a significant increase in the component business.

Taking a regional view, in the domestic market, though the level of professional product and LCD tablet sales was the same as the previous fiscal year, consumer product sales recorded large growth through large-size retail shops. In addition, owing to strong pen-sensor component sales mentioned above, Japan sales performance was solid as a whole. In the U.S., sales of professional products grew, and consumer products and LCD tablets enjoyed sales growth due to the new product releases. Sales in Europe were generally strong (compared to the previous fiscal year, local subsidiary operating incomes in U.S. and Europe were negative due to the decrease in gross profit margin caused by the change in transfer price last July). Wacom showed large-scale sales growth in China and steady growth in Korea and Australia.

As a result, ESD business Q3 sales ended at ¥26.56bn (+30.0% YoY), and operating profit ¥5.72bn (+18.2% YoY).

2) ECS business

ECS business released a new product "ECAD / dio™" Ver. 8.0 in the electric design field of the CAD market in September. This new product supports users of the English version of Windows Vista™ and includes enhanced security functions. In addition, the Company pursued new users through its Website and exhibitions.

On the other hand, in the PDM market, the Company proposed solutions such as a project man-hour management system and a claim information management system using functionality cultivated by a system catering to existing users.

As a result, ECS business Q3 sales ended at ¥664mn (-1.1% YoY) and operating profit ¥97mn (+13.4%YoY).

〈Qualitative news for consolidated financial position〉

Total assets increased by ¥3.69bn to ¥28.84bn and total liabilities increased by ¥1.83bn to ¥10.66bn in this Q3 compared with the end of FY06. The main reasons for the increase in assets were a ¥1.33bn increase in notes and accounts receivable, and a ¥1.19 increase in inventories. The increase in liabilities was mainly due to a ¥2.56bn increase in notes and accounts payable.

Consolidated cash & cash equivalents for FY07 Q3 decreased by ¥106mn to ¥12.60bn in this Q3 compared with the end of FY06 (¥914mn increase for FY06 Q3).

(Cash Flow from Operating Activities)

Earned operating cash flow for FY07 Q3 was ¥1.4bn (-36.2% YoY). The main reasons for the change were a ¥2.0bn increase in notes & accounts receivable, favorable cash flow, ¥3.8bn of NPBT and other adjustments.

(Cash Flow from Investing Activities)

Investing cash flow for FY07 Q3 was ¥941mn (+310.6% YoY). The main reasons were the purchase of fixed assets of ¥516mn and stock of a subsidiary company of ¥420mn.

(Cash Flow from Financing Activities)

Financing cash flow for FY07 Q3 was ¥518mn (-56.7% YoY). The main reason was a payment of shareholders' dividends of ¥627mn.

〈Qualitative news on the forecast of consolidated results〉

The business results in Q3 of FY07 were steady. Though an economic slowdown seems likely due to big stock drops in the world stock markets and the influence of rapid change in foreign exchange, Wacom is forecasting tablet product sales to be steady throughout the world, and pen-sensor component product sales are also expected to be strong for the full year. Therefore, we will maintain our earnings forecast that was released on July 31, 2007.

(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	FY06 3Q	FY07 3Q	Change in Amount		(Reference) FY06
	Amount	Amount	Amount	%	Amount
(Assets)					
I Current Assets					
1. Cash and cash equivalents	11,256,146	12,601,792	1,345,645	12.0	12,707,153
2. Notes and accounts receivable	4,738,126	5,713,067	974,941	20.6	4,381,225
3. Inventories	2,360,985	3,315,590	954,605	40.4	2,121,745
4. Accrued revenue	—	1,715,054	1,517,054	—	—
5. Others	1,700,964	1,147,612	-553,352	-32.5	1,884,731
Allowance for doubtful accounts	-31,286	-142,804	-111,518	356.4	-137,097
Total Current Assets	20,024,935	24,350,310	4,325,375	21.6	20,957,757
II Fixed Assets					
1. Tangible fixed assets					
(1) Buildings and facilities	1,561,031	1,579,540	18,509	1.2	1,625,688
(2) Tools and furniture	345,825	389,432	43,607	12.6	366,429
(3) Land	1,474,685	1,469,417	-5,268	-0.4	1,473,559
(4) Others	96,780	125,516	28,736	29.7	99,292
Total tangible fixed assets	3,478,321	3,563,905	85,584	2.5	3,564,968
2. Intangible fixed assets					
(1) Others	354,618	746,121	391,503	110.4	448,922
Total intangible fixed assets	354,618	746,121	391,503	110.4	448,922
3. Investment and other assets					
(1) Others	191,038	180,657	-10,381	-5.4	183,154
Allowance for doubtful accounts	-2,633	-2,525	108	-4.1	-2,610
Total investment and other assets	188,405	178,132	-10,273	-5.5	180,544
Total Fixed assets	4,063,969	4,488,158	466,814	11.6	4,194,434
Total Assets	24,046,279	28,838,468	4,792,189	19.9	25,152,191

