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# **ANNUAL REPORT 2003**

**YEAR ENDED MARCH 31, 2003**

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**ICOM INCORPORATED**

# Financial Highlights

## ICOM INCORPORATED AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2003, 2002 and 2001

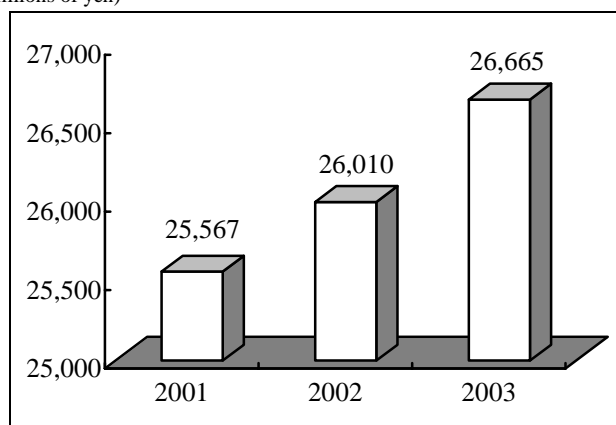
	Millions of yen			Thousands of U.S. dollars
	2003	2002	2001	2003
Net sales	¥ 26,665	¥ 26,010	¥ 25,567	\$ 221,857
Operating income	3,314	2,754	2,623	27,573
Income before income taxes and minority interests	2,293	3,585	3,080	19,078
Net income	1,371	2,069	1,820	11,407
Total assets	38,934	38,210	36,369	323,937
Per common share:				
	Yen			U.S. dollars
Net assets	¥ 2,327.38	¥ 2,280.23	¥ 2,141.19	\$ 19.36
Net income	88.53	139.34	122.58	0.74
Cash dividends	10.00	10.00	10.00	0.08

**Notes:**

1. All dollar amounts herein refer to U.S. dollars that have been translated from Japanese-yen at ¥120.19=US\$1.00, the exchange rate prevailing on March 31, 2003.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million and thousand.

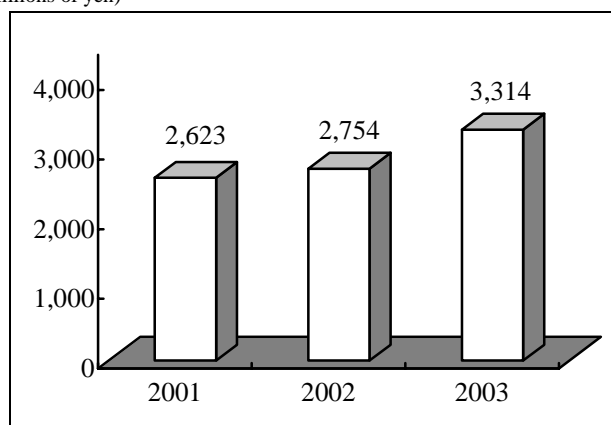
### Net Sales

(Millions of yen)



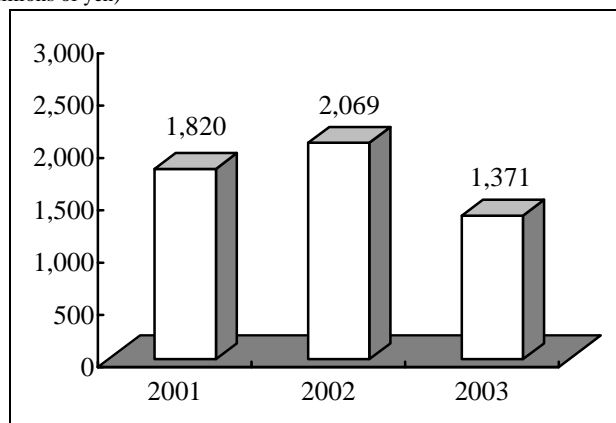
### Operating Income

(Millions of yen)



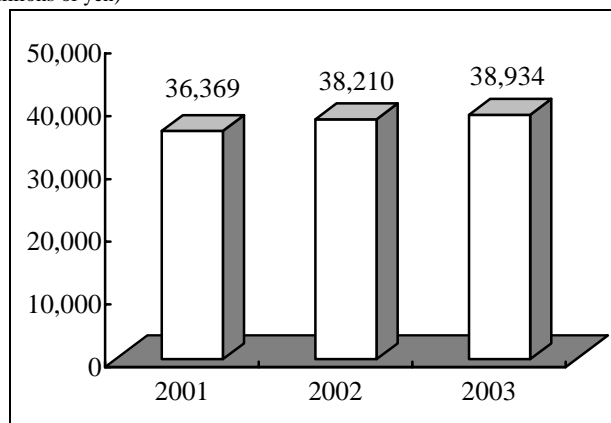
### Net Income

(Millions of yen)



### Total Assets

(Millions of yen)



# Operating Highlights

## BUSINESS SEGMENT INFORMATION

Years ended March 31, 2003 and 2002

	Millions of yen				Thousands of U.S. dollars			
	Net sales		Operating income		Net sales		Operating income	
	2003	2002	2003	2002	2003	2002	2003	2002
Radio	¥ 22,889	¥ 21,742	¥ 3,734	¥ 3,316	\$ 190,440	\$ 180,897	\$ 31,067	\$ 27,590
Computer	3,777	4,272	(420)	(562)	31,425	35,543	(3,494)	(4,676)
Elimination	(1)	(4)	0	0	(8)	(33)	0	0
Consolidated Total	26,665	26,010	3,314	2,754	221,857	216,407	27,573	22,914

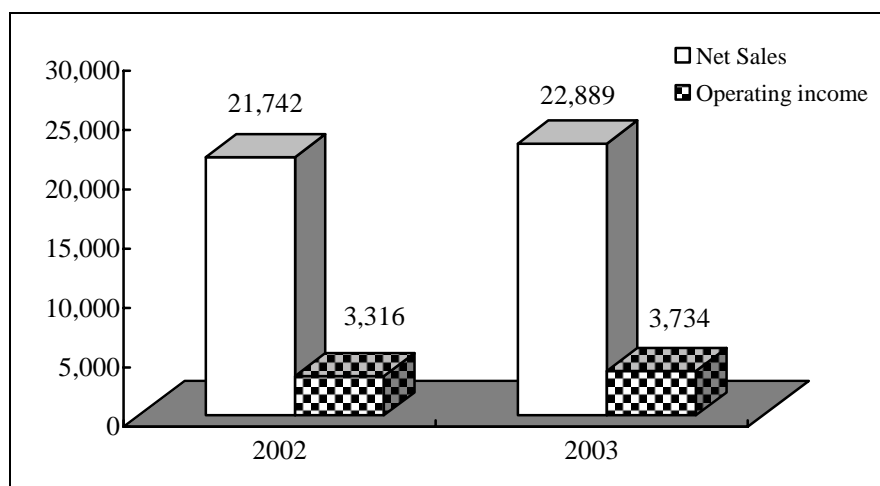
Notes:

1. All dollar amounts herein refer to U.S. dollars that have been translated from Japanese-yen at ¥120.19=US\$1.00, the exchange rate prevailing on March 31, 2003.

2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million and thousand.

