

FY09 1H Summary of Financial Results (Consolidated)

November. 4, 2009

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

(Code Number: 6727 TSE1)

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1. FY09 1H Consolidated Financial Results (April 1, 2009 – September 30, 2009)

(1) Business Performance

(rounded off to mY)

	Sales		Operating Profit		Recurring Profit		Net Profit	
	mY	%	mY	%	mY	%	mY	%
FY09 1H	14,478	(-22.1)	1,149	(-55.0)	1,238	(-51.1)	809	(-48.6)
FY08 1H	18,595	(-)	2,555	(-)	2,531	(-)	1,573	(-)

	Net Profit per Share Outstanding		Net Profit per Diluted Share Outstanding	
	Yen	Sen	Yen	Sen
FY09 1H	2,014.01		2,009.40	
FY08 1H	3,734.60		3,722.89	

(2) Financial Position (Consolidated)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share	
	mY	mY	%	Yen	Sen
FY09 1H	26,320	17,092	64.9	42,542.29	
FY08	25,631	17,796	69.4	44,303.37	

(For Reference) Net Assets FY09 1H 17,092mY FY08 17,796mY

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
FY08	-		0.00		-		3,000.00		3,000.00	
FY09	-		0.00							
FY09 (estimates)					-		3,000.00		3,000.00	

Changes in dividend per share of FY09 1H : No

3. Consolidated Business Forecasts of FY09 (April 1, 2009 – March 31, 2010)

	Sales		Operating Profit		Recurring Profit		Net Profit		Net Profit per Share Outstanding	
	mY	%	mY	%	mY	%	mY	%	Yen	Sen
Full Year	35,500	(5.0)	3,550	(-17.7)	3,500	(-16.2)	2,130	(-17.4)	5,301.73	

Changes in Consolidated Business Forecasts of FY09 1H : 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 and particular accounting method approach to preparing consolidated financial statements : 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 : No
 - Changes other than those above : No

4) Numbers of shares outstanding (Common stock)

Number of shares outstanding at end of term (including treasury stock): 9/09: 421,756
3/09: 421,696

Number of treasury stock outstanding at end of term: 9/09: 20,000 3/09: 20,000

Number of average shares for fiscal period (total consolidated fiscal year): 9/09: 401,732
9/08: 421,152

* 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 FY09 1H (from April 1, 2009 to September 30, 2009) has remained severe since the latter part of the previous fiscal year, due to a decrease of corporate investment in plant and equipment, and sluggish consumer consumption. Yet on the other hand, the global economic situation is showing signs of having bottomed out, due to the economic stimulus measures of each government. In the foreign exchange market, the U.S. dollar kept to the level of the Company's assumed average rate (¥95 per 1 U.S. dollar) and the Euro appreciated against the assumed average rate (¥120 per 1 Euro). However the U.S. dollar and Euro showed a significant depreciation against the Japanese yen from the previous fiscal year.

The Japanese economy continues to show a significant decrease in corporate capital investment and export, a worsened employment and income environment, with a continued low level of consumer consumption, though domestic production activities showed gradual recovery. In the US., the financial crisis averted, consumer consumption also was boosted up owing to the federal "Cash for Clunkers" program. However, corporate capital investment and consumer consumption are still flagging due to the increasing unemployment rate and continuous inventory adjustment. The EU countries were concerned about the long lasting economic slowdown due to the decrease in corporate capital investment and the sluggish consumer consumption caused by rapidly worsening employment conditions. Owing to the economic stimulus measures by each government in the EU, the economy shows a pickup though it's at a low level. The economy in the Asia-Oceania countries in general shows a gradual recovery trend. The Chinese economy is making a progressive recovery led by the domestic demand, which also gives South Korea and Taiwan ripple effects of export expansion.

Under the above conditions, Wacom's performance in 1H was lower in both sales and profit than the previous fiscal year. However, against the forecast at the beginning of the fiscal year, operating profit, recurring profit, and net profit substantially exceeded the original forecast, mainly due to cost improvement and efficient control of operating expenses, though sales decreased slightly. The Company announced a new user interface strategy adding on multi-touch in September, and at the same time, released a new series of consumer tablets, "Bamboo". The Company also began to provide a new multi-touch sensor system that supports the functions of Windows 7 to PC manufacturers, strengthening its leadership in the user interface field. In addition, Wacom completed the development of a professional DJ interface device, released it in Japan, and is scheduled next to sell in Europe. The Company steadily complied

with the Financial Instruments and Exchange Law (J-SOX) legislated since the previous fiscal year.