(Unit: '000 Yen, %)

Subject	FY06 3Q	FY07 3Q	Change in Amount		(Reference) FY06
	Amount	Amount	Amount	%	Amount
(Liabilities)					
I Current Liabilities					
1. Notes and accounts payable	4,086,335	6,524,644	2,438,309	59.7	3,960,231
2. Short-term debt	679,800	617,500	-62,300	-9.2	670,000
3. Accrued income taxes	1,204,379	—	-1,204,379	—	1,363,139
4. Allowance for bonus payable	247,739	277,065	29,326	11.8	490,691
5. Allowance for board members' bonus payable	17,370	19,846	2,476	14.3	29,800
6. Others	1,534,735	2,405,352	870,617	56.7	1,655,751
Total Current Liabilities	7,770,358	9,844,407	2,074,049	26.5	8,169,612
II Fixed Liabilities					
1. Long-term debt	17,500	—	-17,500	—	—
2. Accrued retirement benefits	325,388	364,210	38,822	11.9	331,865
3. Reserve for retirement benefits for directors and corporate auditors	247,215	388,547	91,332	36.9	259,298
4. Others	72,425	114,391	41,966	57.9	71,335
Total Fixed Liabilities	662,528	817,149	154,620	23.3	662,498
Total Liabilities	8,432,886	10,661,555	2,228,669	26.4	8,832,110
(Net Assets)					
I Shareholders' Equity					
1. Capital	3,888,887	4,069,950	181,063	4.7	3,988,001
2. Additional paid-in capital	3,730,308	3,911,366	181,058	4.9	3,829,418
3. Retained earnings	7,443,975	9,667,678	2,223,703	29.9	7,980,608
Total Shareholders' Equity	15,063,170	17,648,994	2,585,824	17.2	15,798,027
II Evaluation & Exchange Conversion					
1. Foreign currency translation adjustments	550,223	527,919	-22,304	-4.1	522,054
Total Evaluation & Exchange Conversion	550,223	527,919	-22,304	-4.1	522,054
Total Net Assets	15,613,393	18,176,913	2,563,520	16.4	16,320,081
Total Liabilities & Net Assets	24,046,279	28,838,468	4,792,189	19.9	25,152,191

2. Summary of Consolidated Profit & Loss Statement

(Unit: '000 Yen, %)

Subject	FY06 3Q	FY07 3Q	Change in Amount		(Reference) FY06
	Amount	Amount	Amount	%	Amount
I Sales	21,098,611	27,219,281	6,120,670	29.0	28,787,066
II Cost of Goods Sold	10,060,378	13,427,593	3,377,215	33.6	13,759,425
Gross Profit	11,038,233	13,781,688	2,743,455	24.9	15,027,641
III Sales & General Administration Cost	7,393,298	9,911,214	2,517,916	34.1	10,463,048
Operating Profit	3,644,935	3,870,474	225,539	6.2	4,563,593
IV Non-operating Revenue	126,924	147,666	20,742	16.3	180,104
V Non-operating Expense	73,141	149,904	76,763	105.0	106,208
Recurring Profit	3,698,718	3,868,236	169,518	4.6	4,638,489
VI Extraordinary Gain	142,965	4,472	-138,493	-96.9	142,091
VII Extraordinary Loss	5,575	99,065	93,490	—	42,361
Net Profit before Taxes and Other Adjustments	3,836,108	3,773,643	-62,465	-1.6	4,738,219
Tax Expense	1,519,467	1,458,528	-60,939	-4.0	1,884,945
Net Profit	2,316,641	2,315,115	-1,526	0.1	2,853,274

(Note) For 3Q, 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)