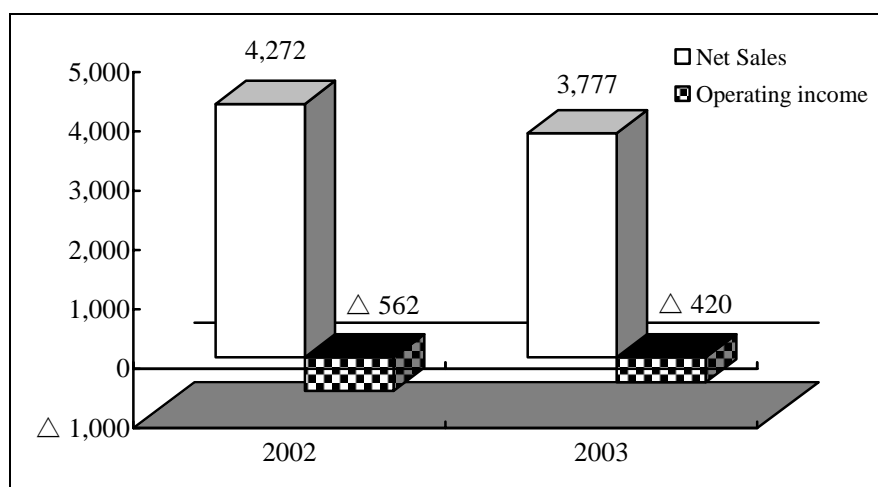
### Radio

(Millions of yen)



### Computer

(Millions of yen)



# Operating Highlights

## GEOGRAPHICAL SEGMENT INFORMATION

Years ended March 31, 2003 and 2002

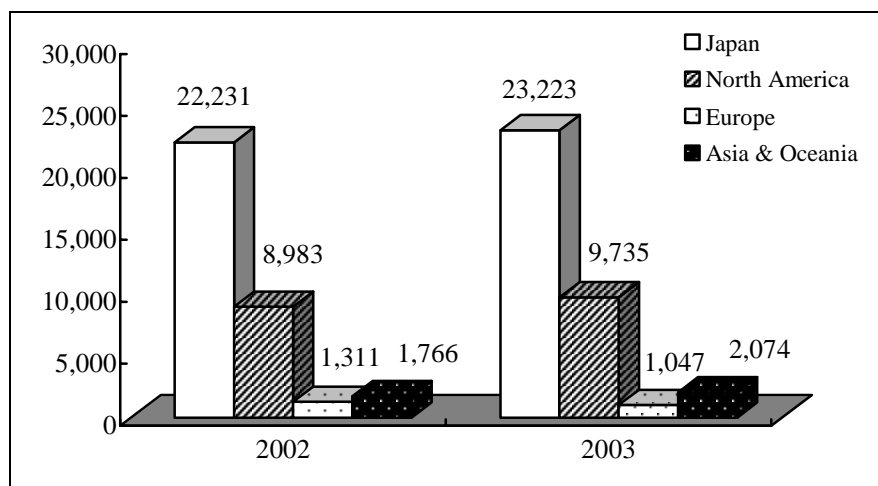
	Millions of yen				Thousands of U.S. dollars			
	Net sales		Operating income		Net sales		Operating income	
	2003	2002	2003	2002	2003	2002	2003	2002
Japan	¥ 23,223	¥ 22,231	¥ 2,582	¥ 1,856	\$ 193,219	\$ 184,965	\$ 21,483	¥ 15,442
North America	9,735	8,983	593	584	80,997	74,740	4,934	4,859
Europe	1,047	1,311	67	118	8,711	10,908	557	982
Asia & Oceania	2,074	1,766	126	103	17,256	14,693	1,048	857
Elimination	(9,414)	(8,281)	(54)	93	(78,326)	(68,899)	(449)	774
Consolidated Total	26,665	26,010	3,314	2,754	221,857	216,407	27,573	22,914

Notes:

1. All dollar amounts herein refer to U.S. dollars that have been translated from Japanese-yen at ¥120.19=US\$1.00, the exchange rate prevailing on March 31, 2003.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million and thousand.

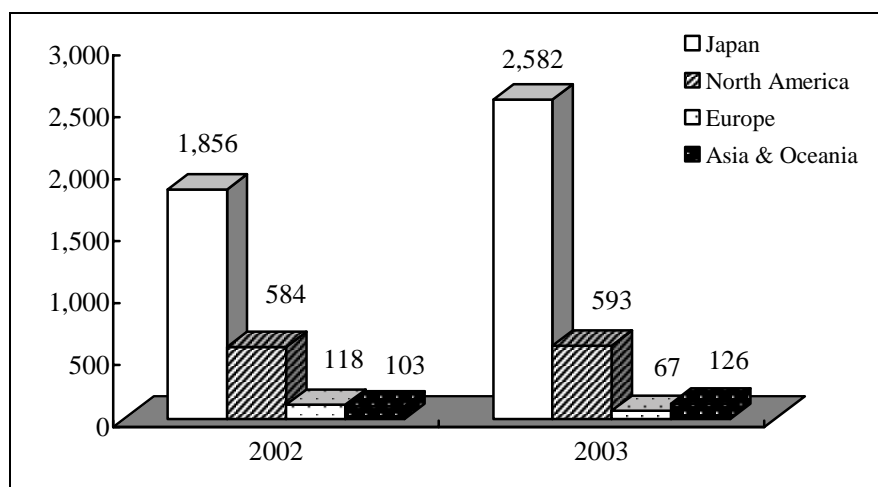
### Net Sales

(Millions of yen)



### Operating Income

(Millions of yen)



# Operating Highlights

## OVERSEAS SALES

Years ended March 31, 2003 and 2002

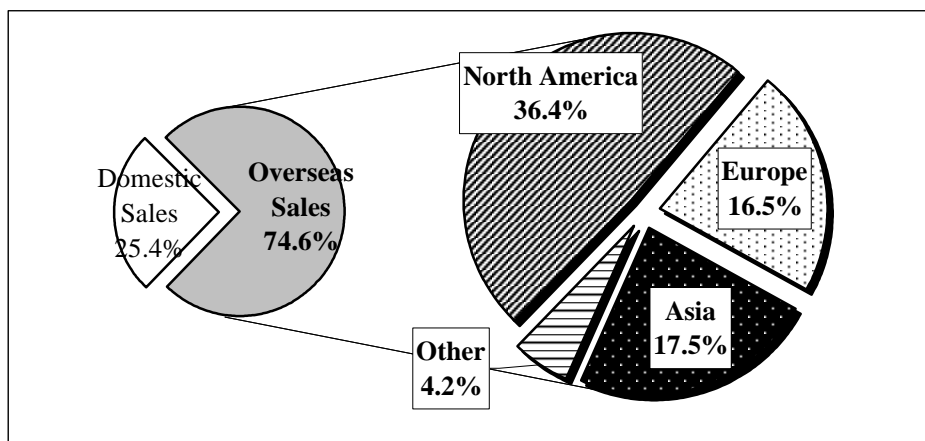
	Millions of yen				Thousands of U.S. dollars	
	2003		2002		2003	2002
North America	¥ 10,107	37.9%	¥ 9,457	36.4%	\$ 84,092	\$ 78,684
Europe	4,591	17.2%	4,299	16.5%	38,198	35,768
Asia	4,431	16.6%	4,555	17.5%	36,867	37,898
Other	1,203	4.5%	1,103	4.2%	10,009	9,177
Overseas Total	20,332	76.2%	19,414	74.6%	169,166	161,527
Domestic Total	6,333	23.8%	6,596	25.4%	52,691	54,880
Consolidated Total	26,665	100.0%	26,010	100.0%	221,857	216,407

Notes:

1. All dollar amounts herein refer to U.S. dollars that have been translated from Japanese-yen at ¥120.19=US\$1.00, the exchange rate prevailing on March 31, 2003.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million and thousand.

