

FY08 3Q Summary of Financial Results (Consolidated)

Jan. 29, 2008

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

(Code Number: 6727 TSE1)

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1. FY08 3Q Consolidated Financial Results (April 1, 2008 – December 31, 2008)

(1) Business Performance (Consolidated)

(rounded off to mY)

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY08 3Q	26,891	(-)	3,824	(-)	3,739	(-)	2,296	(-)
FY07 3Q	27,219	(29.0)	3,870	(6.2)	3,868	(4.6)	2,315	(-0.1)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding	
	Yen	Sen	Yen	Sen
FY08 3Q	5,474.16		5,458.47	
FY07 3Q	5,523.05		5,490.89	

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY08 3Q	26,213	17,061	65.1	42,479.40	
FY07	29,221	18,562	63.5	44,178.22	

2. Dividend

	Dividend Per Share				
	1Q	2Q	3Q	End of FY	FY Total
(Record date)	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
FY07	-	-	-	2,500.00	2,500.00
FY08	-	-	-	-	-
FY08 (estimates)	-	-	-	3,000.00	3,000.00

Changes in dividend per share of FY08 3Q : No

Dividend per share at the end of FY07 consists of an ordinary dividend ¥2,000 and a special dividend ¥500.

3. Consolidated Business Forecasts of FY08 (April 1, 2008 – March 31, 2009)

	Sales		Operating Profit		Recurring Profit		Net Profit		Net Profit per Share Outstanding	
	mY	%	mY	%	mY	%	mY	%	Yen	Sen
Full Year	33,800	(-8.0)	3,900	(-29.6)	3,800	(-31.9)	2,380	(-32.0)	5,925.76	

Changes in Consolidated Business Forecasts of FY08 3Q : Yes

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): 12/08: 421,636

3/08: 420,156

Number of treasury stock outstanding at end of year: 12/08: 20,000 3/08: -

Number of average shares for fiscal period (total consolidated fiscal year): FY08 3Q: 419,428

FY07 3Q: 419,173

* 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), and Segment Information (Summary).

[Qualitative news and financial statements]

〈Qualitative news for consolidated business performance〉

Wacom Group's business environment for FY08 3Q (from April 1, 2008 to December 31, 2008) became increasingly severe after October due to soaring raw material prices and appreciation of the Japanese yen against other currencies, a consequence of the global recession caused by the financial crisis in the US.

The Japanese economy entered a recessionary phase for the first time in six years, due to a decrease of corporate investment in plant and equipment, and sluggish consumer consumption as a result of the global financial crisis. In the U.S., continuous adjustments in the housing market and an unprecedented deepening of the financial crisis led to the bankruptcies of several major financial institutions, which in turn caused a slowdown of corporate investment, a corresponding decline in corporate profit and a further reduction in consumer spending. EU countries faced a serious management crisis resulting from the U.S. financial situation. As a result, the economy as a whole showed clear slowing due to the influence of the global economic slowdown, despite steady growth in Germany at the beginning of the period. The economy in Asia-Oceania countries experienced a slowdown of growth due to the Sichuan earthquake in China and the global economic slowdown, despite steady economic growth in China and India.

Under the above conditions, Wacom's performance through FY08 2Q was steady. The Company enjoyed growth in all major regions: Japan, U.S., EU, and Asia-Oceania, and attained record sales and profit. However, the performance for 3Q was slightly lower compared to the previous fiscal year, due to a further reduction in consumer spending and the significant appreciation of the Japanese yen against other currencies. , This lower performance happened despite sales growth on a local currency basis in the EU, even during the period of 3Q from the beginning of October. On the technology development side, the Company improved the capacitive touch screen technology inherited from TouchKO Corporation, which Wacom acquired in FY07, with its own IC development technologies for digital processing. As a result, the Company developed the high-accuracy, low-power capacitive touch screen technology for Tablet PCs, and announced its intention to start providing sample products suitable for industrial monitors in vertical markets from November. Wacom also devoted itself to develop the multi-touch technology that is foreseen to increase in demand starting from the release of Microsoft's next generation OS, Windows7. This original, high-performance multi-touch sensor technology was announced at WinHEC (Windows Hardware Engineering Conference) in November, and sample products were provided. In the ASEAN area, the ESD (Electronic Systems and Devices) business relocated its logistic base from Hong Kong to

Singapore in October to meet increasing demand, speed up product delivery, reduce costs, and to improve inventory levels. In the same month, the Company established a subsidiary in Taiwan to enhance the marketing and customer service in that country. Wacom enjoyed a smooth start for compliance with the Financial Instruments and Exchange Law (J-SOX) beginning in April 2008, thanks to thorough preparations during the previous two fiscal years. For the purpose of intellectual property protection and strengthening, the Company filed patent infringement lawsuits against Hanwang Technology Corporation and entered into a comprehensive settlement agreement on April 9, 2008 pertaining to the series of patent and model infringement lawsuits in the U.S. and China. Thanks to this settlement, the Company could devote itself to expanding its business opportunities in China on a continuous basis.

