ANNUAL REPORT 2009

YEAR ENDED MARCH 31, 2009

ICOM INCORPORATED

Financial Highlights

ICOM INCORPORATED AND SUBSIDIARIES

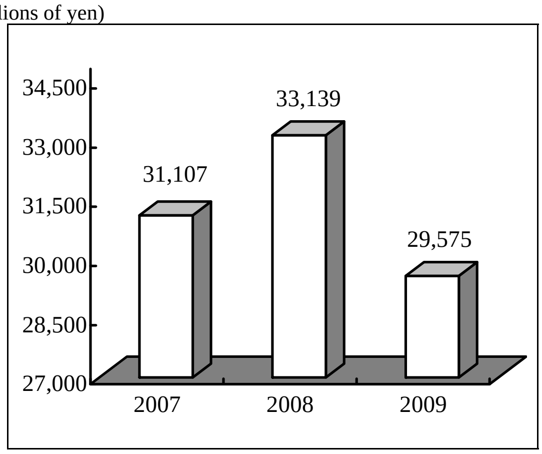
Years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Net sales	**¥ 29,575**	¥ 33,139	¥ 31,107	**$ 301,110**
Operating income	**2,785**	4,817	4,566	**28,355**
Income before income taxes	**1,532**	4,628	5,052	**15,598**
Net income	**998**	2,912	3,205	**10,161**
Total assets	**¥ 49,245**	¥ 51,127	¥ 49,350	**$ 501,374**

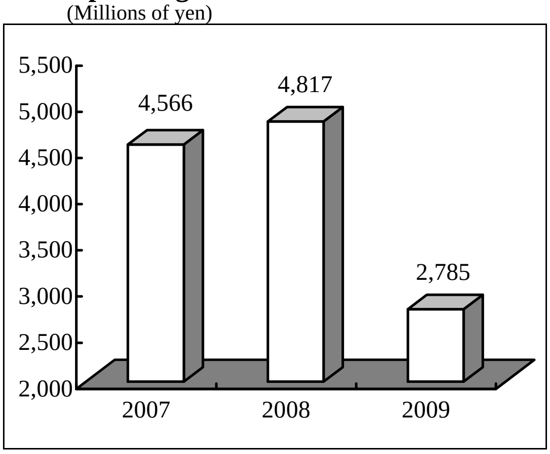
Amounts per share:	Yen			U.S. dollars
Net assets	**¥ 3,086.49**	¥ 3,102.92	¥ 2,999.27	**$ 31.42**
Net income – basic	**67.40**	197.28	217.21	**0.69**
Net income – diluted	**–**	197.24	216.29	**–**
Cash dividends	**40.00**	40.00	40.00	**0.41**

Notes:
1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥98.22 = U.S.$1.00, the exchange rate prevailing on March 31, 2009.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million or thousand.

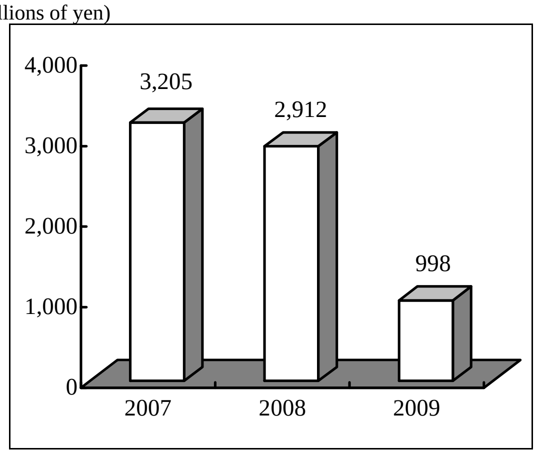
Net Sales
(Millions of yen)



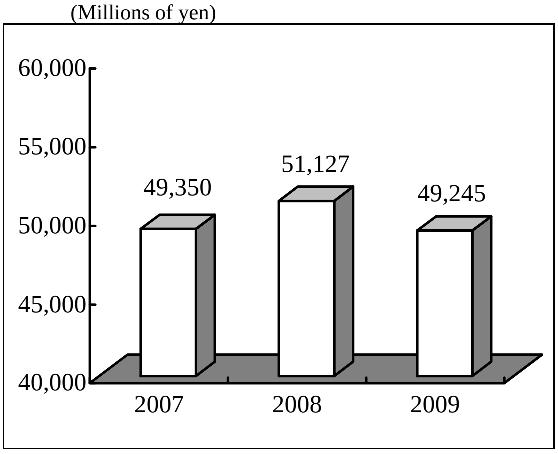
Operating Income
(Millions of yen)



Net Income
(Millions of yen)



Total Assets
(Millions of yen)



Operating Highlights

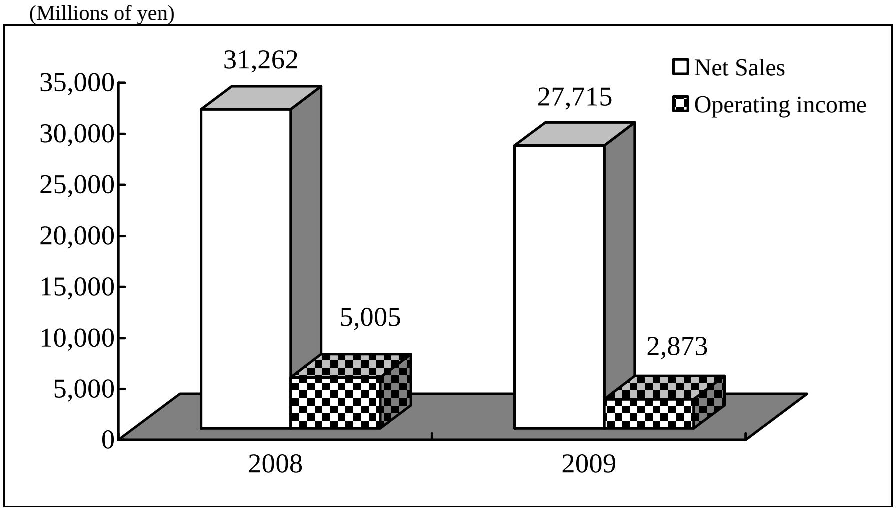
BUSINESS SEGMENT INFORMATION

Years ended March 31, 2009 and 2008

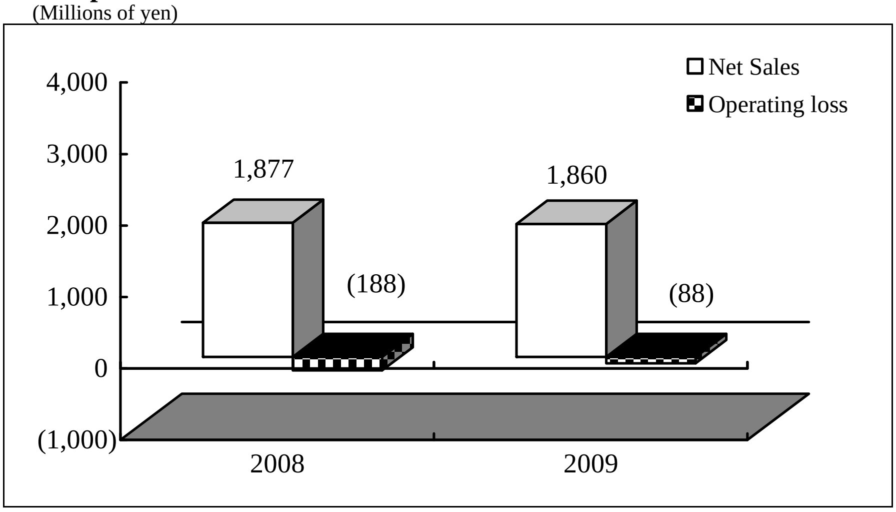
	Millions of yen				Thousands of U.S. dollars	
	Net sales		Operating income (loss)		Net sales	Operating income (loss)
	2009	2008	**2009**	2008	**2009**	**2009**
Radio	**¥ 27,715**	¥ 31,262	**¥ 2,873**	¥ 5,005	**$ 282,173**	**$ 29,251**
Computer	**1,860**	1,877	**(88)**	(188)	**18,937**	**(896)**
Eliminations	**–**	–	**–**	–	**–**	**–**
Consolidated total	**¥ 29,575**	¥ 33,139	**¥ 2,785**	¥ 4,817	**$ 301,110**	**$ 28,355**

Notes:
1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥98.22 = U.S.$1.00, the exchange rate prevailing on March 31, 2009.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million or thousand.