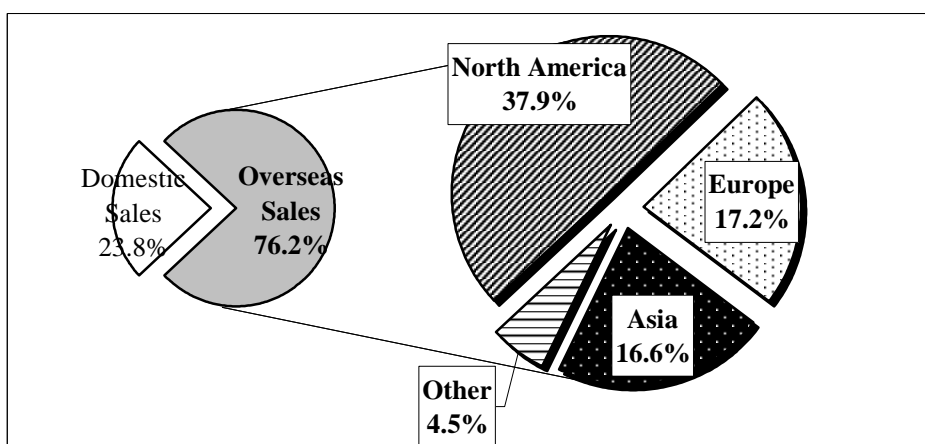
### Net Sales 2002

(Millions of yen)



### Net Sales 2003

(Millions of yen)



ICOM INCORPORATED AND CONSOLIDATED SUBSIDIARIES

# Consolidated Balance Sheets

Years ended March 31, 2003 and 2002

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2003	2002	2003	2002
<b>Current assets:</b>				
Cash and time deposits (Note 7)	¥ 18,537	¥ 15,836	\$ 154,231	\$ 131,758
Marketable securities (Note 9)	2,742	2,890	22,814	24,045
Trade notes and accounts receivables	4,669	4,582	38,847	38,123
Less allowance for doubtful accounts	(91)	(72)	(757)	(599)
	<u>4,578</u>	<u>4,510</u>	<u>38,090</u>	<u>37,524</u>
Inventories (Note 3)	3,618	4,543	30,102	37,798
Deferred income taxes (Note 12)	565	395	4,701	3,287
Other current assets	362	280	3,012	2,330
Total current assets	<u>30,402</u>	<u>28,454</u>	<u>252,950</u>	<u>236,742</u>
<b>Property, plant and equipment:</b>				
Land	3,326	3,313	27,673	27,565
Building and structures	4,647	4,420	38,664	36,775
Machinery and equipment	7,910	8,764	65,812	72,918
Vehicles and vessels	317	304	2,637	2,529
Construction in progress	37	2	308	17
Property, plant and equipment, at cost	<u>16,237</u>	<u>16,803</u>	<u>135,094</u>	<u>139,804</u>
Less accumulated depreciation	(9,569)	(10,194)	(79,615)	(84,816)
Property, plant and equipment, net	<u>6,668</u>	<u>6,609</u>	<u>55,479</u>	<u>54,988</u>
<b>Investments and other assets:</b>				
Investment securities (Note 9)	425	1,688	3,536	14,045
Deferred income taxes (Note 12)	549	372	4,568	3,095
Other investments	901	994	7,496	8,270
Other assets	110	183	915	1,522
Less allowance for doubtful accounts	(121)	(90)	(1,007)	(749)
Total Investments and other assets	<u>1,864</u>	<u>3,147</u>	<u>15,508</u>	<u>26,183</u>
<b>Total Assets</b>	<u>¥ 38,934</u>	<u>¥ 38,210</u>	<u>\$ 323,937</u>	<u>\$ 317,913</u>

See accompanying notes to consolidated financial statements

ICOM INCORPORATED AND CONSOLIDATED SUBSIDIARIES

# Consolidated Balance Sheets

Years ended March 31, 2003 and 2002

Liabilities and shareholders' equity	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2003	2002	2003	2002
<b>Current liabilities:</b>				
Accounts payable - Trade	¥ 1,299	¥ 1,321	\$ 10,808	\$ 10,991
Accounts payable - Other	446	458	3,711	3,811
Accrued income taxes	716	737	5,957	6,132
Deferred income taxes (Note 12)	0	-	0	-
Accrued expenses	911	864	7,580	7,188
Other current liabilities	67	73	557	607
Total current liabilities	<u>3,439</u>	<u>3,453</u>	<u>28,613</u>	<u>28,729</u>
<b>Long-term liabilities:</b>				
Accrued retirement benefits for employees (Note 11)	401	229	3,336	1,905
Accrued retirement benefits for directors	537	548	4,468	4,559
Other long-term liabilities	103	83	857	691
Total long-term liabilities	<u>1,041</u>	<u>860</u>	<u>8,661</u>	<u>7,155</u>
<b>Minority interests in consolidated subsidiaries</b>	<b>43</b>	<b>36</b>	<b>358</b>	<b>300</b>
<b>Shareholders' equity (Note 4):</b>				
Common stock				
Authorized - 34,000,000 shares; Issued - 14,850,000 shares in 2003 and 2002	7,081	7,081	58,915	58,915
Capital surplus	10,449	10,449	86,937	86,937
Retained earnings	16,758	15,594	139,429	129,745
Unrealized holding gains (losses) on securities	(58)	256	(482)	2,130
Translation adjustments	292	481	2,430	4,002
	<u>34,522</u>	<u>33,861</u>	<u>287,229</u>	<u>281,729</u>
Less treasury stock, at cost; 89,972 shares in 2003 and 122 shares in 2002	(111)	(0)	(924)	(0)
Total shareholders' equity	<u>34,411</u>	<u>33,861</u>	<u>286,305</u>	<u>281,729</u>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 38,934</b>	<b>¥ 38,210</b>	<b>\$ 323,937</b>	<b>\$ 317,913</b>

See accompanying notes to consolidated financial statements

*ICOM INCORPORATED AND CONSOLIDATED SUBSIDIARIES*  
**Consolidated Statements of Income**

Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2003	2002	2003	2002
<b>Net sales</b>	¥ 26,665	¥ 26,010	\$ 221,857	\$ 216,407
<b>Cost of sales</b>	16,548	16,884	137,682	140,477
Gross profit	10,117	9,126	84,175	75,930
<b>Selling, general and administrative expenses</b>	6,803	6,372	56,602	53,016
Operating income	3,314	2,754	27,573	22,914
<b>Other income (expenses):</b>				
Interest and dividend income	215	317	1,789	2,637
Interest expenses	(0)	(1)	(0)	(8)
Gain on sales of securities, net	203	0	1,689	0
Write-down of securities	(27)	(145)	(224)	(1,206)
Foreign exchange gain (loss), net	(960)	1,214	(7,987)	10,101
Loss on disposal of inventories	(115)	(192)	(957)	(1,598)
Write-down of inventories	(52)	(45)	(433)	(374)
Sales discount	(247)	(252)	(2,055)	(2,097)
Equity in losses of affiliates	(2)	-	(17)	-
Other, net	(36)	(65)	(300)	(541)
Income before income taxes and minority interests	(1,021)	831	(8,495)	6,914
Income before income taxes and minority interests	2,293	3,585	19,078	29,828
<b>Income taxes:</b>				
Current	1,043	1,600	8,678	13,312
Deferred	(127)	(89)	(1,057)	(740)
	916	1,511	7,621	12,572
<b>Minority interests</b>	(6)	(5)	(50)	(42)
<b>Net income</b>	¥ 1,371	¥ 2,069	\$ 11,407	\$ 17,214