As a result, the consolidated FY09 1H business results ended in sales of ¥14.48bn (-22.1% YoY), operating profit ¥1.15 bn (-55.0% YoY), recurring profit ¥1.24bn (-51.1% YoY), and net profit ¥0.81bn (-48.6% YoY).

(Business Segment Performance)

1) ESD business

The tablet business, also known as the core business of Electronic Systems and Devices (ESD), as a whole, suffered from the substantial appreciation of the Japanese yen, although the decrease in demand decrease caused by the global economic slowdown seems to have bottomed out. In the professional graphics segment, for the new product “Intuos4”, released in March, the sales decreased due to strong low-priced intention of the users despite the growth in sales volume. On the consumer tablet side, the “Bamboo” series 1 recorded a sales decrease as two years have passed since its release and consumer consumption is sluggish. On the other hand, the new series 2 of “Bamboo” including the multi-touch function released in September, made a favorable impression on users. As for LCD tablets, the business was significantly influenced by the reduction of corporate investment in plant and equipment and its sales also decreased. With regard to the components business, sales recorded a remarkable decrease, due to the change in the competitive environment as well as sluggish sales growth of major customers. On the other hand, the business set up the mass production and shipment of the touch panel for Windows 7 from August and so its sales recovery is expected in the future. As a result, the ESD business FY09 1H sales ended at ¥14.28bn (-21.5% YoY), and operating profit ¥2.03bn (-43.0% YoY).

2) ECS business

The Engineering Collaborative Solutions (ECS) business suffered from the severe business environment. Its sales remained at a lower level due to the decrease of the manufacturer’s investment in plant and equipment. In the above-mentioned situation, the ECS business encouraged other companies’ CAD users to replace their existing software with “ECAD / dio” Ver. 9.0 in an electronic design segment of the CAD market. In addition the business made an effort to promote inquiry by refurbishing the website and through domestic exhibitions. The latest product, “ECAD / dio” Ver. 10.0 was launched in September. As a result, ECS business FY09 1H sales ended at ¥192mn (-51.4% YoY) and operating loss ¥50mn (OP ¥35mn FY08 1H).

(Business Overview by Area)

Japan

The ESD business maintained steady sales as a whole. The professional tablet “Intuos” series released “Intuos4” in March, and recorded a favorable increase in sales compared to the previous fiscal year, owing to the enhancement of store-front decorations and advertisements in major GMSs. The consumer tablet “Bamboo” series sustained with a slight sales increase due to the passing of two years since its release and sluggish consumer consumption. The new series 2 of “Bamboo” incorporating the multi-touch ‘gesture’ functions which was launched in September, made a favorable impression on users. As for LCD tablets, series of “DTU” for the medical field, and “DTF” for the education market recorded steady sales, but “Cintiq” series showed a sales decrease due to the tough market situation. For the Components business; please refer to the "Business Segment Performance" section above. With regards to the ECS business, refer also to the "Business Segment Performance" section above.

As a result, sales in Japan ended at ¥5.21bn (-27.2% YoY), and OP ¥1.71bn (-43.2% YoY).

U.S.

In this market, of which the U.S. subsidiary is in charge, a decrease in consumer consumption, caused by the economic slowdown still didn't recover and the sales continued to remain in a severe situation as a whole. Sales of the professional tablet decreased due to weak corporate user demand which doesn't show recovery, despite the high evaluation for “Intuos4” released in March. The consumer tablet “Bamboo” series recorded a sales decrease due to the high ratio of low-priced products in the previous series 1 of “Bamboo” . On the other hand, the new series 2 of “Bamboo” launched in September made a favorable impression on users. As for LCD tablets, sales significantly decreased due to even lower buyer interest attributed to its high price range compared with professional and consumer tablets. Consequently, sales in the U.S. ended at ¥4.21bn (-26.5% YoY), and OP ¥62mn (-86.0% YoY).

Germany

The European market, of which the German subsidiary is in charge, shows signs of having bottomed out, taking into account regional differences. Despite steady sales based on local currency as a whole, sales decreased in 2nd digits influenced by the significant depreciation of the Euro against the Japanese yen compared to the previous fiscal year. Sales of the professional tablets showed a drop due to the high ratio of low-priced “Intuos” series despite the sales volume growth. Sales of the consumer tablet “Bamboo” series recorded a decrease despite maintaining only a slight drop in sales based on the Euro. The new

series 2 of “Bamboo” launched in September made a favorable impression on users. As for LCD tablets, the business enjoyed significant sales volume growth thanks to sales recovery of the “Cintiq” series and the favorable performance of OEM projects for the education field and “SignPad” for digital signature. However the amount of sales decreased due to the unfavorable foreign exchange rates. Geographically, sales in Germany and Italy enjoyed favorable growth, while U.K. and Russia still faced an uphill battle. Accordingly, sales in the European market ended at ¥3.20bn (-15.3% YoY) and the operating profit was ¥119mn (+610.5% YoY).