Radio
(Millions of yen)



Computer
(Millions of yen)



Operating Highlights

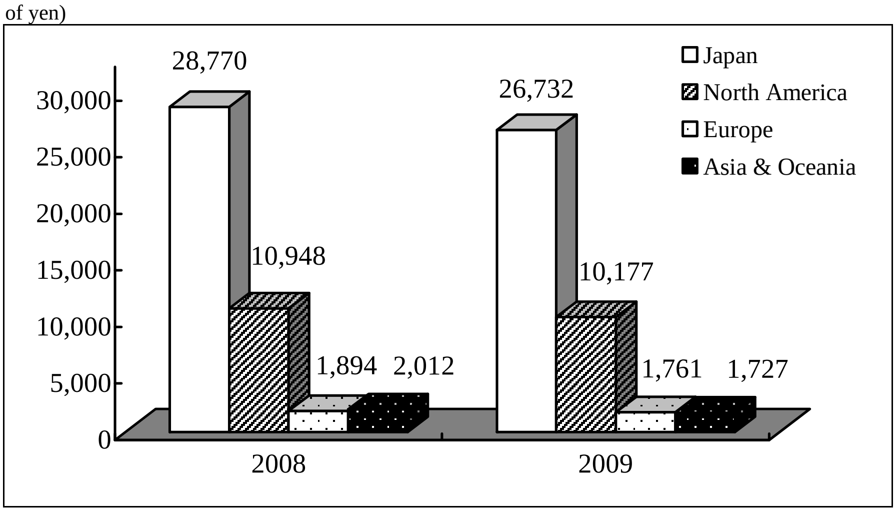
GEOGRAPHICAL SEGMENT INFORMATION

Years ended March 31, 2009 and 2008

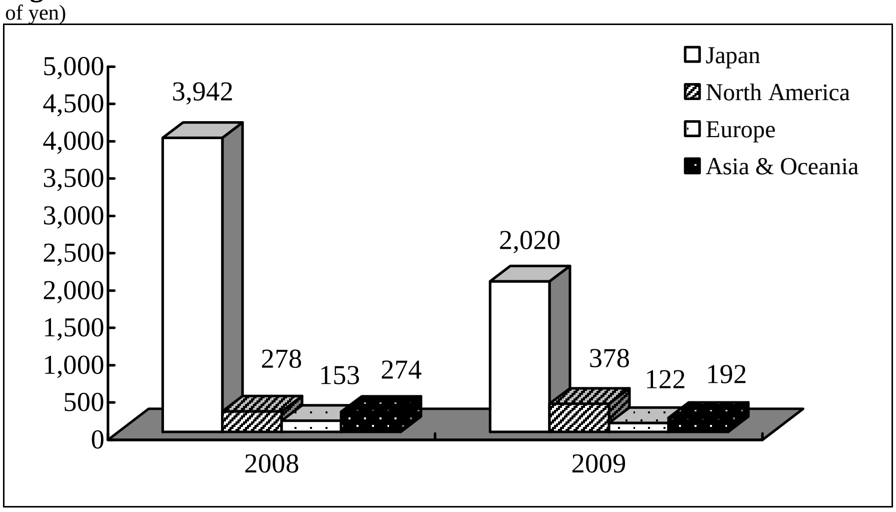
	Millions of yen				Thousands of U.S. dollars	
	Net sales		Operating income		Net sales	Operating income
	2009	2008	**2009**	2008	**2009**	**2009**
Japan	**¥ 26,732**	¥ 28,770	**¥ 2,020**	¥ 3,942	**$ 272,164**	**$ 20,566**
North America	**10,177**	10,948	**378**	278	**103,615**	**3,849**
Europe	**1,761**	1,894	**122**	153	**17,929**	**1,242**
Asia & Oceania	**1,727**	2,012	**192**	274	**17,583**	**1,955**
Eliminations	**(10,822)**	(10,485)	**73**	170	**(110,181)**	**743**
Consolidated total	**¥ 29,575**	¥ 33,139	**¥ 2,785**	¥ 4,817	**$ 301,110**	**$ 28,355**

Notes:
1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥98.22= U.S.$1.00, the exchange rate prevailing on March 31, 2009.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million or thousand.

Net Sales
(Millions of yen)



Operating Income
(Millions of yen)