See accompanying notes to consolidated financial statements

ICOM INCORPORATED AND CONSOLIDATED SUBSIDIARIES

# Consolidated Statements of Shareholders' Equity

Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2003	2002	2003	2002
<b>Common stock</b>				
Balance at beginning of the year				
2003 – 14,850,000 shares;				
2002 – 14,850,000 shares;				
2001 – 14,850,000 shares	¥ 7,081	¥ 7,081	\$ 58,915	\$ 58,915
Balance at end of the year				
2003 – 14,850,000 shares;				
2002 – 14,850,000 shares;				
2001 – 14,850,000 shares	¥ 7,081	¥ 7,081	\$ 58,915	\$ 58,915
<b>Capital surplus</b>				
Balance at beginning of the year	¥ 10,449	¥ 10,449	\$ 86,937	\$ 86,937
Balance at end of the year	¥ 10,449	¥ 10,449	\$ 86,937	\$ 86,937
<b>Retained earnings</b>				
Balance at beginning of the year	¥ 15,594	¥ 13,727	\$ 129,745	\$ 114,211
Net income	1,371	2,069	11,407	17,214
Cash dividends paid	(148)	(148)	(1,231)	(1,231)
Bonuses to directors and statutory auditors	(59)	(54)	(492)	(449)
Balance at end of the year	¥ 16,758	¥ 15,594	\$ 139,429	\$ 129,745
<b>Unrealized holding gains (losses) on securities</b>				
Balance at beginning of the year	¥ 256	¥ 327	\$ 2,130	\$ 2,721
Net changes during the year	(314)	(71)	(2,612)	(591)
Balance at end of the year	¥ (58)	¥ 256	\$ (482)	\$ 2,130
<b>Translation adjustments</b>				
Balance at beginning of the year	¥ 481	¥ 213	\$ 4,002	\$ 1,772
Net changes during the year	(189)	268	(1,572)	2,230
Balance at end of the year	¥ 292	¥ 481	\$ 2,430	\$ 4,002

See accompanying notes to consolidated financial statements

*ICOM INCORPORATED AND CONSOLIDATED SUBSIDIARIES*  
**Consolidated Statements of Cash Flows**

Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2003	2002	2003	2002
<b>Operating activities:</b>				
Income before income taxes and minority interests	¥ 2,293	¥ 3,585	\$ 19,078	\$ 29,828
Depreciation and amortization	873	915	7,263	7,613
Interest and dividend income	(215)	(317)	(1,789)	(2,637)
Interest expenses	0	1	0	8
Foreign exchange (gain) loss, net	1,046	(1,085)	8,703	(9,027)
Notes and accounts receivable	(318)	(14)	(2,646)	(116)
Inventories	767	416	6,382	3,461
Notes and accounts payable	143	(120)	1,190	(999)
Other	209	512	1,739	4,259
Subtotal	<u>4,798</u>	<u>3,893</u>	<u>39,920</u>	<u>32,390</u>
Income taxes paid	<u>(1,109)</u>	<u>(1,701)</u>	<u>(9,227)</u>	<u>(14,152)</u>
<b>Net cash provided by operating activities</b>	<b><u>3,689</u></b>	<b><u>2,192</u></b>	<b><u>30,693</u></b>	<b><u>18,238</u></b>
<b>Investing activities:</b>				
Decrease in time deposits with original maturities over three months	-	94	-	782
Purchase of marketable securities	(200)	(345)	(1,664)	(2,871)
Proceeds from sales of marketable securities	500	743	4,160	6,182
Purchase of property, plant and equipment	(902)	(640)	(7,505)	(5,325)
Purchase of other assets	(11)	(111)	(92)	(924)
Purchase of investment securities	(248)	(1,153)	(2,063)	(9,593)
Proceeds from sales of investment securities	1,370	1,664	11,399	13,845
Interest and dividend income received	216	330	1,797	2,746
Other	1	514	8	4,277
<b>Net cash used in investing activities</b>	<b><u>726</u></b>	<b><u>1,096</u></b>	<b><u>6,040</u></b>	<b><u>9,119</u></b>
<b>Financing activities:</b>				
Increase (decrease) in short-term bank loans	-	(522)	-	(4,343)
Proceeds from sales of treasury stock	-	(0)	-	(0)
Purchase of treasury stock	(111)	(0)	(924)	(0)
Interest expenses paid	(0)	(1)	(0)	(8)
Cash dividends paid	(149)	(149)	(1,239)	(1,240)
<b>Net cash used in financing activities</b>	<b><u>(260)</u></b>	<b><u>(672)</u></b>	<b><u>(2,163)</u></b>	<b><u>(5,591)</u></b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b><u>(1,308)</u></b>	<b><u>1,343</u></b>	<b><u>(10,883)</u></b>	<b><u>11,174</u></b>
<b>Increase in cash and cash equivalents</b>	<b><u>2,847</u></b>	<b><u>3,959</u></b>	<b><u>23,687</u></b>	<b><u>32,940</u></b>
<b>Cash and cash equivalents at beginning of year</b>	<b><u>18,222</u></b>	<b><u>14,263</u></b>	<b><u>151,610</u></b>	<b><u>118,670</u></b>
<b>Cash and cash equivalents at end of year</b>	<b><u>21,069</u></b>	<b><u>18,222</u></b>	<b><u>175,297</u></b>	<b><u>151,610</u></b>

See accompanying notes to consolidated financial statements

# Notes to Consolidated Financial Statements

## 1. Basis of Presenting Consolidated Financial Statements

ICOM INCORPORATED (the "Company") and its domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Commercial Code of Japan (the "Code") and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The Company's overseas subsidiaries maintain their accounts and records in conformity with generally accepted accounting principles and practices prevailing in their respective countries of domicile.

The accompanying consolidated financial statements are prepared based on the consolidated financial statements of the Company and its subsidiaries (the "Group") which were filed with the Director of Kanto Local Finance Bureau as required by the Securities and Exchange Law.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the reader, using the approximate exchange rate at March 31, 2003, which was ¥120.19 to US\$1.00. These convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

## 2. Summary of Significant Accounting Policies

### (a) Consolidation Principles

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in the affiliates over which the Company has the ability to exercise significant influence (mainly 20-50 percent owned companies) are accounted for using the equity method.

Under the control or influence concept, a company in which a parent company and/or its consolidated subsidiaries, directly or indirectly, are able to exercise control over operations is fully consolidated, and other companies over which the company and/or its consolidated subsidiaries have the ability to exercise significant influence is accounted for by the equity method.

Investment in a remaining affiliate is stated at cost except that write-downs are recorded for the value of investments that have been permanently impaired. If the equity method of accounting had been applied to these investments, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

### (b) Marketable securities and Investment Securities

Securities are classified into two categories: equity investments in associates and other securities.

Other securities with market values are carried at fair value with the unrealized gains and losses, net of income tax, reported in a separate component of shareholders' equity.

Other securities with no market values are carried at cost. The cost is determined by the moving average method.

### (c) Inventories

Finished goods .....	principally cost being determined by the moving average method, except for the lower of cost or market for some overseas subsidiaries
Work in process .....	cost being determined by the moving average method
Raw materials and supplies (for repair and R&D).....	the lower of the moving average cost or market
Merchandise and supplies (other).....	principally at the most recent purchase prices

### (d) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation for the Company and its domestic subsidiaries is computed at rates based on the estimated useful lives of assets using the declining-balance method except for buildings for which the straight-line method is applied. Depreciation for the Company's overseas subsidiaries is computed at rates based on the estimated useful lives of assets using both the accelerated and the straight-line method.

# Notes to Consolidated Financial Statements

## **(e) Computer Software**

Expenditure relating to computer software developed for internal use is charged to income when incurred, except if it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and is amortized using the straight-line method over its estimated useful life which is in the range of 3 to 5 years.

## **(f) Allowance for Doubtful Accounts**

The allowance for doubtful accounts is computed based on the actual ratio of bad debts in the past and an estimate of certain uncollectible amounts determined by an analysis of specific individual receivables.

## **(g) Accrued Retirement Benefits**

The accrued retirement benefits for employees are provided based on the amount of projected benefit obligation reduced by pension plan assets at fair value at the end of the annual period.

The retirement benefits for directors and statutory auditors are paid based on the Company regulation subject to the approval at the shareholders' meeting.

The accrued retirement benefit for directors are set up annually as the cost for the year can be estimated on the Company regulation.