As a result, the consolidated FY08 3Q business results ended in sales of ¥26.89bn (-1.2% YoY), OP ¥3.82bn (-1.2% YoY), recurring profit ¥3.74bn (-3.3% YoY), and net profit ¥2.30bn (-0.8% YoY).

(Business segment performance)

1) ESD business

The tablet business, also known as the core electronic systems and devices (ESD) business, as a whole stayed at almost the same level as the previous fiscal year throughout FY08 3Q. In the professional graphics segment, total sales decreased compared to 3Q of FY07 due to the main product being in its fourth year after release, and the influence of rapidly deteriorating market conditions. On the consumer tablet side, the “Bamboo™” series recorded slight sales growth despite the negative influence of the worldwide economic slowdown, and significant fluctuations in the foreign exchange market. As for LCD tablets, despite sharply slowing corporate demand, sales showed favorable growth thanks to the introduction of a new professional LCD tablet “Cintiq™ 12WX” released in FY07. With regards to the components business, whose major customers are Tablet PC manufacturers, the Company’s pen-sensor components experienced a slight sales decrease due to the appreciation of the Japanese yen and the decrease in sales for existing Tablet PCs in the vertical markets.

As a result, the ESD business FY08 3Q sales ended at ¥26.30bn (-0.9% YoY), and operating profit ¥5.30bn (-7.3% YoY).

2) ECS business

The Engineering Collaborative Solutions (ECS) business provided incentives for existing users of the product “ECAD / dio™” Ver. 8.0 to upgrade, and for other CAD product users to replace their existing software with “ECAD / dio™” in the electronic design segment of the CAD market. In addition, the business pursued new users through various domestic exhibitions. The business released its latest product “ECAD / dio™” Ver. 9.0 in September.

For the PDM market, the Company proposed new solutions to existing users. However, many users have become cautious because of the future economic conditions and have delayed their purchasing decisions.

As a result, ECS business FY08 3Q sales ended at ¥586mn (-11.7% YoY) and OP ¥36mn (-62.6% YoY),.

(Business Overview by Area)

1) Japan

For the ESD business, sales of the professional pen tablet “Intuos™” series maintained the previous level due to rapidly decreasing demand influenced by the economic slowdown in 3Q. This occurred despite promotional activities at major sales channel sites and targeted advertisements run through 2Q. The consumer pen tablet “Bamboo™” series received favorable appraisal, and showed favorable sales growth owing to the enhancement of store front

decorations with corporate brand materials, and appreciation for the release of the mid-size “Bamboo™ Comic” product, bundled with software for creating illustrations and comics. As for LCD tablets, “Cintiq™” series’ sales grew, but overall sales showed only slight growth due to slowing corporate demand. For the components business, please refer to the "Business segment performance" section above.

With regards to the ECS business, refer to the "Business segment performance" section above.

As a result, sales in Japan ended at ¥10.24bn (0.9% YoY), and OP ¥4.51bn (-11.3% YoY).

2) U.S.

The U.S. market was greatly influenced by the U.S. dollar depreciation against the Japanese yen and the economic slowdown caused by the expansion of the financial crisis. Sales of the professional pen tablet “Intuos™” series showed a drop due to the bankruptcy of major sales channel partners and inventory adjustments at sales partners’ sites. The consumer pen tablet “Bamboo™” series showed only slight sales growth due to unfavorable foreign exchange rates. There was slow growth despite new channel development and efforts to strengthen the relationships with channel partners. As for LCD tablets, the graphics user base expanded thanks to the release at the end of last year of the new product “Cintiq™ 12WX” and the transition from professional pen tablets. However, sales increased just slightly due to unfavorable foreign exchange rates.

Consequently, sales in the U.S. ended at ¥7.85bn (-4.7% YoY), and OP ¥476mn (1.5% YoY).