Operating Highlights

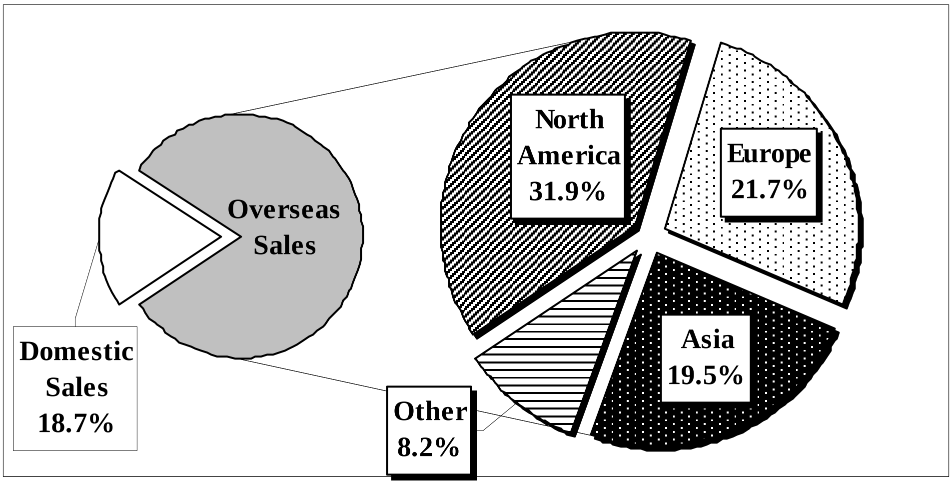
OVERSEAS SALES

Years ended March 31, 2009 and 2008

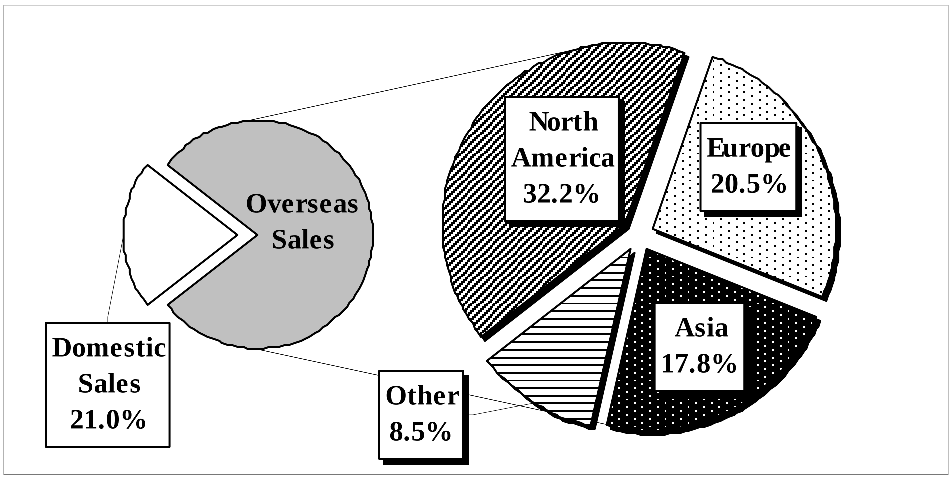
	Millions of yen				Thousands of U.S. dollars
	2009		2008		**2009**
North America	**¥ 9,524**	**32.2%**	¥ 10,576	31.9%	**$ 96,966**
Europe	**6,071**	**20.5**	7,204	21.7	**61,810**
Asia	**5,269**	**17.8**	6,452	19.5	**53,645**
Other	**2,488**	**8.5**	2,722	8.2	**25,331**
Overseas total	**23,352**	**79.0**	26,954	81.3	**237,752**
Domestic total	**6,223**	**21.0**	6,185	18.7	**63,358**
Consolidated total	**¥ 29,575**	**100.0%**	¥ 33,139	100.0%	**$ 301,110**

Notes:
1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥98.22 = U.S.$1.00, the exchange rate prevailing on March 31, 2009.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million or thousand.

Net Sales 2008



Net Sales 2009



ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars *(Note 1)*
Assets	**2009**	2008	**2009**
Current assets:			
Cash and deposits *(Note 4)*	**¥ 23,478**	¥ 26,224	**$ 239,035**
Marketable securities *(Notes 4 and 5)*	**94**	501	**957**
Notes and accounts receivable	**3,684**	4,395	**37,508**
Allowance for doubtful accounts	**(58)**	(37)	**(591)**
	3,626	4,358	**36,917**
Inventories *(Note 6)*	**5,897**	4,699	**60,039**
Deferred income taxes *(Note 8)*	**569**	735	**5,793**
Other current assets	**1,448**	1,214	**14,742**
Total current assets	**35,112**	37,731	**357,483**
Property, plant and equipment:			
Land	**3,828**	3,851	**38,974**
Buildings and structures	**4,965**	4,973	**50,550**
Machinery and equipment	**11,246**	10,679	**114,498**
Vehicles and other	**258**	278	**2,627**
Construction in progress	**1,277**	63	**13,001**
Property, plant and equipment, at cost	**21,574**	19,844	**219,650**
Less accumulated depreciation	**(13,112)**	(12,067)	**(133,496)**
Property, plant and equipment, net	**8,462**	7,777	**86,154**
Investments and other assets:			
Investments in securities *(Note 5)*	**1,833**	2,029	**18,662**
Other investments	**2,853**	2,988	**29,047**
Deferred income taxes *(Note 8)*	**740**	425	**7,534**
Other assets	**294**	222	**2,993**
Allowance for doubtful accounts	**(49)**	(45)	**(499)**
Total investments and other assets	**5,671**	5,619	**57,737**
Total assets	**¥ 49,245**	¥ 51,127	**$ 501,374**

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars *(Note 1)*
Liabilities and net assets	**2009**	2008	**2009**
Current liabilities:			
Accounts payable – trade	**¥ 1,007**	¥ 1,649	**$ 10,252**
Accounts payable – other *(Note 12)*	**605**	727	**6,159**
Accrued income taxes *(Note 8)*	**65**	785	**662**
Deferred income taxes *(Note 8)*	**2**	–	**20**
Accrued expenses	**957**	1,145	**9,743**
Warranty reserves	**66**	67	**672**
Other current liabilities	**155**	214	**1,578**
Total current liabilities	**2,857**	4,587	**29,086**
Long-term liabilities:			
Accrued retirement benefits for employees *(Note 7)*	**32**	29	**326**
Accrued retirement benefits for directors and corporate auditors	**–**	588	**–**
Deferred income taxes *(Note 8)*	**–**	24	**–**
Other long-term liabilities	**617**	154	**6,282**
Total long-term liabilities	**649**	795	**6,608**
Net assets:			
Shareholders' equity *(Notes 9 and 10)*:			
Common stock:			
Authorized – 34,000,000 shares;			
Issued – 14,850,000 shares in 2009 and 2008	**7,081**	7,081	**72,093**
Capital surplus	**10,449**	10,449	**106,384**
Retained earnings *(Note 16)*	**28,984**	28,674	**295,093**
Less treasury stock, at cost:			
30,839 shares in 2009 and 107,451 shares in 2008	**(101)**	(354)	**(1,028)**
Total shareholders' equity	**46,413**	45,850	**472,542**
Valuation and translation adjustments:			
Unrealized holding loss on securities *(Note 5)*	**(128)**	(261)	**(1,303)**
Translation adjustments	**(546)**	156	**(5,559)**
Total valuation and translation adjustments	**(674)**	**(105)**	**(6,862)**
Total net assets	**45,739**	45,745	**465,680**
Total liabilities and net assets	**¥ 49,245**	¥ 51,127	**$ 501,374**

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Income

Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars *(Note 1)*
	2009	2008	**2009**
Net sales	**¥ 29,575**	¥ 33,139	**$ 301,110**
Cost of sales	**17,436**	18,559	**177,520**
Gross profit	**12,139**	14,580	**123,590**
Selling, general and administrative expenses *(Notes 11 and 12)*	**9,354**	9,763	**95,235**
Operating income	**2,785**	4,817	**28,355**
Other income (expenses):			
Interest and dividend income	**373**	421	**3,797**
Gain on sales of securities, net *(Note 5)*	**11**	6	**112**
Loss on impairment of investments in securities *(Note 5)*	**(961)**	–	**(9,784)**
Foreign exchange loss, net	**(620)**	(356)	**(6,312)**
Gain on sales of property, plant and equipment	**1**	–	**10**
Loss on disposal of inventories	**–**	(103)	**–**
Sales discounts	**(243)**	(295)	**(2,474)**
Loss on devaluation of inventories	**–**	(8)	**–**
Other, net	**186**	146	**1,894**
	(1,253)	(189)	**(12,757)**
Income before income taxes	**1,532**	4,628	**15,598**
Income taxes *(Note 8)*:			
Current	**806**	1,754	**8,206**
Deferred	**(272)**	(38)	**(2,769)**
	534	1,716	**5,437**
Net income	**¥ 998**	¥ 2,912	**$ 10,161**

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2009 and 2008

		Millions of yen						
	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding loss on securities	Translation adjustments	Total net assets
Balance at March 31, 2007	14,850,000	¥ 7,081	¥ 10,449	¥ 26,380	¥ (294)	¥ (91)	¥ 757	¥ 44,282
Net income for the year	–	–	–	2,912	–	–	–	2,912
Cash dividends	–	–	–	(591)	–	–	–	(591)
Purchases of treasury stock	–	–	–	–	(129)	–	–	(129)
Sales of treasury stock	–	–	–	(27)	69	–	–	42
Other changes	–	–	–	–	–	(170)	(601)	(771)
Balance at March 31, 2008	14,850,000	¥ 7,081	¥ 10,449	¥ 28,674	¥ (354)	¥ (261)	¥ 156	¥ 45,745
Net income for the year	**–**	**–**	**–**	**998**	**–**	**–**	**–**	**998**
Cash dividends	**–**	**–**	**–**	**(592)**	**–**	**–**	**–**	**(592)**
Purchases of treasury stock	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Sales of treasury stock	**–**	**–**	**–**	**(96)**	**254**	**–**	**–**	**158**
Other changes	**–**	**–**	**–**	**–**	**–**	**133**	**(702)**	**(569)**
Balance at March 31, 2009	**14,850,000**	**¥ 7,081**	**¥ 10,449**	**¥ 28,984**	**¥ (101)**	**¥ (128)**	**¥ (546)**	**¥ 45,739**