## **(h) Translation of Foreign Currencies**

Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rates in effect on the respective balance sheet dates. Revenue and expenses are translated at the average rates of exchange for the respective years. Every monetary assets and liabilities denominated in foreign currencies are translated into yen at the rate of exchange in effect at the balance sheet date and translation adjustments of foreign currency financial statements are reflected in shareholders' equity and minority interests in the consolidated balance sheets.

## **(i) Leases**

In Japan, finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operating leases.

## **(j) Hedge Accounting**

Foreign exchange contracts that meet the criteria are accounted for under the allocation method, which requires recognized foreign currency receivables or payables to be translated using the corresponding foreign exchange contract rates.

## **(k) Treasury Stock and Reversal of Legal Reserves**

Effective from April 1, 2002, the Company adopted the Financial Accounting Standard No.1, "Accounting Standard on Treasury Stock and Reversal of Legal Reserves". The effect of adopting this standard on net income is insignificant.

## **(l) Earnings per Share**

The Company has adopted the Financial Accounting Standard No.2, "Accounting Standards for Earnings per Share", and the Financial Accounting Standards Implementation Guidance No.4, "Implementation Guidance for the Accounting Standards for Earnings per Share," since the year beginning April 1, 2002. The effect of adopting these standards is disclosed in Note 15.

## **(m) Appropriation of Retained Earnings**

Under the Code, the appropriation of retained earnings with respect to the year ended March 31, 2003 was made by resolutions of the shareholders at the annual meeting held subsequent to the close of the year. Therefore, the accounts for the year do not reflect such appropriations. See Note 17.

## **(n) Consolidated Statements of Cash Flows**

For the purposes of cash flow statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of overdrafts and all highly liquid investments with maturities of three months or less.

# Notes to Consolidated Financial Statements

## 3. Inventories

Inventories at March 31, 2003 and 2002 comprised the following:

	Millions of yen		Thousands of U.S. dollars	
	2003	2002	2003	2002
Merchandise & Finished products	¥ 2,292	¥ 3,084	\$ 19,069	\$ 25,659
Work in process	46	62	383	516
Raw material and supplies	1,280	1,397	10,650	11,623
	<b>3,618</b>	<b>4,543</b>	<b>30,102</b>	<b>37,798</b>

## 4. Shareholders' Equity

The Code requires the Company to transfer an amount equal to at least 10% of appropriations paid in cash to the legal reserve. Under the revised Code effective on October 1, 2001, the Company may not appropriate retained earnings to the legal reserve when the total balance of the legal reserve and additional paid-in capital equals to 25% of common stock. Amounts of the legal reserve and additional paid-in capital in excess of 25% of common stock, subject to a shareholders' approval, may be used for dividend distributions.

## 5. Stock Option Plans

The Company has stock option plans and the following is outlines of the plans:

### Plans approved on June 29, 2000:

Qualified persons.....	7 directors of the Company
Number of shares granted.....	70,000 shares
Exercise price .....	¥ 2,101

### Plans approved on June 27, 2001:

Qualified persons.....	7 directors and 113 employees of the Company
Number of shares granted.....	186,000 shares
Exercise price .....	¥ 1,199

### Plans approved on June 26, 2003:

Qualified persons.....	directors, auditors and employees of the Company and its domestic subsidiaries
Number of shares granted.....	up to 400,000 shares
Exercise price .....	a price determined by multiplying by 1.03 the average market price of the Company's common stock in previous month of the grant date

## 6. Research and Development

Research and development expenditure charged to income was ¥1,758 million (\$14,627 thousand) and ¥1,606 million (\$13,362 thousand) for the years ended March 31, 2003 and 2002, respectively.

## 7. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2003	2002	2003	2002
Cash and time deposits (in the consolidated balance sheets)	¥ 18,537	¥ 15,836	\$ 154,231	\$ 131,758
Marketable securities	2,742	2,890	22,813	24,045
Subtotal	21,279	18,726	177,044	155,803
Time deposit (due after 3 months)	(3)	(4)	(25)	(33)
Marketable securities (due after 3 months)	(207)	(500)	(1,722)	(4,160)
Cash and cash equivalents (in the consolidated statements of cash flow)	<b>21,069</b>	<b>18,222</b>	<b>175,297</b>	<b>151,610</b>

# Notes to Consolidated Financial Statements

## 8. Leases

Pro forma information relating to acquisition costs, accumulated depreciation and future minimum lease payments for property held under finance leases which do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2003 and 2002, is as follows:

	Millions of yen		Thousands of U.S. dollars	
	2003	2002	2003	2002
Acquisition cost	¥ -	¥ 10	\$ -	\$ 83
Accumulated depreciation	-	9	-	75
Net leased property	-	1	-	8

Note 1: All the above amounts are related to "Machinery and equipment".

Note 2: The acquisition costs under finance leases include the imputed interest expense portion.

Future minimum lease payments under finance leases as of March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2003	2002	2003	2002
Due within 1 year	¥ -	¥ 1	\$ -	\$ 8
Due over 1 year	-	-	-	-
Total	-	1	-	8

Note 1: The future minimum lease payments under finance leases include the imputed interest expense portion.

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1 million (\$8 thousand) and ¥2 million (\$17 thousand) for the years ended March 31, 2003 and 2002, respectively.

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method over the lease period as its useful lives with no residual value, would have been ¥1 million (\$8 thousand) and ¥2 million (\$17 thousand) for the years ended March 31, 2003 and 2002, respectively.

## 9. Marketable securities and Investment Securities

Marketable securities and investment securities for the year ended March 31, 2003 are as follows:

### (1) Other marketable securities:

	Millions of yen			Thousands of U.S. dollars		
	2003			2003		
	Acquisition Cost	Book Value	Unrealized Gain (Loss)	Acquisition Cost	Book Value	Unrealized Gain (Loss)
Those of the Book Value exceeding the Acquisition Cost						
(1) Stocks	¥ 10	¥ 17	¥ 7	\$ 83	\$ 141	\$ 58
(2) Bonds						
Government, Municipal bonds	-	-	-	-	-	-
Corporate bonds	218	218	0	1,814	1,814	0
Other	-	-	-	-	-	-
(3) Other	-	-	-	-	-	-
Subtotal	228	235	7	1,897	1,955	58
Those of the Book Value not exceeding the Acquisition Cost						
(1) Stocks	183	174	(9)	1,522	1,447	(75)
(2) Bonds						
Government, Municipal bonds	-	-	-	-	-	-
Corporate bonds	200	199	(1)	1,664	1,656	(8)
Other	-	-	-	-	-	-
(3) Other	-	-	-	-	-	-
Subtotal	383	373	(10)	3,186	3,103	(83)
Total	611	608	(3)	5,083	5,058	(25)

### (2) Other securities sold during the fiscal year under review:

	Millions of yen		Thousands of U.S. dollars	
	2003		2003	
Sales price	¥	3,493	\$	29,062
Total gain on sales		203		1,689
Total loss on sales		0		0

# Notes to Consolidated Financial Statements

**(3) Non-marketable securities:**

	Millions of yen		Thousands of U.S. dollars	
	2003		2003	
	Book Value		Book Value	
Other securities				
Unlisted stocks (except for the over-the-counter stocks)	¥	16	\$	133
Money market fund		2,535		21,092
Total		2,551		21,225

**(4) Maturity values expected for securities with maturity and bonds held for the maturity out of other securities:**

	Millions of yen		Thousands of U.S. dollars	
	2003		2003	
	Within 1 year	Over 1 year but within 5 years	Within 1 year	Over 1 year but within 5 years
(1) Bonds				
Government, Municipal bonds	¥	-	¥	-
Corporate bonds		207	\$	1,722
Other		-		-
(2) Other		-		-
Total		207		1,722
		210		1,747

Marketable securities and investment securities for the year ended March 31, 2002 are as follows:

**(1) Other marketable securities:**

	Millions of yen			Thousands of U.S. dollars		
	2002			2002		
	Acquisition Cost	Book Value	Unrealized Gain (Loss)	Acquisition Cost	Book Value	Unrealized Gain (Loss)
Those of the Book Value exceeding the Acquisition Cost						
(1) Stocks	¥ 305	¥ 520	¥ 215	\$ 2,537	\$ 4,326	\$ 1,789
(2) Bonds						
Government, Municipal bonds	-	-	-	-	-	-
Corporate bonds	18	18	0	150	150	0
Other	-	-	-	-	-	-
(3) Other	1,007	1,073	66	8,378	8,927	549
Subtotal	1,330	1,611	281	11,065	13,403	2,338
Those of the Book Value not exceeding the Acquisition Cost						
(1) Stocks	5	5	(0)	42	42	(0)
(2) Bonds						
Government, Municipal bonds	-	-	-	-	-	-
Corporate bonds	200	200	(0)	1,664	1,664	(0)
Other	300	300	(0)	2,496	2,496	(0)
(3) Other	-	-	-	-	-	-
Subtotal	505	505	(0)	4,202	4,202	(0)
Total	1,835	2,116	281	15,267	17,605	2,338

**(2) Other securities sold during the fiscal year under review:**

	Millions of yen	Thousands of U.S. dollars
	2002	2002
Sales price	¥ 1,492	\$ 12,414
Total gain on sales	210	1,747
Total loss on sales	209	1,739

**(3) Non-marketable securities:**

	Millions of yen	Thousands of U.S. dollars
	2002	2002
	Book Value	Book Value
Other securities		
Unlisted stocks (except for the over-the-counter stocks)	¥ 72	\$ 599
Money market fund	2,390	19,885
Total	2,462	20,484

# Notes to Consolidated Financial Statements

**(4) Maturity values expected for securities with maturity and bonds held for the maturity out of other securities:**

	Millions of yen		Thousands of U.S. dollars	
	2002		2002	
	Within 1 year	Over 1 year but within 5 years	Within 1 year	Over 1 year but within 5 years
(1) Bonds				
Government, Municipal bonds	¥ -	¥ -	\$ -	\$ -
Corporate bonds	200	18	1,664	150
Other	300	0	2,496	0
(2) Other	-	1,018	-	8,470
Total	500	1,036	4,160	8,620

## 10. Derivatives and Hedging Activities

Derivative financial instruments are utilized by the Company principally to reduce foreign exchange rate risk. The Company has established a control environment which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Company does not hold or issue derivative financial instruments for trading purposes.

The Group is exposed to certain market risks arising from its forward exchange contracts. The Group is also exposed to the risk of credit loss in the event of non-performance by the counterparties to the currency; however, the Group does not anticipate non-performance by any of these counterparties all of whom are financial institutions with high credit ratings.

Foreign exchange contracts that meet the criteria are accounted for under the allocation method, which requires recognized foreign currency receivables or payables to be translated using the corresponding foreign exchange contract rates.

## 11. Accrued Retirement Benefits

The following tables set forth the changes in benefit obligation, plan assets and funded status of the Company and its subsidiaries at March 31, 2003 and 2002.

	Millions of yen		Thousands of U.S. dollars	
	2003	2002	2003	2002
Benefit obligation at end of the year	¥ (3,219)	¥ (2,892)	\$ (26,782)	\$ (24,061)
Fair value of plan assets at end of the year	1,425	1,459	11,856	12,139
Unfunded retirement benefit obligation	(1,794)	(1,433)	(14,926)	(11,922)
Unrecognized net transition obligation at date of adoption	474	513	3,944	4,268
Unrecognized actuarial gain	919	691	7,646	5,749
Accrued retirement benefits for employees	(401)	(229)	(3,336)	(1,905)

Note: Some domestic subsidiaries have adopted allowed alternative treatment of the accounting standards for retirement benefit for small business entity.

Severance and pension costs of the Company and its subsidiaries included the following components for the years ended March 31, 2003 and 2002.

	Millions of yen		Thousands of U.S. dollars	
	2003	2002	2003	2002
Service cost	¥ 193	¥ 166	\$ 1,606	\$ 1,381
Interest cost	56	66	466	549
Expected return on plan assets	(28)	(41)	(233)	(341)
Amortization of transition obligation at date of adoption	39	39	324	325
Amortization of actuarial gain	71	17	591	141
Net periodic benefit cost	331	247	2,754	2,055

Note: The net periodic benefit cost of the domestic subsidiaries, who have adopted allowed alternative treatment of the accounting standards for retirement benefit for small business entity, are included in the service cost.

# Notes to Consolidated Financial Statements

Assumption used in the accounting for the defined benefit plans for the years ended March 31, 2003 and 2002 are as follows:

	2003	2002
Method of attributing benefit to periods of service	<b>Straight-line basis</b>	Straight-line basis
Discount rate	<b>2.0%</b>	2.0%
Long-term rate of return on fund assets	<b>2.0%</b>	2.0%
Amortization period for prior service cost	<b>-</b>	-
Amortization period for actuarial gain	<b>10 years</b>	10 years
Amortization period for transition obligation at date of adoption	<b>15 years</b>	15 years

## 12. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local taxes based on income, which, in the aggregate, resulted in a normal statutory tax rate of approximately 42% for both 2003 and 2002. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets or liabilities at March 31, 2003 and 2002 are presented below:

	Millions of yen		Thousands of U.S. dollars	
	2003	2002	2003	2002
Deferred tax assets:				
Unrealized profit on inventories	¥ 255	¥ 236	\$ 2,122	\$ 1,964
Retirement and severance benefit for directors	220	230	1,830	1,914
Retirement and severance benefit for employees	164	95	1,365	790
Accrued bonus	115	95	957	790
Write-down of securities	57	89	474	740
Accrued enterprise taxes	70	68	582	566
Allowance for doubtful accounts	62	-	516	-
Unrealized holding gains (losses) on securities	42	-	349	-
Write-down of inventories	21	50	175	416
Other	119	106	990	882
Total gross deferred tax assets	<u>1,125</u>	<u>969</u>	<u>9,360</u>	<u>8,062</u>
Deferred tax liabilities:				
Unrealized holding gains (losses) on securities	-	(185)	-	(1,539)
Special depreciation reserve	(11)	(11)	(91)	(91)
Other	(0)	(6)	(0)	(50)
Total gross deferred tax liabilities	<u>(11)</u>	<u>(202)</u>	<u>(91)</u>	<u>(1,680)</u>
Net deferred tax assets	<u>1,114</u>	<u>767</u>	<u>9,269</u>	<u>6,382</u>

Under the revised local tax legislation, the aggregate statutory tax rate of the Company has been changed from 42.0% to 41.0% for the years beginning April 1, 2004. The effect of this change is to decrease deferred tax assets (net of deferred tax liabilities) by ¥13 million (\$108 thousand) at March 31, 2003 and to increase deferred income taxes by ¥13 million (\$108 thousand) for the year ended March 31, 2003.

## 13. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sales of products in Japan and overseas in two major segments: Radio and Computer segments. The Radio products are manufactured by the Company and Wakayama Icom Inc., and those products are sold in Japan and overseas through the Company and its consolidated subsidiaries. The manufacture in the Computer segment is handled by the Company and Wakayama Icom Inc. and some components and commercial products are supplied by Asia Icom Inc. The market of the Computer segment is mainly in Japan and the products are sold by the Company and its domestic subsidiaries.