Asia & Oceania

In the markets, of which subsidiaries in Asia & Oceania are in charge, sales as a whole are showing a recovery trend. Sales of the professional tablets “Intuos” series marked a steady increase, thanks to a favorable sales growth of “Intuos4” released in March and the successful promotion of “Intuos3” for education institutions. On the other hand, sales of the consumer tablet “Bamboo” series didn’t recover and showed a drop, which has continued due to the economy slowdown. The LCD tablet showed a slight drop in sales despite the sales volume increase compared with the previous fiscal year due to unfavorable foreign exchange rates.

Geographically, Taiwan and Australia showed a steady sales increase. Meanwhile, South Korea, India and ASEAN countries were weak in sales. In the Chinese market, the government’s domestic demand expansion plan worked well. As a result, sales showed a recovery to the previous fiscal year level, thanks to favorable sales to government offices and educational institutions.

Therefore, Asia & Oceania sales ended at ¥1.86bn (-3.9% YoY), and OP ¥80mn (-41.3% YoY).

〈Qualitative news for consolidated financial position〉

Total assets increased by ¥0.69bn to ¥26.32bn in 1H of FY09 compared with the end of FY08. The main reasons were a ¥0.40bn increase in other current assets due to the increase of materials supplied to manufacturers at cost for launching new products, and a ¥0.28bn increase in intangible fixed assets due to the acquisition of intellectual property for maintaining the competitiveness and the structuring of the next enterprise resource planning systems.

Total liabilities increased by ¥1.39bn to ¥9.23bn in 1H of FY09 compared with the end of FY08. The reason for the increase by ¥0.93bn in notes and accounts payable was mainly due to the increase in the purchase of materials for the launching of new products.

Total net assets decreased by ¥0.70bn to ¥17.09bn. The main reasons for the decrease were a ¥1.21bn payment of shareholders' dividends and a ¥0.31bn decrease in foreign currency translation adjustments due to the appreciation of the Japanese yen, despite a ¥0.81bn increase in retained earnings for 1H.

Consolidated cash & cash equivalents for FY09 1H decreased by ¥0.20bn (¥1.12bn decrease in FY08 1H) to ¥10.81bn in FY09 1H, compared with the end of FY08.

(Cash Flow from Operating Activities)

Earned operating cash flow for FY09 1H was ¥1.87bn (¥0.45bn gained in FY08 1H). The main reasons were a ¥1.21bn increase in the sum of NPBT and a ¥1.06bn in accounts payable.

(Cash Flow from Investing Activities)

Investing cash flow for FY09 1H was ¥0.66mn (¥0.81mn expended in FY08 1H). The main reason was the purchases of mold, intellectual property, and the next enterprise resource planning systems of ¥0.67mn in fixed assets.

(Cash Flow from Financing Activities)

Financing cash flow for FY09 1H was ¥1.20mn (¥0.82bn expended in FY08 1H). The main reason was a payment of shareholders' dividends of ¥1.20bn.

〈Qualitative news on the forecast of consolidated results〉

For the six month period ending September 30, 2008, The Company recorded that sales fell slightly short of the original forecast; operating profit, recurring profit, and net profit exceeded the original forecast, mainly due to cost improvement and efficient control of operating expense. As for the FY09 forecast ending March 31, 2010, we keep to the original forecast on May 8, 2009, taking into consideration the uncertain business environment during this period.

The Company assumes the average foreign exchange rates to be ¥90 per 1 U.S. dollar and ¥130 per 1 Euro in FY2009 2H.