	Thousands of U.S. dollars (Note 1)						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding loss on securities	Translation adjustments	Total net assets
Balance at March 31, 2008	$ 72,093	$106,384	$ 291,936	$ (3,604)	$ (2,657)	$ 1,588	$465,740
Net income for the year	**–**	**–**	**10,161**	**–**	–	**–**	**10,161**
Cash dividends	**–**	**–**	**(6,027)**	**–**	–	**–**	**(6,027)**
Purchases of treasury stock	**–**	**–**	**–**	**(10)**	–	**–**	**(10)**
Sales of treasury stock	**–**	**–**	**(977)**	**2,586**	–	**–**	**1,609**
Other changes	**–**	**–**	**–**	**–**	**1,354**	**(7,147)**	**(5,793)**
Balance at March 31, 2009	**$ 72,093**	**$106,384**	**$ 295,093**	**$ (1,028)**	**$ (1,303)**	**$ (5,559)**	**$465,680**

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (*Note 1*)
	2009	2008	**2009**
Operating activities:			
Income before income taxes	**¥ 1,532**	¥ 4,628	**$ 15,598**
Adjustments for:			
Depreciation and amortization	**1,650**	1,522	**16,799**
Interest and dividend income	**(373)**	(421)	**(3,797)**
Foreign exchange loss, net	**814**	219	**8,287**
Decrease in notes and accounts receivable	**573**	230	**5,834**
Increase in inventories	**(1,442)**	(107)	**(14,681)**
(Decrease) increase in accounts payable	**(548)**	526	**(5,579)**
Other, net	**915**	(290)	**9,316**
Subtotal	**3,121**	6,307	**31,777**
Income taxes paid	**(1,737)**	(1,551)	**(17,685)**
Net cash provided by operating activities	**1,384**	4,756	**14,092**
Investing activities:			
Increase in time deposits with original maturities of more than three months	**(455)**	(128)	**(4,633)**
Purchases of marketable securities	**–**	(301)	**–**
Proceeds from sales of marketable securities	**301**	315	**3,064**
Purchases of property, plant and equipment	**(2,253)**	(1,315)	**(22,939)**
Purchases of other assets	**(111)**	(79)	**(1,130)**
Purchases of investments in securities	**(1,232)**	(331)	**(12,543)**
Proceeds from sales of investments in securities	**561**	151	**5,712**
Interest and dividend income received	**372**	428	**3,787**
Other, net	**(167)**	(166)	**(1,700)**
Net cash used in investing activities	**(2,984)**	(1,426)	**(30,382)**
Financing activities:			
Purchases of treasury stock	**(1)**	(129)	**(10)**
Proceeds from sales of treasury stock	**159**	42	**1,618**
Cash dividends paid	**(592)**	(591)	**(6,027)**
Net cash used in financing activities	**(434)**	(678)	**(4,419)**
Effect of exchange rate changes on cash and cash equivalents	**(1,066)**	(468)	**(10,853)**
Net (decrease) increase in cash and cash equivalents	**(3,100)**	2,184	**(31,562)**
Cash and cash equivalents at beginning of year	**26,297**	24,113	**267,736**
Cash and cash equivalents at end of year *(Note 4)*	**¥ 23,197**	¥ 26,297	**$ 236,174**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

March 31, 2009

1. Basis of Preparation

The accompanying consolidated financial statements of ICOM INCORPORATED (the "Company") and subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

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 format which is more familiar to readers outside Japan.

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

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan, as a matter of arithmetic computation only, and has been made at ¥98.22 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and the companies which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized intercompany gains and losses among the Company and the subsidiaries have been entirely eliminated.

(b) Cash and cash equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any changes in their value and which were purchased with an original maturity of three months or less.

(c) Foreign currency translation

The balance sheet accounts of the overseas subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date except that the components of net assets are translated at their historical exchange rates. Adjustments resulting from translating accounts denominated in foreign currencies are not included in the determination of net income in the accompanying consolidated financial statements, but are reported as "Translation adjustments," a component of net assets.

Revenue and expense accounts are translated at the average rates of exchange in effect during the year.

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except that receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding contract rates. Gain or loss on each translation is credited or charged to income.

(d) Marketable securities and investments in securities

In general, securities are classified into three categories: trading securities, held-to-maturity debt securities or other securities. Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain or loss, both realized and unrealized, are credited or charged to income. Held-to-maturity debt securities are stated at their amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of net assets. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

Securities held by the Company and its subsidiaries including equity investments in affiliates are all classified as "other securities" and have been accounted for as outlined above.

(e) Inventories

Inventories are mainly stated at the lower of cost or net selling value, cost being determined by the moving average method, except for goods held by certain overseas subsidiaries which are valued at the lower of cost or market, cost being determined by the moving average method. Effective the year ended March 31, 2009, the Company and its domestic subsidiaries have adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No.9 issued on July 5, 2006). As a result of the adoption of this accounting standard, operating income decreased by ¥82 million ($834 thousand) and income before income taxes decreased by ¥5 million ($51 thousand) for the year ended March 31, 2009 as compared to the corresponding amounts which would have been recorded under the method applied in the previous year.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (except for leased assets)

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed by the declining-balance method over the estimated useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan, except that the straight-line method is applied to buildings (other than structures attached to the buildings) acquired on April 1, 1998 and thereafter. Small assets owned by the Company and its domestic subsidiaries, which are valued at ¥100 thousand or more and less than ¥200 thousand, are depreciated by the straight-line method over a three-year period.

In accordance with the 2007 revision of the Corporation Tax Law, the method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007 was changed to the procedure stipulated in the revised law. As a result of this change in method of accounting for depreciation, operating income and income before income taxes decreased by ¥148 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previously applied method.

Effective April 1, 2007, the Company and its domestic subsidiaries changed their method of accounting for depreciation of property, plant and equipment acquired before April 1, 2007. The depreciation expense for property, plant and equipment acquired before April 1, 2007 was computed based on the salvage value of 5% of acquisition cost, and the amount between the salvage value and memorandum value was depreciated from the year following the year in which the book value of an asset reaches 5% of its acquisition cost by the straight-line method over a period of 5 years. This change was made based on an amendment to the Corporation Tax Law. As a result of this change, operating income decreased by ¥52 million and income before income taxes decreased by ¥53 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previously applied method.

In accordance with the 2008 revision of the Corporation Tax Law, effective the year ended March 31, 2009, the Company and its domestic subsidiaries had reviewed the estimated useful lives of certain tangible fixed assets and changed them.

The impact of this change on operating income and income before income taxes was immaterial.

(g) Software development costs (except for leased assets)

Expenditures relating to the development of computer software intended for internal use are charged to income when incurred, except if it is anticipated that this software will contribute to the generation of income or to future cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over an estimated useful life of 3 years or 5 years.

(h) Leased assets

Leased assets are depreciated by the straight-line method over respective lease periods with no residual value.

Previously, finance lease transactions not involving the transfer of ownership were accounted for in a manner similar to the accounting treatment for operating lease transactions. However, effective from the fiscal year ended March 31, 2009, the Company applied “Accounting Standard for Lease Transactions” (ASBJ Statement No.13; Business Accounting Council Committee No.1, June 17, 1993; revised March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16; the Japanese Institute of Certified Public Accountants, Accounting Committee, January 18, 1994; revised March 30, 2007). Such transactions are now accounted for as ordinary sale and purchase transactions.