# Notes to Consolidated Financial Statements

## (1) Business Segments

The business segment information of the Group for the years ended March 31, 2003 and 2002 is as follows:

Millions of yen					
2003					
	Radio	Computer	Subtotal	Elimination	Consolidated
. Net Sales and Operating Income					
Sales to customers	¥ 22,889	¥ 3,776	¥ 26,665	¥ -	¥ 26,665
Intersegment sales	-	1	1	(1)	-
Total net sales	22,889	3,777	26,666	(1)	26,665
Operating Expenses	19,155	4,197	23,352	(1)	23,351
Operating Income	3,734	(420)	3,314	0	3,314
. Assets, Depreciation and Capital Expenditures					
Assets	35,362	3,572	38,934	(0)	38,934
Depreciation	838	35	873	-	873
Capital Expenditures	1,152	7	1,159	-	1,159

Thousands of U.S. dollars					
2003					
	Radio	Computer	Subtotal	Elimination	Consolidated
. Net Sales and Operating Income					
Sales to customers	\$ 190,440	\$ 31,417	\$ 221,857	\$ -	\$ 221,857
Intersegment sales	-	8	8	(8)	-
Total net sales	190,440	31,425	221,865	(8)	221,857
Operating Expenses	159,373	34,919	194,292	(8)	194,284
Operating Income	31,067	(3,494)	27,573	0	27,573
. Assets, Depreciation and Capital Expenditures					
Assets	294,217	29,720	323,937	(0)	323,937
Depreciation	6,972	291	7,263	-	7,263
Capital Expenditures	9,585	58	9,643	-	9,643

Millions of yen					
2002					
	Radio	Computer	Subtotal	Elimination	Consolidated
. Net Sales and Operating Income					
Sales to customers	¥ 21,742	¥ 4,268	¥ 26,010	¥ -	¥ 26,010
Intersegment sales	-	4	4	(4)	-
Total net sales	21,742	4,272	26,014	(4)	26,010
Operating Expenses	18,426	4,834	23,260	(4)	23,256
Operating Income	3,316	(562)	2,754	0	2,754
. Assets, Depreciation and Capital Expenditures					
Assets	34,681	3,529	38,210	(0)	38,210
Depreciation	869	46	915	-	915
Capital Expenditures	813	5	818	-	818

# Notes to Consolidated Financial Statements

	Thousands of U.S. dollars				
	2002				
	Radio	Computer	Subtotal	Elimination	Consolidated
. Net Sales and Operating Income					
Sales to customers	\$ 180,897	\$ 35,510	\$ 216,407	\$ -	\$ 216,407
Intersegment sales	-	33	33	(33)	-
Total net sales	180,897	35,543	216,440	(33)	216,407
Operating Expenses	153,307	40,219	193,526	(33)	193,493
Operating Income	27,590	(4,676)	22,914	0	22,914
. Assets, Depreciation and Capital Expenditures					
Assets	288,551	29,362	317,913	(0)	317,913
Depreciation	7,230	383	7,613	-	7,613
Capital Expenditures	6,764	42	6,806	-	6,806

## (2) Geographical Segments

The geographical segments of the Group for the years ended March 31, 2003 and 2002 are summarized as follows:

	Millions of yen						
	2003						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Elimination	Consolidated
. Net Sales and Operating Income							
Sales to customers	¥ 15,177	¥ 9,732	¥ 1,040	¥ 716	¥ 26,665	¥ -	¥ 26,665
Intersegment sales	8,046	3	7	1,358	9,414	(9,414)	-
Total net sales	23,223	9,735	1,047	2,074	36,079	(9,414)	26,665
Operating Expenses	20,641	9,142	980	1,948	32,711	(9,360)	23,351
Operating Income	2,582	593	67	126	3,368	(54)	3,314
. Assets	35,349	4,654	563	818	41,384	(2,450)	38,934

	Thousands of U.S. dollars						
	2003						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Elimination	Consolidated
. Net Sales and Operating Income							
Sales to customers	\$ 126,275	\$ 80,972	\$ 8,653	\$ 5,957	\$ 221,857	\$ -	\$ 221,857
Intersegment sales	66,944	25	58	11,299	78,326	(78,326)	-
Total net sales	193,219	80,997	8,711	17,256	300,183	(78,326)	221,857
Operating Expenses	171,736	76,063	8,154	16,208	272,161	(77,877)	194,284
Operating Income	21,483	4,934	557	1,048	28,022	(449)	27,573
. Assets	294,109	38,722	4,684	6,806	344,321	(20,384)	323,937

	Millions of yen						
	2002						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Elimination	Consolidated
. Net Sales and Operating Income							
Sales to customers	¥ 15,221	¥ 8,980	¥ 1,268	¥ 541	¥ 26,010	¥ -	¥ 26,010
Intersegment sales	7,010	3	43	1,225	8,281	(8,281)	-
Total net sales	22,231	8,983	1,311	1,766	34,291	(8,281)	26,010
Operating Expenses	20,375	8,399	1,193	1,663	31,630	(8,374)	23,256
Operating Income	1,856	584	118	103	2,661	93	2,754
. Assets	34,780	4,828	532	918	41,058	(2,848)	38,210

# Notes to Consolidated Financial Statements

	Thousands of U.S. dollars						Consolidated
	2002						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Elimination	
. Net Sales and Operating Income							
Sales to customers	\$ 126,641	\$ 74,715	\$ 10,550	\$ 4,501	\$ 216,407	\$ -	\$ 216,407
Intersegment sales	58,324	25	358	10,192	68,899	(68,899)	-
Total net sales	184,965	74,740	10,908	14,693	285,306	(68,899)	216,407
Operating Expenses	169,523	69,881	9,926	13,836	263,166	(69,673)	193,493
Operating Income	15,442	4,859	982	857	22,140	774	22,914
. Assets	289,375	40,170	4,426	7,638	341,609	(23,696)	317,913

### (3) Overseas Sales

The overseas sales, which include export sales of the Company and sales (other than exports to Japan) of the overseas subsidiaries, for the years ended March 31, 2003 and 2002 are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2003		2002		2003	2002
North America	¥ 10,107	37.9%	¥ 9,457	36.4%	\$ 84,092	\$ 78,684
Europe	4,591	17.2%	4,299	16.5%	38,198	35,768
Asia	4,431	16.6%	4,555	17.5%	36,867	37,898
Other	1,203	4.5%	1,103	4.2%	10,009	9,177
Sales to foreign customers	20,332	76.2%	19,414	74.6%	169,166	161,527
Consolidated net sales	26,665	100.0%	26,010	100.0%	221,857	216,407

## 14. Related Party Transactions

### Directors and Principal Individual Shareholders

Attribute of related parties ..... Companies whose directors and their close relatives own a majority of its voting rights

Company Name ..... Gigapalace (Note 2)

Address ..... Naniwa-ku, Osaka

Capital stock ..... ¥105 million (\$874 thousand)

Principal Business ..... Sales of computers

Percentage of voting rights ..... Direct, 11.56% in 2003, 11.77% in 2002

Relationship;

Number of interlocking directors and corporate auditors ..... None

On business ..... Sales of computers

Transactions and year-end balances:

	Millions of yen		Thousands of U.S. dollars	
	2003	2002	2003	2002
Transactions for the year:				
Sales of computers	¥ 43	¥ 49	\$ 358	\$ 408
Purchase of computers	0	1	0	8
Year-end balances:				
Trade notes and accounts receivables	3	2	25	17
Accounts payable – Other	0	0	0	0

Note 1: Transaction terms and policies

Sales price and other conditions of transactions in terms of computer sales were the same as the ones with other non-related parties.

Note 2: 5 directors of the Company and their close relatives own 95% of Gigapalace's voting rights in 2003.

Mr. Tokuzo Inoue, the Company's director, and his close relatives own 100% of Gigapalace's voting rights in 2002.

Mr. Inoue is also a principal individual shareholder of the Company.

Gigapalace is a principal corporate shareholder of the Company.

Note 3: The amounts of transaction above do not include consumption taxes, while the year-end balances do.