(Accompanying data)

1. Summary of Consolidated Balance Sheet

(Unit: '000 Yen)

Subject	FY09 1H (as of Sep. 30, 2009)	FY08 (as of Mar. 31, 2009)
	Amount	Amount
(Assets)		
Current Assets		
1. Cash and cash equivalents	10,812,132	9,994,114
2. Notes and accounts receivable	4,064,209	3,897,615
3. Securities	500,000	1,520,000
4. Merchandise and Finished Products	2,396,297	2,164,512
5. Work in process	215,498	162,442
6. Raw Materials and Supplies	515,118	747,434
7. Others	2,759,465	2,357,777
8. Allowance for doubtful accounts	-17,712	-35,689
Total Current Assets	21,245,007	20,808,205
Fixed Assets		
1. Tangible fixed assets		
(1) Buildings and facilities (net amount)	1,759,224	1,867,517
(2) Others (net amount)	2,177,355	2,102,640
Total tangible fixed assets	3,936,579	3,970,157
2. Intangible fixed assets		
(1) Goodwill	91,324	110,098
(2) Others	837,352	538,427
Total intangible fixed assets	928,676	648,525
3. Investment and other assets		
(1) Others	210,098	206,088
(2) Allowance for doubtful accounts	-527	-1,918
Total investment and other assets	209,571	204,170
Total Fixed assets	5,074,826	4,822,852
Total Assets	26,319,833	25,631,057

(Unit: '000 Yen)

Subject	FY09 1H (as of Sep. 30, 2009)	FY08 (as of Mar. 31, 2009)
	Amount	Amount
(Liabilities)		
Current Liabilities		
1. Notes and accounts payable	4,828,964	3,895,717
2. Short-term debt	600,000	600,000
3. Accrued income taxes	336,122	414,881
4. Allowance for bonus payable	449,787	343,537
5. Allowance for board members' bonus payable	44,232	—
6. Others	1,924,239	1,613,275
Total Current Liabilities	8,183,344	6,867,410
Fixed Liabilities		
1. Accrued retirement benefits	446,491	420,151
2. Reserve for retirement benefits for directors and corporate auditors	442,573	429,227
3. Others	155,805	117,782
Total Fixed Liabilities	1,044,869	967,160
Total Liabilities	9,228,213	7,834,570
(Net Assets)		
Shareholders' Equity		
1. Capital Stock	4,195,875	4,195,345
2. Capital Surplus	4,037,289	4,036,759
3. Retained earnings	11,901,518	12,297,513
4. Treasury stock	-1,848,486	-1,848,486
Total Shareholders' Equity	18,286,196	18,681,131
Evaluation & Exchange Conversion		
1. Foreign currency translation adjustments	-1,194,576	-884,644
Total Evaluation & Exchange Conversion	-1,194,576	-884,644
Total Net Assets	17,091,620	17,796,487
Total Liabilities & Net Assets	26,319,833	25,631,057

2. Consolidated Profit & Loss Statement

(Unit: '000 Yen)

Subject	FY08 1H (Apr. 1, 2008 to Sep. 30, 2008)	FY09 1H (Apr. 1, 2009 to Sep. 30, 2009)
	Amount	Amount
Sales	18,595,402	14,477,543
Cost of Goods Sold	9,477,214	7,105,377
Gross Profit	9,118,188	7,372,166
Sales & General Administration Cost	6,562,792	6,222,750
Operating Profit	2,555,396	1,149,416
Non-operating Revenue	67,629	96,622
1. Interest and dividend income	56,692	13,188
2. Exchange gain	—	74,433
3. Others	10,937	9,001
Non-operating Expense	92,090	7,961
1. Interest cost	6,252	5,490
2. Exchange loss	73,887	—
3. Others	11,951	2,471
Recurring Profit	2,530,935	1,238,077
Extraordinary Gain	15,539	—
1. Gain on Sales of Property, Plant and Equipment	854	—
2. Reversal of allowance for doubtful accounts	468	—
3. Legal settlement received	14,217	—
Extraordinary Loss	3,131	27,202
1. Loss on sales of fixed assets	1,265	635
2. Loss on disposal of fixed assets	1,866	26,567
Net Profit before Taxes and Other Adjustments	2,543,343	1,210,875
Income Tax, Inhabitant Tax and Enterprise Tax	970,507	401,782
Net Profit	1,572,836	809,093

3. Summary of Consolidated Cash Flow Statement

(Unit: '000 Yen)