For reference, the Company and certain subsidiaries continue to account for finance lease transactions not involving the transfer of ownership that were contracted prior to April 1, 2008 in a manner similar to the accounting treatment for ordinary operating lease transactions.

There is no impact of this change on operating income and ordinary income and income before income taxes.

(i) Allowance for doubtful accounts

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

(j) Warranty reserves

Warranty reserves for certain overseas subsidiaries are calculated based on the historical ratio of the cost of repairs of the products against net sales.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued)

(k) Accrued retirement benefits

Accrued retirement benefits for employees are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.

Actuarial gain or loss and prior service cost are amortized over a period of ten years commencing the year following the year in which the gain or loss is recognized by the straight-line method. The amortization period is shorter than the average estimated remaining years of service of the eligible employees.

The net retirement benefit obligation at transition of ¥592 million is being amortized principally over a period of fifteen years.

The Company and a certain domestic subsidiary unfunded retirement benefit plans for directors and corporate auditors. The amounts required under the plans have been fully accrued in accordance with their internal regulations. At a meeting of the Board of Directors of the Company held on June 26, 2008, the Company approved a resolution for the abolishment of its unfunded retirement benefit plan for directors and corporate auditors.

The Company has discontinued any provision for accrued retirement benefits for directors and corporate auditors as of that date and the amount, as of March 31, 2009, was for those officers who held their positions before the above resolution was approved. As a result, a retirement benefit obligation for certain officers of ¥511 million ($5,203 thousand) was included in “Other long–term liabilities” in the consolidated balance sheets as of March 31, 2009.

(l) Hedge accounting

Under the accounting standard for financial instruments, gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Derivatives such as forward foreign exchange contracts are utilized to manage foreign currency risk. Forward foreign exchange contracts which meet certain conditions are accounted for by a method under which foreign currency receivables or payables are translated at their corresponding forward foreign exchange contract rates.

(m) Distribution of retained earnings

The Corporation Law of Japan provides that distributions of cash dividends are to be made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period and the accounts for the period, therefore, do not reflect such distributions. (See Note 16.)

3. Changes in Method of Accounting Policies Applied to Overseas Subsidiaries

Effective the year ended March 31, 2009, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No.18, May 17, 2006), has been applied. The impact of this change on operating income and income before income taxes was immaterial.

4. Cash and Cash Equivalents

In the preparation of the consolidated statements of cash flows, the relationship between the items included in cash and cash equivalents and the corresponding amounts reflected in the consolidated balance sheets at March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Cash and deposits	**¥ 23,478**	¥ 26,224	**$ 239,035**
Marketable securities	**94**	501	**957**
Subtotal	**23,572**	26,725	**239,992**
Time deposits with original maturities in excess of three months	**(281)**	(127)	**(2,861)**
Marketable securities with original maturities in excess of three months	**(94)**	(301)	**(957)**
Cash and cash equivalents	**¥ 23,197**	¥ 26,297	**$ 236,174**

Notes to Consolidated Financial Statements

5. Marketable Securities and Investments in Securities

Marketable securities classified as other securities at March 31, 2009 and 2008 are summarized as follows:

	Millions of yen					
	2009			2008		
	Acquisition Cost	Carrying Value	Unrealized Gain (Loss)	Acquisition Cost	Carrying Value	Unrealized Gain (Loss)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	**¥ 148**	**¥ 170**	**¥ 22**	¥ 149	¥ 344	¥ 195
Corporate bonds	**–**	**–**	**–**	100	101	1
Other	**–**	**–**	**–**	301	301	0
Subtotal	**148**	**170**	**22**	550	746	196
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	**220**	**202**	**(18)**	1,079	566	(513)
Corporate bonds	**1,844**	**1,473**	**(371)**	1,196	1,094	(102)
Other	**35**	**33**	**(2)**	102	83	(19)
Subtotal	**2,099**	**1,708**	**(391)**	2,377	1,743	(634)
Total	**¥ 2,247**	**¥ 1,878**	**¥ (369)**	¥ 2,927	¥ 2,489	¥ (438)

	Thousands of U.S. dollars		
	2009		
	Acquisition Cost	Carrying Value	Unrealized Gain (Loss)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	**$ 1,507**	**$ 1,731**	**$ 224**
Corporate bonds	**–**	**–**	**–**
Other	**–**	**–**	**–**
Subtotal	**1,507**	**1,731**	**224**
Securities whose carrying value does not exceed their acquisition cost:			
Equity securities	**2,240**	**2,056**	**(184)**
Corporate bonds	**18,774**	**14,997**	**(3,777)**
Other	**356**	**336**	**(20)**
Subtotal	**21,370**	**17,389**	**(3,981)**
Total	**$ 22,877**	**$ 19,120**	**$ (3,757)**

The Company recorded an impairment loss of ¥893 million ($9,092 thousand) and ¥0 million on marketable equity securities for the year ended March 31, 2009 and 2008, respectively, and ¥68 million ($692 thousand) on other securities for the year ended March 31, 2009.

Notes to Consolidated Financial Statements

5. Marketable Securities and Investments in Securities (continued)

Sales of other securities for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Sales	**¥ 349**	¥ 39	**$ 3,553**
Aggregate gain	**11**	11	**112**
Aggregate loss	**0**	5	**0**

The carrying value of investments in non-marketable securities at March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Unlisted equity securities (except for equity securities traded on the over-the-counter market)	**¥ 10**	¥ 13	**$ 102**
Total	**¥ 10**	¥ 13	**$ 102**

The redemption schedule as of March 31, 2009 for other securities with maturity dates is summarized as follows:

	Millions of yen			
	2009			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	**¥ 94**	**¥ 875**	**¥ –**	**¥ 504**
Other	**–**	**–**	**–**	**–**
Total	**¥ 94**	**¥ 875**	**¥ –**	**¥ 504**

	Thousands of U.S. dollars			
	2009			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	**$ 957**	**$ 8,909**	**$ –**	**$ 5,131**
Other	**–**	**–**	**–**	**–**
Total	**$ 957**	**$ 8,909**	**$ –**	**$ 5,131**

6. Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Merchandise and finished products	**¥ 4,135**	¥ 2,746	**$ 42,099**
Work in process	**65**	59	**662**
Raw materials and supplies	**1,697**	1,894	**17,278**
Total	**¥ 5,897**	¥ 4,699	**$ 60,039**

Notes to Consolidated Financial Statements

7. Accrued Retirement Benefits for Employees

The Company and its domestic subsidiaries have employees' defined benefit pension plans, i.e., corporate pension plans, tax-qualified pension plans and lump-sum payment plans.

The Company and its domestic subsidiaries pay additional retirement benefits to employees under certain circumstances.

The funded and accrued status of the employees' defined benefit pension plans of the Company and its domestic subsidiaries and the amounts recognized in the accompanying consolidated balance sheets at March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Retirement benefit obligation at end of year	**¥ (3,517)**	¥ (3,357)	**$ (35,808)**
Plan assets at fair value at end of year	**2,001**	2,258	**20,373**
Unfunded retirement benefit obligation	**(1,516)**	(1,099)	**(15,435)**
Unrecognized net retirement benefit obligation at transition	**122**	143	**1,242**
Unrecognized actuarial gain	**1,392**	1,218	**14,172**
Unrecognized prior service cost	**(13)**	(15)	**(132)**
Prepaid pension cost	**(17)**	(276)	**(173)**
Accrued retirement benefits for employees	**¥ (32)**	¥ (29)	**$ (326)**

Certain domestic subsidiaries have applied simplified methods for calculating their retirement benefit obligation, which are permitted under the accounting standard for employees' retirement benefits.