	FY06 3Q	FY07 3Q	(Reference) FY06
	Amount	Amount	Amount
I Operating Cash Flow			
Net profit before taxes and other adjustments	3,836,108	3,773,643	4,738,219
Depreciation	276,838	385,013	384,179
Increase in allowance for doubtful accounts (- represents decrease)	-143,596	-102,564	231,766
Interest and dividend income	-110,883	-127,451	-155,229
Interest cost	11,701	9,043	15,075
Decrease in notes and accounts receivable (- represents increase)	-1,972,185	-2,030,570	-1,746,231
Decrease in inventory (- represents increase)	295,927	-1,167,823	527,642
Increase in notes and accounts payable (- represents decrease)	613,955	2,563,645	494,703
Others	264,931	240,732	408,717
Subtotal	3,072,796	3,543,668	4,898,841
Interest and dividend received	110,883	127,281	155,229
Interest paid	-11,765	-7,884	-16,045
Income tax paid	-994,871	-2,274,983	-1,280,431
Operating Cash Flow	2,177,043	1,388,082	3,757,594
II Investing Cash Flow			
Payments for purchase of fixed assets	-220,242	-515,929	-326,775
Payments for purchase of stocks of subsidiary company	—	-420,216	—
Others	-8,955	-4,876	3,300
Investing Cash Flow	-229,197	-941,021	-323,475
III Financing Cash Flow			
Payments for redemption of bonds	-500,000	—	-700,000
Payments for long-term debt	-90,300	-52,500	-117,600
Payments for long-term accrued liability	-365,196	-	-365,196
Proceeds from stock issuance	167,241	161,716	363,097
Payments for shareholders' dividends	-408,685	-627,362	-409,286
Financing Cash Flow	-1,196,940	-518,146	-1,228,985
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	162,597	-35,414	159,376
V Net Increase in Cash and Cash Equivalents (- represents Decrease)	913,503	-106,499	2,364,510
VI Cash and Cash Equivalents at beginning of term	10,342,643	12,707,153	10,342,643
VII Cash and Cash Equivalents at end of term	11,256,146	12,600,654	12,707,153

4. Segment Information

[By Division]

FY06 3Q (April 1, 2006 to December 31, 2006)

(Unit: '000 Yen)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
Sales					
(1) Sales towards external customers	20,427,557	671,054	21,098,611	—	21,098,611
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	20,427,557	671,054	21,098,611	—	21,098,611
Operating Cost	15,592,669	585,436	16,178,105	1,275,571	17,453,676
Operating Profit	4,834,888	85,618	4,920,506	-1,275,571	3,644,935

FY07 3Q (April 1, 2007 to December 31, 2007)

(Unit: '000 Yen)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
Sales					
(1) Sales towards external customers	26,555,600	663,681	27,218,281	—	27,219,281
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	26,555,600	663,681	27,218,281	—	27,219,281
Operating Cost	20,840,805	566,604	21,407,409	1,941,398	23,348,807
Operating Profit	5,714,795	97,077	5,811,872	-1,941,398	3,870,474

[By Division]

FY06 3Q (April 1, 2006 to December 31, 2006)

(Unit: '000 Yen)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
Sales							
(1) Sales towards external customers	7,942,571	6,754,005	4,682,871	1,719,164	21,098,611	—	21,098,611
(2) Sales between internal segments and internal transfer	8,425,399	73,370	73,060	42,576	8,614,405	-8,614,405	—
Total	16,367,970	6,827,375	4,755,931	1,761,740	29,713,016	-8,614,405	21,098,611
Operating Cost	12,823,352	6,001,211	4,021,820	1,513,097	24,359,480	-6,905,804	17,453,676
Operating Profit	3,544,618	826,164	734,111	248,643	5,353,536	-1,708,601	3,644,935

FY07 3Q (April 1, 2007 to December 31, 2007)

(Unit: '000 Yen)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
Sales							
(1) Sales towards external customers	10,148,022	8,242,332	5,972,108	2,856,819	27,219,281	—	27,219,281
(2) Sales between internal segments and internal transfer	12,534,358	158,969	—	18,669	12,711,996	-12,711,996	—
Total	22,682,380	8,401,301	5,972,108	2,875,488	39,931,277	-12,711,997	27,219,281
Operating Cost	17,597,943	7,932,394	5,685,431	2,530,200	33,745,968	-10,397,161	23,348,807
Operating Profit	5,084,437	468,907	286,677	345,288	6,185,309	-2,314,835	3,870,474