3) Europe

In Europe, sales of the professional pen tablet “Intuos™” series showed a drop due to unfavorable foreign exchange rates and the product being in its fourth year after release. Despite strong efforts in building brand awareness, sales of the consumer pen tablet “Bamboo™” series showed a slight decrease due to unfavorable foreign exchange rates. As for LCD tablets, the “Cintiq™” series became widespread in the graphics and digital photo retouching fields. A new product “Cintiq™ 12WX” also helped to spur sales of LCD tablets. Geographically, sales in Germany and France increased, while sales in the U.K. and other countries decreased due to the influence of the financial crisis in the U.S.

Accordingly, sales in Europe ended at ¥6.22bn (4.1% YoY) and OP ¥280mn (-2.5% YoY).

4) Asia & Oceania

In the Asia & Oceania markets, sales of the professional pen tablet “Intuos™” series did not achieve the performance figures of FY07 2Q due to the rapid fluctuation in exchange rates and the global economic slowdown. Sales of the consumer pen tablet “Bamboo™” series also showed a drop due to the same above-mentioned reasons. The LCD tablet market enjoyed wide expansion, mainly owing to strong sales of the “Cintiq™” series.

South Korea was adversely affected by an economic slowdown and the rapid depreciation of their currency. Meanwhile, India and ASEAN countries, which are newly emerging markets, enjoyed sales growth. In China, where pen tablet sales were negatively influenced by an economic slowdown, revenue showed the same level as FY07 3Q.

Therefore, Asia & Oceania sales ended at ¥2,58bn (-9.8% YoY), and OP ¥65mn (-81.3% YoY).

The above-mentioned YOY changes in the statement are for your reference.

〈Qualitative news for consolidated financial position〉

Total assets decreased by ¥3.01bn to ¥26.21bn in 3Q of FY08 compared with the end of FY07. Current assets decreased by ¥2.85bn to ¥21.46bn. The main reasons were a ¥1.12bn decrease in cash & cash equivalents due to a repurchase of own shares and corporate tax paid, and a ¥2.00bn decrease in securities due to the proceeds of sales. The main reason for a ¥159mn decrease to ¥4.754bn in fixed assets was a ¥442mn increase in tangible fixed assets by capital expenditure, and a ¥500mn transfer of the current position of investment securities to current assets.

Total liabilities decreased by ¥1.51bn to ¥9.15bn in 3Q of FY08 compared with the end of FY07. The reasons for the decrease by ¥1.59bn to 8.12bn in current liabilities were mainly due to a ¥881mn decrease in accrued income tax and a ¥305mn decrease in notes and accounts payable. The reasons for an increase by ¥87mn to 1.03bn in fixed liabilities were mainly due to a ¥38mn increase in accrued retirement benefits and a ¥36mn increase in directors' retirement allowances.

Total net assets decreased by ¥1.50bn to ¥17.06bn. The main reasons for the decrease in total net assets were a ¥1.85bn of repurchase of own shares, a ¥1.05bn payment of shareholders' dividends, and a 1.04bn decrease in foreign currency translation adjustments. Total net assets decreased despite a ¥2.30bn increase in retained earnings.

Consolidated cash & cash equivalents for FY08 3Q decreased by ¥3.62bn to ¥9.96bn compared with the end of FY07.

(Cash Flow from Operating Activities)

Earned operating cash flow for FY08 3Q was ¥490mn. The main reasons were ¥3.74bn of NPBT, an increase in notes and accounts receivable of ¥570mn, and ¥2.27bn of corporate tax paid.

(Cash Flow from Investing Activities)

Investing cash flow for FY08 3Q was ¥1.02bn. The main reason was the purchase of fixed assets of ¥988mn.

(Cash Flow from Financing Activities)

Financing cash flow for FY08 3Q was ¥2.68bn. The main reasons were a repurchase of own shares of ¥1.85bn and a payment of shareholders' dividends of ¥1,05bn.

〈Qualitative news on the forecast of consolidated results〉

The business results in Q3 ending December 31, 2008 were slightly lower compared with the previous fiscal year. We revised the FY08 forecast ending March 31, 2009, taking into consideration the continuously difficult business environment. This includes the decreasing demand for our tablet and components businesses a result of the global recession, and unfavorable foreign exchange rates.

We also lowered the assumed USD/JPY exchange rate from 100 to 90, and the EUR/JPY exchange rate from 135 to 120, per our previous forecast as of October 14, 2008.