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Service cost	**¥ 196**	¥ 191	**$ 1,996**
Interest cost	**64**	61	**652**
Expected return on plan assets	**(42)**	(46)	**(428)**
Amortization of prior service cost	**(2)**	(2)	**(20)**
Amortization of retirement benefit obligation at transition	**20**	20	**203**
Amortization of actuarial gain	**160**	134	**1,629**
Retirement benefit expenses, net	**¥ 396**	¥ 358	**$ 4,032**

Retirement benefit expenses of certain domestic subsidiaries, which have been calculated by simplified methods, are included in service cost in the above table.

The assumptions used in accounting for the above plans were a discount rate of 2.0% and an expected rate of return on plan assets of 2.0% for the years ended March 31, 2009 and 2008.

Notes to Consolidated Financial Statements

8. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended March 31, 2009 and 2008. The overseas subsidiaries are subject to income taxes of the respective countries in which they operate.

Reconciliations of the statutory tax rate and effective tax rates for the years ended March 31, 2009 and 2008 as a percentage of income before income taxes are as follows:

	2009	2008
Statutory tax rate	**40.6%**	40.6%
Permanently non-deductible expenses	**1.3**	–
Per capita portion of inhabitant's taxes	**1.3**	–
Special tax credit for research and development expenses	**(3.8)**	(3.9)
Differences in tax rates applicable to overseas subsidiaries	**(4.5)**	–
Other	**0.0**	0.4
Effective tax rates	**34.9%**	37.1%

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred tax assets:			
Unrealized gain on inventories	**¥ 319**	¥ 349	**$ 3,248**
Accrued retirement benefits for directors and corporate auditors	**–**	237	**–**
Accrued bonuses	**151**	189	**1,537**
Accrued enterprise taxes	**–**	68	**–**
Allowance for doubtful accounts	**40**	30	**407**
Deferred revenue	**61**	77	**621**
Devaluation of investments in securities	**394**	5	**4,011**
Unrealized holding loss on securities	**82**	178	**835**
Warranty reserves	**21**	22	**214**
Loss on devaluation of inventories	**–**	32	**–**
Accrued legal welfare expense on bonuses	**–**	23	**–**
Long-term accounts payable-other	**208**	–	**2,118**
Other	**81**	75	**825**
Total deferred tax assets	**1,357**	1,285	**13,816**
Deferred tax liabilities:			
Prepaid pension cost	**–**	(112)	**–**
Depreciation	**(35)**	(29)	**(356)**
Other	**(15)**	(8)	**(153)**
Total deferred tax liabilities	**(50)**	(149)	**(509)**
Net deferred tax assets	**¥ 1,307**	¥ 1,136	**$ 13,307**

Notes to Consolidated Financial Statements

9. Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company's legal reserve included in retained earnings at March 31, 2009 and 2008 amounted to ¥293 million ($2,983 thousand).

In addition, upon the issuance and sale of new shares of capital stock, the entire amount of the proceeds is required to be accounted for as capital stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding one-half of the proceeds of the sale of new shares as additional paid-in capital included in capital surplus.

Movements in treasury stock for the years ended March 31, 2009 and 2008 are summarized as follows:

	Number of shares			
	2009			
	March 31, 2008	Increase	Decrease	March 31, 2009
Treasury stock	**107,451**	**388**	**77,000**	**30,839**

	Number of shares			
	2008			
	March 31, 2007	Increase	Decrease	March 31, 2008
Treasury stock	85,781	42,170	20,500	107,451

10. Derivatives and Hedging Activities

Derivative financial instruments are utilized by the Company principally in order to manage certain risk arising from adverse fluctuation in foreign currency exchange rates. The Company has established a control environment which includes policies and procedures for risk assessment, and, under these rules, the Company enters into forward foreign exchange contracts which fall within the Company's foreign currency holding limits. Periodical evaluation of the effectiveness of the hedging activities is thus waived, taking into account that complete offsetting of any fluctuation in exchange rates or cash flows is made possible by these contracts. In addition, the Accounting Department of the Company is responsible for the execution and management of all derivatives positions. The executive director approves, in advance, all transactions within the limits reported at meetings of the Board of Directors, and the results of the executed transactions are reported at the monthly meetings of the Board of Directors. The Company does not hold or issue derivative financial instruments for speculative trading purposes.

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

The Company's subsidiaries do not utilize any derivative financial instruments.

Disclosure of fair value information on derivatives at March 31, 2009 and 2008 has been omitted because all open derivatives positions qualified for deferral hedge accounting.

11. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Research and development	**¥ 3,022**	¥ 2,891	**$ 30,768**

Notes to Consolidated Financial Statements

12. Related Party Transaction

Principal transactions between the Company and its corporate auditors for the years ended March 31, 2009 and 2008 were summarized as follows:

[Corporate Auditors]

Name	Equity ownership percentage	Nature of transaction	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Hiroshi Umemoto	0.01%	Payment of lawyer's fee	¥ **–**	¥ 2	$ **–**
Katsunori Sugimoto	0.01%	Payment of patent attorney's fee	**17**	13	**173**

The balances due to a related party at March 31, 2009 and 2008 were as follows:

	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Due to Katsunori Sugimoto	¥ **2**	¥ 4	$ **20**

(Additional information)

Effective the year ended March 31, 2009, the Company has adopted a new accounting standard, "Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 11 issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13 issued on October 17, 2006).

13. Amounts Per Share

Amounts per share at March 31, 2009 and 2008 and for the years then ended were as follows:

	Yen 2009	Yen 2008	U.S. dollars 2009
Net assets	¥ **3,086.49**	¥ 3,102.92	$ **31.42**
Net income:			
Basic	**67.40**	197.28	**0.69**
Diluted	**–**	197.24	**–**
Cash dividends	**40.00**	40.00	**0.41**

Net assets per share is computed based on the number of shares of common stock outstanding at the year end.

Basic net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of the shares of common stock to be issued upon the exercise of stock acquisition rights.

Cash dividends per share represent the cash dividends declared as applicable to the respective fiscal years.

Diluted net income per share for the year ended March 31, 2009 is not presented since the Company had no outstanding dilutive securities at March 31, 2009.

Notes to Consolidated Financial Statements

14. Segment Information

The Company and its subsidiaries are primarily engaged in the manufacture and sale of products in Japan and overseas in two major segments: radio and computer. The radio products are manufactured by the Company and Wakayama Icom Inc., a domestic subsidiary and are sold in Japan and overseas through the Company and its subsidiaries. The manufacturing in the computer segment is handled by the Company and Wakayama Icom Inc. and certain components and commercial products are supplied by Asia Icom Inc., a Taiwanese subsidiary. The market for products in the computer segment is mainly Japan and these products are sold by the Company and its domestic subsidiaries.