	FY08 1H (Apr. 1, 2008 to Sep. 30, 2008)	FY09 1H (Apr. 1, 2009 to Sep. 30, 2009)
	Amount	Amount
Operating Cash Flow		
Net profit before taxes and other adjustments	2,543,343	1,210,875
Depreciation	310,948	300,628
Increase in allowance (- represents decrease)	7,716	177,553
Interest and dividend income	-56,692	-13,188
Interest cost	6,252	5,490
Decrease in notes and accounts receivable (- represents increase)	-841,722	-754,928
Decrease in inventory (- represents increase)	72,788	-162,685
Increase in notes and accounts payable (- represents decrease)	-117,343	1,063,166
Others	-150,307	403,590
Subtotal	1,774,983	2,230,501
Interest and dividend received	33,263	23,037
Interest paid	-6,229	-6,274
Income tax paid	-1,350,115	-374,047
Operating Cash Flow	451,902	1,873,217
Investing Cash Flow		
Payments for purchase of Fixed Assets	-751,636	-666,770
Others	-58,377	3,449
Investing Cash Flow	-810,013	-663,321
Financing Cash Flow		
Proceeds from stock issuance	221,233	1,042
Payments for shareholders' dividends	-1,044,851	-1,198,741
Financing Cash Flow	-823,618	-1,197,699
Effect of Exchange Rate Changes on Cash and Cash Equivalents	58,515	-214,179
Net Increase in Cash and Cash Equivalents (- represents Decrease)	-1,123,214	-201,982
Cash and Cash Equivalents at beginning of term	13,577,194	11,014,114
Cash and Cash Equivalents at end of term	12,453,980	10,812,132

4. Segment Information

[By Division]

FY08 1H (April 1, 2008 – September 30, 2008)

(Unit: '000 Yen)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
I Sales					
(1) Sales towards external customers	18,198,928	396,474	18,595,402	—	18,595,402
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	18,198,928	396,474	18,595,402	—	18,595,402
Operating Profit	3,563,445	35,496	3,598,941	-1,043,545	2,555,396

FY09 1H (April 1, 2009 – September 30, 2009)

(Unit: '000 Yen)

	ESD Business	ECS Business	Total	Internal Elimination	Consolidated
I Sales					
(1) Sales towards external customers	14,284,883	192,660	14,477,543	—	14,477,543
(2) Sales between internal segments and internal transfer	—	—	—	—	—
Total	14,284,883	192,660	14,477,543	—	14,477,543
Operating Profit	2,031,371	-49,894	1,981,477	-832,061	1,149,416

[By Area]

FY08 1H (April 1, 2008 – September 30, 2008)

(Unit: '000 Yen)

	Japan	US	Europe	Asia & Oceania	Total	Internal Elimination	Consolidated
I Sales							
(1) Sales towards external customers	7,158,282	5,726,336	3,777,198	1,933,586	18,595,402	—	18,595,402
(2) Sales between internal segments and internal transfer	7,646,033	112,106	—	16,628	7,774,767	-7,774,767	—
Total	14,804,315	5,838,442	3,777,198	1,950,214	26,370,169	-7,774,767	18,595,402
Operating Profit	3,015,843	444,699	16,703	135,509	3,612,754	-1,057,358	2,555,396

FY09 1H (April 1, 2009 – September 30, 2009)

(Unit: '000 Yen)

	Japan	US	Germany	Asia & Oceania	Total	Internal Elimination	Consolidated
I Sales							
(1) Sales towards external customers	5,213,364	4,207,844	3,198,096	1,858,239	14,477,543	—	14,477,543
(2) Sales between internal segments and internal transfer	6,542,369	169,517	24,779	92,234	6,828,899	-6,828,899	—
Total	11,755,733	4,377,361	3,222,875	1,950,473	21,306,442	-6,828,899	14,477,543
Operating Profit	1,712,668	62,434	118,669	79,504	1,973,275	-823,859	1,149,416

Europe segment has changed to Germany since FY09 1H with the completion of liquidation of Wacom Component Europe (UK).

[Overseas Sales]

FY08 1H (April 1, 2008 – September 30, 2008)

(Unit: '000

Yen)

	US	Europe	Asia & Oceania	Others	Total
I Overseas Sales	5,678,702	3,734,844	5,141,033	188,516	14,743,095
II Consolidated Sales	—	—	—	—	18,595,402
Ratio (%)	30.5	20.1	27.7	1.0	79.3

FY09 1H (April 1, 2009 – September 30, 2009)

(Unit: '000 Yen)

	US	Europe	Asia & Oceania	Others	Total
I Overseas Sales	4,341,638	3,062,372	3,377,249	190,702	10,971,961
II Consolidated Sales	—	—	—	—	14,477,543
Ratio (%)	30.0	21.2	23.3	1.3	75.8

U.S.: U.S., Canada

Europe: U.K., Germany, France, Netherland etc.

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

Others: Middle East, South America, Africa etc.