Consolidated FY08 Forecast Revision for the year ended March 31, 2009 (from April 1, 2008 to March 31, 2008) as of January 29, 2009

	Sales mY	Operating Profit mY	Recurring Profit mY	Net Profit mY	Net Profit per Share Outstanding Yen
Previous Forecast as of Oct.14, 2008 (A)	38,000	4,800	4,700	2,900	6,877.97
Revised Forecast as of Jan. 29, 2009 (B)	33,800	3,900	3,800	2,380	5,925.76
Change in Amount (B-A)	-4,200	-900	-900	-520	
Change in Ratio (%) (B to A)	-11.1	-18.8	-19.1	-17.9	
Former Results (FY07) (C)	36,739	5,539	5,581	3,501	8,348.74
Change in Ratio (%) (B to C)	-8.0	-29.6	-31.9	-32.0	

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(Unit: '000 Yen, %)

Subject	FY08 3Q (as of Dec. 31, 2007)	FY07 (as of Mar. 31, 2008)
	Amount	Amount
(Assets)		
Current Assets		
1. Cash and cash equivalents	6,956,403	8,078,235
2. Notes and accounts receivable	4,538,333	4,537,959
3. Securities	3,500,000	5,500,000
4. Finished products	2,312,462	2,349,469
5. Raw materials	798,961	847,171
6. Work in process	308,414	177,043
7. Others	3,078,674	2,849,250
8. Allowance for doubtful accounts	-34,177	-31,094
Total Current Assets	21,459,070	24,308,033
Fixed Assets		
1. Tangible fixed assets		
(1) Buildings and facilities (net amount)	1,856,083	1,552,601
(2) Others (net amount)	2,089,065	1,950,845
Total tangible fixed assets	3,945,148	3,503,446
2. Intangible fixed assets		
(1) Goodwill	106,965	180,021
(2) Others	499,929	563,954
Total intangible fixed assets	606,894	743,975
3. Investment and other assets		
(1) Others	202,309	668,099
(2) Allowance for doubtful accounts	-8	-2,223
Total investment and other assets	202,301	665,876
Total Fixed assets	4,754,343	4,913,297
Total Assets	26,213,413	29,221,330

(Unit: '000 Yen, %)

Subject	FY08 3Q (as of Dec. 31, 2007)	FY07 (as of Mar. 31, 2008)
	Amount	Amount
(Liabilities)		
Current Liabilities		
1. Notes and accounts payable	5,411,999	5,717,425
2. Short-term debt	600,000	600,000
3. Accrued income taxes	282,434	1,163,242
4. Allowance for bonus payable	203,423	475,189
5. Allowance for board members' bonus payable	19,544	23,695
6. Others	1,599,954	1,731,738
Total Current Liabilities	8,117,354	9,711,289
Fixed Liabilities		
1. Accrued retirement benefits	408,551	370,605
2. Reserve for retirement benefits for directors and corporate auditors	415,764	379,343
3. Others	210,486	198,351
Total Fixed Liabilities	1,034,801	948,299
Total Liabilities	9,152,155	10,659,588
(Net Assets)		
Shareholders' Equity		
1. Capital	4,194,815	4,082,842
2. Additional paid-in capital	4,036,230	3,924,258
3. Retained earnings	12,014,506	10,853,924
4. Treasury stock	-1,848,486	—
Total Shareholders' Equity	18,397,065	18,861,024
Evaluation & Exchange Conversion		
1. Foreign currency translation adjustments	-1,335,807	-299,282
Total Evaluation & Exchange Conversion	-1,335,807	-299,282
Total Net Assets	17,061,258	18,561,742
Total Liabilities & Net Assets	26,213,413	29,221,330

2. Consolidated Profit & Loss Statement

(Unit: '000 Yen, %)

Subject	FY08 3Q (Apr. 1, 2008 to Dec. 31, 2008)	(For reference) Summary of FY07 3Q (Apr. 1, 2007 to Dec. 31, 2007)
	Amount	Amount
Sales	26,891,038	27,219,281
Cost of Goods Sold	13,449,025	13,437,593
Gross Profit	13,442,013	13,781,688
Sales & General Administration Cost	9,617,564	9,911,214
Operating Profit	3,824,449	3,870,474
Non-operating Revenue	92,290	147,666
1. Interest and dividend income	71,560	-
2. Others	20,730	-
Non-operating Expense	177,510	149,904
1. Interest cost	8,725	-
2. Foreign exchange loss	148,954	-
3. Others	19,831	-
Recurring Profit	3,739,229	3,868,236
Extraordinary Gain	15,108	4,472
1. Gain on Sales of Property, Plant and Equipment	107	-
2. Reversal of allowance for doubtful accounts	784	-
3. Legal settlement received	14,217	-
Extraordinary Loss	10,596	99,065
1. Loss on sales of fixed assets	1,226	-
2. Loss on disposal of fixed assets	9,370	-
Net Profit before Taxes and Other Adjustments	3,743,741	3,773,643
Income Tax, Inhabitant Tax and Enterprise Tax	1,447,723	1,458,528
Net Profit	2,296,018	2,315,115

3. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY08 3Q (Apr. 1, 2008 to Dec. 31, 2008)	(For reference) Summary of FY07 3Q (Apr. 1, 2007 to Dec. 31, 2007)
	Amount	Amount
Operating Cash Flow		
Net profit before taxes and other adjustments	3,743,741	3,773,643
Depreciation	475,829	385,013
Increase in allowance (- represents decrease)	-169,710	-102,564
Interest and dividend income	-71,559	-127,451
Interest cost	8,725	9,043
Decrease in notes and accounts receivable (- represents increase)	-569,501	-2,030,570
Decrease in inventory (- represents increase)	-559,102	-1,167,823
Increase in notes and accounts payable (- represents decrease)	52,011	2,563,645
Others	-197,101	240,732
Subtotal	2,713,333	3,543,668
Interest and dividend received	57,153	127,281
Interest paid	-8,736	-7,884
Income tax paid	-2,271,968	-2,274,983
Operating Cash Flow	489,782	1,388,082
Investing Cash Flow		
Payments for purchase of Fixed Assets	-987,691	-515,929
Proceeds and Payments about Acquisition of Subsidiaries	-	-420,216
Others	-35,923	-4,876
Investing Cash Flow	-1,023,614	-941,021
Financing Cash Flow		
Payments for long-term debt	-	-52,500
Proceeds from stock issuance	221,233	161,716
Payments for repurchase own shares	-1,852,061	-
Payments for shareholders' dividends	-1,045,850	-627,362
Financing Cash Flow	-2,676,678	-518,146
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-410,281	-35,414
Net Increase in Cash and Cash Equivalents (- represents Decrease)	-3,620,791	-106,499
Cash and Cash Equivalents at beginning of term	13,577,194	12,707,153
Cash and Cash Equivalents at end of term	9,956,403	12,600,654

4. Segment Information

[By Division]

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

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
I Sales					
(1) Sales towards external customers	26,555,600	663,681	27,219,281	—	27,219,281
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	26,555,600	663,681	27,219,281	—	27,219,281
Operating Profit	5,714,795	97,077	5,811,872	-1,941,398	3,870,474

FY08 3Q (April 1, 2008 – December 31, 2008)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
I Sales					
(1) Sales towards external customers	26,304,994	586,044	26,891,038	—	26,891,038
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	26,304,994	586,044	26,891,038	—	26,891,038
Operating Profit	5,297,165	36,325	5,333,490	-1,509,041	3,824,449

[By Area]

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

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
I 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	-12,711,996	27,219,281
Operating Profit	5,084,437	468,907	286,677	345,288	6,185,309	-2,314,835	3,870,474

FY08 3Q (April 1, 2008 – December 31, 2008)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
I Sales							
(1) Sales towards external customers	10,243,507	7,851,934	6,218,616	2,576,981	26,891,038	—	26,891,038
(2) Sales between internal segments and internal transfer	11,774,528	172,936	—	37,679	11,985,143	-11,985,143	—
Total	22,018,035	8,024,870	6,218,616	2,614,660	38,876,181	-11,985,143	26,891,038
Operating Profit	4,510,348	475,772	279,577	64,735	5,330,432	-1,505,983	3,824,449

[Overseas Sales]

FY08 3Q (April 1, 2008 – December 31, 2008)

	US	Europe	Asia & Oceania	Others	Total
I Overseas Sales	7,837,359	6,153,405	7,008,074	255,225	21,254,063
II Overseas Sales	—	—	—	—	26,891,038
Ratio (%)	29.1	22.9	26.1	0.9	79

U.S.: U.S. Canada

Europe: U.K. Germany, France, Netherland

Asia & Oceania: South Korea, Taiwan, Australia, P. R. of China

Others: Middle East, South America, Africa etc.