(1) Business Segments

The business segment information of the Company and its subsidiaries for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of yen				
	2009				
	Radio	Computer	Subtotal	Eliminations	Consolidated
I. Net sales and operating income (loss)					
Sales to third parties	**¥ 27,715**	**¥ 1,860**	**¥ 29,575**	**¥ –**	**¥ 29,575**
Intersegment sales	**–**	**–**	**–**	**–**	**–**
Net sales	**27,715**	**1,860**	**29,575**	**–**	**29,575**
Operating expenses	**24,842**	**1,948**	**26,790**	**–**	**26,790**
Operating income (loss)	**¥ 2,873**	**¥ (88)**	**¥ 2,785**	**¥ –**	**¥ 2,785**
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	**¥ 46,633**	**¥ 2,612**	**¥ 49,245**	**¥ –**	**¥ 49,245**
Depreciation and amortization	**1,565**	**85**	**1,650**	**–**	**1,650**
Capital expenditures	**2,402**	**96**	**2,498**	**–**	**2,498**

	Millions of yen				
	2008				
	Radio	Computer	Subtotal	Eliminations	Consolidated
I. Net sales and operating income (loss)					
Sales to third parties	¥ 31,262	¥ 1,877	¥ 33,139	¥ –	¥ 33,139
Intersegment sales	–	–	–	–	–
Net sales	31,262	1,877	33,139	–	33,139
Operating expenses	26,257	2,065	28,322	–	28,322
Operating income (loss)	¥ 5,005	¥ (188)	¥ 4,817	¥ –	¥ 4,817
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	¥ 48,830	¥ 2,297	¥ 51,127	¥ –	¥ 51,127
Depreciation and amortization	1,457	65	1,522	–	1,522
Capital expenditures	1,540	46	1,586	–	1,586

Notes to Consolidated Financial Statements

14. Segment Information (continued)

(1) Business Segments (continued)

	Thousands of U.S. dollars				
	2009				
	Radio	Computer	Subtotal	Eliminations	Consolidated
I. Net sales and operating income (loss)					
Sales to third parties	**$ 282,173**	**$ 18,937**	**$ 301,110**	**$ –**	**$ 301,110**
Intersegment sales	**–**	**–**	**–**	**–**	**–**
Net sales	**282,173**	**18,937**	**301,110**	**–**	**301,110**
Operating expenses	**252,922**	**19,833**	**272,755**	**–**	**272,755**
Operating income (loss)	**$ 29,251**	**$ (896)**	**$ 28,355**	**$ –**	**$ 28,355**
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	**$ 474,781**	**$ 26,593**	**$ 501,374**	**$ –**	**$ 501,374**
Depreciation and amortization	**15,934**	**865**	**16,799**	**–**	**16,799**
Capital expenditures	**24,455**	**978**	**25,433**	**–**	**25,433**

(Accounting Changes)

1. Accounting Standard for Measurement of Inventories

As mentioned in Note 2(e), effective the year ended March 31, 2009, the Company and its domestic subsidiaries adopted “Accounting Standard for Measurement of Inventories” (Accounting Standards Board of Japan (ASBJ) Statement No. 9 issued on July 5, 2006). As a result, operating expenses in the radio and computer segments increased by ¥75 million ($763 thousand) and ¥7 million ($71 thousand), respectively, and operating income decreased by the same amounts for the year ended March 31, 2009 as compared to the corresponding amounts which would have been recorded under the previous method.

2. Accounting Standard for Lease Transactions

As mentioned in Note 2(h), finance leases that did not transfer ownership to the lessee had been treated in a manner similar to operating leases.

However, "Accounting Standard for Lease Transactions"(issued by the ASBJ, Statement No. 13 on March 30, 2007, which revised the former accounting standard for lease transactions issued on June 17, 1993) and "Guidance on Accounting Standard for Lease Transactions"(issued by the ASBJ, Statement No. 16 on March 30, 2007, which revised the former guidance for lease transactions issued on January 18, 1994) have been applied effective the year ended March 31, 2009, and the accounting treatment is based on ordinary sales and purchase transactions.

There was no impact of this change on business segment information.

3. Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

As mentioned in Note 3, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, May 17, 2006) has been applied effective the year ended March 31, 2009.

The impact of this change on the business segment information was immaterial.

4. Method of accounting for depreciation of property, plant and equipment

As mentioned in Note 2(f), the Company and its domestic subsidiaries changed their method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007. As a result, operating expenses in the radio and computer segments increased by ¥142 million and ¥6 million, respectively, and operating income decreased by the same amounts for the year ended March 31, 2008 as compared to the corresponding amounts which would have been recorded under the previous method.

Notes to Consolidated Financial Statements

14. Segment Information (continued)

(1) Business Segments (continued)

(Additional information)

As mentioned in Note 2(f), in accordance with the 2008 revision of the Corporation Tax Law, effective the year ended March 31, 2009, the Company and its domestic subsidiaries had reviewed the estimated useful lives of certain tangible fixed assets and changed them.

The impact of this change on the business segment information was immaterial.

As mentioned in Note 2(f), the Company and its domestic subsidiaries changed their method of accounting for depreciation of property, plant and equipment acquired before April 1, 2007. As a result, operating expenses in the radio and computer segments increased by ¥50 million and ¥2 million, respectively, and operating income decreased by the same amounts for the year ended March 31, 2008 as compared to the corresponding amounts which would have been recorded under the previous method.

(2) Geographical Segments

The geographical segment information of the Company and its subsidiaries for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of yen						
	2009						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating income							
Sales to third parties	**¥ 16,344**	**¥ 10,162**	**¥ 1,761**	**¥ 1,308**	**¥ 29,575**	**¥ –**	**¥ 29,575**
Intersegment sales	**10,388**	**15**	**0**	**419**	**10,822**	**(10,822)**	**–**
Net sales	**26,732**	**10,177**	**1,761**	**1,727**	**40,397**	**(10,822)**	**29,575**
Operating expenses	**24,712**	**9,799**	**1,639**	**1,535**	**37,685**	**(10,895)**	**26,790**
Operating income	**¥ 2,020**	**¥ 378**	**¥ 122**	**¥ 192**	**¥ 2,712**	**¥ 73**	**¥ 2,785**
II. Total assets	**¥ 43,696**	**¥ 5,671**	**¥ 933**	**¥ 1,602**	**¥ 51,902**	**¥ (2,657)**	**¥ 49,245**

	Millions of yen						
	2008						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating income							
Sales to third parties	¥ 18,694	¥ 10,937	¥ 1,893	¥ 1,615	¥ 33,139	¥ –	¥ 33,139
Intersegment sales	10,076	11	1	397	10,485	(10,485)	–
Net sales	28,770	10,948	1,894	2,012	43,624	(10,485)	33,139
Operating expenses	24,828	10,670	1,741	1,738	38,977	(10,655)	28,322
Operating income	¥ 3,942	¥ 278	¥ 153	¥ 274	¥ 4,647	¥ 170	¥ 4,817
II. Total assets	¥ 45,170	¥ 5,472	¥ 1,059	¥ 1,946	¥ 53,647	¥ (2,520)	¥ 51,127

	Thousands of U.S. dollars						
	2009						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating income							
Sales to third parties	**$ 166,402**	**$ 103,462**	**$ 17,929**	**$ 13,317**	**$ 301,110**	**$ –**	**$ 301,110**
Intersegment sales	**105,762**	**153**	**0**	**4,266**	**110,181**	**(110,181)**	**–**
Net sales	**272,164**	**103,615**	**17,929**	**17,583**	**411,291**	**(110,181)**	**301,110**
Operating expenses	**251,598**	**99,766**	**16,687**	**15,628**	**383,679**	**(110,924)**	**272,755**
Operating income	**$ 20,566**	**$ 3,849**	**$ 1,242**	**$ 1,955**	**$ 27,612**	**$ 743**	**$ 28,355**
II. Total assets	**$ 444,879**	**$ 57,738**	**$ 9,499**	**$ 16,310**	**$ 528,426**	**$ (27,052)**	**$ 501,374**

Notes to Consolidated Financial Statements

14. Segment Information (continued)

(2) Geographical Segments (continued)

(Accounting Changes)

1. Accounting Standard for Measurement of Inventories

As mentioned in Note 2(e), effective the year ended March 31, 2009, the Company and its domestic subsidiaries adopted “Accounting Standard for Measurement of Inventories” (Accounting Standards Board of Japan (ASBJ) Statement No. 9 issued on July 5, 2006).