# Notes to Consolidated Financial Statements

## 15. Per Share Information

	Yen		U.S. dollars	
	2003	2002	2003	2002
Net income:				
Basic	¥ 88.53	¥ 139.34	\$ 0.74	\$ 1.16
Diluted	88.40	-	0.74	-
Cash dividends	10.00	10.00	0.08	0.08
Net assets	2,327.38	2,280.23	19.36	18.97

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each period.

Cash dividends per share shown in the statements of income are the amounts applicable to the respective years.

The Company has adopted the Financial Accounting Standard No.2, "Accounting Standards for Earnings per Share", and the Financial Accounting Standards Implementation Guidance No.4, "Implementation Guidance for the Accounting Standards for Earnings per Share", since the year beginning April 1, 2002.

The basic financial data for the computation of basic and diluted net income per share based on the above standards for the year ended March 31, 2003 is as follows:

	Millions of Yen	Thousands of U.S. dollars
	2003	2003
<b>Information on basic net income:</b>		
Net income	¥ 1,371	\$ 11,407
Deduction from net income		
Bonuses to directors and statutory auditors	(58)	(483)
Adjusted net income allocated to common stock	1,313	10,924
Weighted average number of common shares outstanding		14,828,513 shares
<b>Information on basic diluted net income:</b>		
Amounts to be adjusted in consideration of dilutive effect	¥ -	\$ -
Increase in number of common shares in consideration of dilutive effect		22,192 shares
Warrants		22,192 shares

If the Company had adopted the new standards for the year ended March 2003, the per share amount of net assets at March 31, 2002, the basic net income and diluted net income for the year ended March 31, 2002 would have been ¥2,276.29, ¥135.40 and zero, respectively.

## 16. Significant Subsidiaries and Affiliates

The Company's subsidiaries and significant affiliates are as follows:

Name	Ownership Interest	Country of Incorporation	Subsidiaries/Affiliates
Icom America, Inc.	100.0%	United States of America	Consolidated Subsidiary
Icom (Europe) GmbH	100.0%	Germany	Consolidated Subsidiary
Icom (Australia) Pty., Ltd.	92.7%	Australia	Consolidated Subsidiary
Icom Spain, S.L.	100.0%	Spain	Consolidated Subsidiary
Asia Icom Inc.	100.0%	Taiwan	Consolidated Subsidiary
Wakayama Icom Inc.	100.0%	Japan	Consolidated Subsidiary
Icom Information Products Inc.	100.0%	Japan	Consolidated Subsidiary
Comforce Inc.	49.0%	Japan	Affiliate by the equity method

## 17. Subsequent Event

The following appropriations of the Company's retained earnings in respect of the year ended March 31, 2003 were as proposed by Board of Directors and approved by the shareholders at the annual meeting held on June 26, 2003:

	Millions of yen	Thousands of U.S. dollars
	2003	2003
Cash dividends	¥ 74	\$ 616
Bonuses to directors and statutory auditors	58	482
	132	1,098

# Independent Auditors' Report

The Board of Directors  
ICOM INCORPORATED

We have audited the accompanying consolidated balance sheets of ICOM INCORPORATED and consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICOM INCORPORATED and consolidated subsidiaries at March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the years ended March 31, 2003 and 2002 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

June 26, 2003

*See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of ICOM INCORPORATED and consolidated subsidiaries under Japanese accounting principles and practices.*

## **BOARD OF DIRECTORS AND AUDITOR**

Tokuzo Inoue  
*President and Representative Director*

Toshio Hosho  
*Vice President and Director*

Tsutomu Fukui  
*Senior Managing Director*

Kiyoshi Sakurai  
*Director*

Yasuo Hyakudai  
*Director*

Masataka Harima  
*Director*

Nobuo Ogawa  
*Director*

Masanori Kamoto  
*Director*

Hiroshi Shimizu  
*Director*

Kikuji Okumura  
*Director (part-time)*

Naosuke Namikawa  
*Director (part-time)*

Taichiro Itoyama  
*Director (part-time)*

Masaki Mori  
*Auditor (full-time)*

Hiroshi Umemoto  
*Auditor*

Katsunori Sugimoto  
*Auditor*

## **DIRECTORY**

### **Head Office:**

1-1-32, Kamiminami, Hirano-ku,  
Osaka, 547-0003, JAPAN  
Phone: 81-6-6793-5301  
Fax: 81-6-6793-5305  
URL <http://www.icom.co.jp/>

### **Subsidiaries:**

**Icom America, Inc.**  
2380 116<sup>th</sup> Avenue N.E., Bellevue,  
WA 98004, U.S.A.  
Phone: 1-425-454-8155  
Fax: 1-425-454-1509  
URL <http://www.icomamerica.com/>

### **Icom (Europe) GmbH**

Himmelgeister Str. 100, D-40225  
Dusseldorf, GERMANY  
Phone: 49-211-346047  
Fax: 49-211-333639  
URL <http://www.icomeurope.com/>

### **Icom (Australia) Pty., Ltd.**

A.C.N.006 092 575  
290-294 Albert Street, Brunswick  
Victoria, 3056, AUSTRALIA  
Phone: 61-3-9387-0666  
Fax: 61-3-9387-0022  
URL <http://www.icom.net.au/>

### **Icom Spain, S.L.**

“Edificio Can Castanyer” Ctra. Gracia  
a Manresa km.14, 750 08190 Sant Cugat  
Del Valles Barcelona, SPAIN  
Phone: 34-93-590-2670  
Fax: 34-93-589-0446  
URL <http://www.icomspain.com/>

### **Asia Icom Inc.**

6F, No.68, Section 1, Cheng-The,  
Road Taipei, TAIWAN R.O.C.  
Phone: 886-2-2559-1899  
Fax: 886-2-2559-1874

### **Wakayama Icom Inc.**

1866-1, Oaza tokuda, Kibi-chou  
Arita-gun, Wakayama, 643-0101  
JAPAN  
Phone: 81-737-52-6600  
Fax: 81-737-52-6603

### **Icom Information Products Inc.**

1-10-31, Hiranokita, Hirano-ku,  
Osaka, 547-0041, JAPAN  
Phone: 81-6-6793-1101  
Fax: 81-6-6793-8050  
URL <http://www.icom-jk.co.jp/>

### **Affiliates:**

#### **Comforce Inc.**

5F, 3-12-2, Shibaura, Minato-ku,  
Tokyo, 108-0023, JAPAN  
Phone: 81-3-5730-3535  
Fax: 81-3-5476-2828

## **TRANSFER AGENT**

### **UFJ Trust Bank Ltd**

Tokyo Office:  
4-3, Marunouchi 1-chome, Chiyoda-  
ku, Tokyo 100-0005, JAPAN  
Osaka Office:  
6-3, Fushimimachi 3-chome, Chuo-  
ku, Osaka 541-0044, JAPAN

## **INVESTOR RELATIONS**

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Senior Managing Director, Icom Inc.  
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Osaka, 547-0003, JAPAN  
Phone: 81-6-6793-5301  
Fax: 81-6-6793-5305

## **CORPORATE FACTS**

Established: April, 1964  
Employees: 480  
Paid-in-capital: ¥7,081 million  
Authorized shares: 34,000,000  
Issued and Outstanding shares:  
14,850,000  
Shareholders: 2,774  
Stock listed: Tokyo Stock Exchange  
and Osaka Securities Exchange

Shareholders	Thousands of shares
Tokuzo Inoue	4,418
Gigapalace Inc.	1,718
The Master Trust Bank of Japan, Ltd.	961
Yasuda Mutual Life Insurance	533
Hiroshima Bank, Ltd.	359
UFJ Trust Bank, Ltd	331
Sompo Japan Insurance Inc.	265
Employees' Stockholding	246
UFJ Bank, Ltd.	243
Japan Trustee Service Bank, Ltd.	207