As a result, operating expenses in the Japan geographic segment increased by ¥82 million ($834 thousand) and operating income decreased by the same amount for the year ended March 31, 2009 as compared to the corresponding amount which would have been recorded under the previous method.

2. Accounting Standard for Lease Transactions

As mentioned in Note 2(h), finance leases that did not transfer ownership to the lessee had been treated in a manner similar to operating leases.

However, "Accounting Standard for Lease Transactions"(issued by the ASBJ, Statement No. 13 on March 30, 2007, which revised the former accounting standard for lease transactions issued on June 17, 1993) and "Guidance on Accounting Standard for Lease Transactions"(issued by the ASBJ, Statement No. 16 on March 30, 2007, which revised the former guidance for lease transactions issued on January 18, 1994) has been applied effective the year ended March 31, 2009, and the accounting treatment is based on ordinary purchase and sales transactions.

There is no impact of this change on the geographical segments.

3. Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

As mentioned in Note 3, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, May 17, 2006) has been applied effective the year ended March 31, 2009.

The impact of this change on the geographical segment information was immaterial.

4. Method of accounting for depreciation of property, plant and equipment

As mentioned in Note 2(f), the Company and its domestic subsidiaries changed their method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007. As a result, operating expenses in the Japan segment increased by ¥148 million and operating income decreased by the same amount for the year ended March 31, 2008 as compared to the corresponding amounts which would have been recorded under the previous method.

(Additional information)

As mentioned in Note 2(f), in accordance with the 2008 revision of the Corporation Tax Law, effective the year ended March 31, 2009, the Company and its domestic subsidiaries had reviewed the estimated useful lives of certain tangible fixed assets and changed them.

The impact of this change on the geographical segment information was immaterial.

As mentioned in Note 2(f), the Company and its domestic subsidiaries changed their method of accounting for depreciation of property, plant and equipment acquired before April 1, 2007. As a result, operating expenses in the Japan segment increased by ¥52 million and operating income decreased by the same amount for the year ended March 31, 2008 as compared to the corresponding amounts which would have been recorded under the previous method.

Notes to Consolidated Financial Statements

14. Segment Information (continued)

(3) Overseas Sales

Overseas sales, which include export sales of the Company and domestic subsidiaries and sales (other than exports to Japan) of the overseas subsidiaries, for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen						Thousands of U.S. dollars	
	2009			2008			**2009**	
North America	**¥**	**9,524**	**32.2%**	¥	10,576	31.9%	**$**	**96,966**
Europe		**6,071**	**20.5%**		7,204	21.7%		**61,810**
Asia		**5,269**	**17.8%**		6,452	19.5%		**53,645**
Other		**2,488**	**8.5%**		2,722	8.2%		**25,331**
Sales to overseas customers	**¥**	**23,352**	**79.0%**	¥	26,954	81.3%	**$**	**237,752**
Consolidated net sales	**¥**	**29,575**	**100.0%**	¥	33,139	100.0%	**$**	**301,110**

15. Significant Subsidiaries and Affiliate

The Company's subsidiaries and a significant affiliate are presented as follows:

Name	Ownership Interest	Country of Incorporation	Subsidiaries/Affiliate
Icom America, Inc.	100.0%	United States of America	Consolidated subsidiary
Icom (Europe) GmbH	100.0%	Germany	Consolidated subsidiary
Icom (Australia) Pty., Ltd.	100.0%	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
Icom America License Holding LLC	100.0%	United States of America	Consolidated subsidiary
Comforce Inc.	49.0%	Japan	Affiliate accounted for by the equity method

16. Subsequent Event

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2009, was approved at a shareholders' meeting held on June 25, 2009:

	Millions of yen		Thousands of U.S. dollars	
	2009		**2009**	
Cash dividends (¥20 = U.S.$0.20 per share)	**¥**	**296**	**$**	**3,014**

Report of Independent Auditors

The Board of Directors
ICOM INCORPORATED

We have audited the accompanying consolidated balance sheets of ICOM INCORPORATED and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, 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 express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards 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 subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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.

June 25, 2009

BOARD OF DIRECTORS AND AUDITORS

Tokuzo Inoue
Chairman and Representative Director

Tsutomu Fukui
President and Representative Director

Nobuo Ogawa
Executive Managing Director

Taichiro Itoyama
Director (part-time)

Toshihiro Wada
Auditor (full-time)

Hiroshi Umemoto
Auditor

Katsunori Sugimoto
Auditor

EXECUTIVE OFFICERS

Kiyoshi Sakurai

Yasuo Hyakudai

Masataka Harima

Masanori Kamoto

Hiroshi Shimizu

Kikuji Okumura

Seishi Yamazaki

Hiroshi Nakaoka

Masakazu Kaneko

Takayuki Watanabe

Takashi Tsujiuchi

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 116th 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, 40225
Dusseldorf, GERMANY
Phone: 49-211-346047
Fax: 49-211-333639
URL http://www.icomeurope.com/

Icom (Australia) Pty., Ltd.
A.B.N. 88 006 092 575
Unit 1/103 Garden Road,
Clayton Victoria 3168, AUSTRALIA
Phone: 61-3-9549-7500
Fax: 61-3-9549-7505
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-Teh,
Road Taipei, TAIWAN R.O.C.
Phone: 886-2-2559-1899
Fax: 886-2-2559-1874

Wakayama Icom Inc.
1866-1, Oaza Tokuda, Aritagawa-chou
Arita-gun, Wakayama, 643-0801
JAPAN
Phone: 81-737-52-6600
Fax: 81-737-52-6603

Icom Information Products Inc.
3-8-15, Nipponbashi, Naniwa-ku,
Osaka, 556-0005, JAPAN
Phone: 81-6-6635-5701
Fax: 81-6-6635-5707
URL http://www.icom-jk.co.jp/

Icom America License Holding LLC
2380 116th Avenue N.E., Bellevue,
WA 98004, U.S.A.
Phone: 1-425-454-8155
Fax: 1-425-454-1509

Affiliates:
Comforce Inc.
8F, 3-42-3, Nihonbashi Hamacho,
Chuo-ku, Tokyo, 103-0007, JAPAN
Phone: 81-3-3662-1167
Fax: 81-3-3662-1168
URL http://www.comforce.co.jp/

TRANSFER AGENT

Mitsubishi UFJ Trust and Banking
Corporation
Tokyo Office:
4-5, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-8212, JAPAN
Osaka Office:
1-5, Doujimahama 1-chome,
Kita-ku, Osaka, 530-0004, JAPAN

INVESTOR RELATIONS

Mr. Kenji Oono
Chief of Managing and Planning
Section, Icom Inc.
1-1-32, Kamiminami, Hirano-ku,
Osaka, 547-0003, JAPAN
Phone: 81-6-6793-5301
Fax: 81-6-6793-5305

CORPORATE FACTS

Established: July 1964
Employees: 610
Paid-in capital: ¥7,081 million
Authorized shares: 34,000,000
Issued and outstanding shares:
14,850,000
Shareholders: 3,739
Stock listing: Tokyo Stock Exchange
and Osaka Securities Exchange

Shareholder	Thousands of shares
Tokuzo Inoue	1,868
Gigapalace Inc.	1,472
State Street Bank and Trust Company	1,416
The Icom Foundation	1,000
Northern Trust Co. (AVFC) Sub A/C American Clients	648
The Master Trust Bank of Japan, Ltd.	547
Japan Trustee Service Bank, Ltd.	505
Japan Trustee Service Bank, Ltd.(4G)	484
Kenwood Corporation	445
Meiji Yasuda Life Insurance Company	343

Report of Independent Auditors

The Board of Directors
ICOM INCORPORATED

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Ernst & Young ShinNihon LLC

June 25, 2009