



ANNUAL REPORT 2008

YEAR ENDED MARCH 31, 2008

ICOM INCORPORATED

Financial Highlights

ICOM INCORPORATED AND SUBSIDIARIES

Years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Net sales	¥ 33,139	¥ 31,107	¥ 30,771	\$ 330,795
Operating income	4,817	4,566	4,805	48,083
Income before income taxes	4,628	5,052	5,771	46,197
Net income	2,912	3,205	3,731	29,068
Total assets	¥ 51,127	¥ 49,350	¥ 48,550	\$ 510,351

Amounts per share:

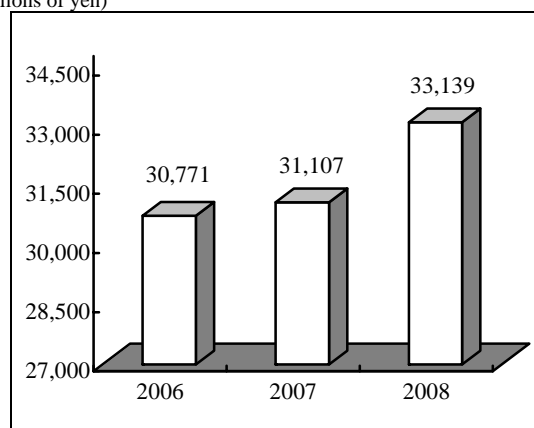
	Yen			
Net assets	¥ 3,102.92	¥ 2,999.27	¥ 2,834.22	\$ 30.97
Net income – basic	197.28	217.21	251.29	1.97
Net income – diluted	197.24	216.29	249.14	1.97
Cash dividends	40.00	40.00	40.00	0.40

Notes:

1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥100.18 = U.S.\$1.00, the exchange rate prevailing on March 31, 2008.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million or thousand.

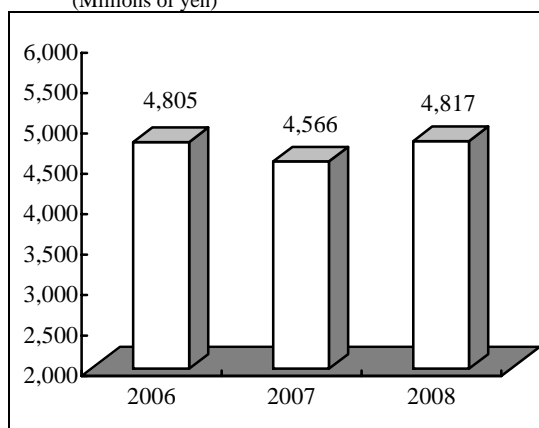
Net Sales

(Millions of yen)



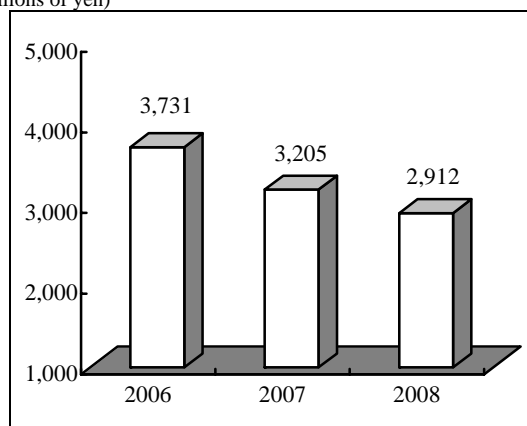
Operating Income

(Millions of yen)



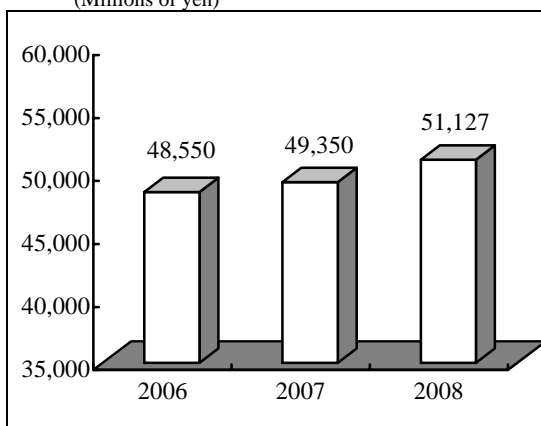
Net Income

(Millions of yen)



Total Assets

(Millions of yen)



Operating Highlights

BUSINESS SEGMENT INFORMATION

Years ended March 31, 2008 and 2007

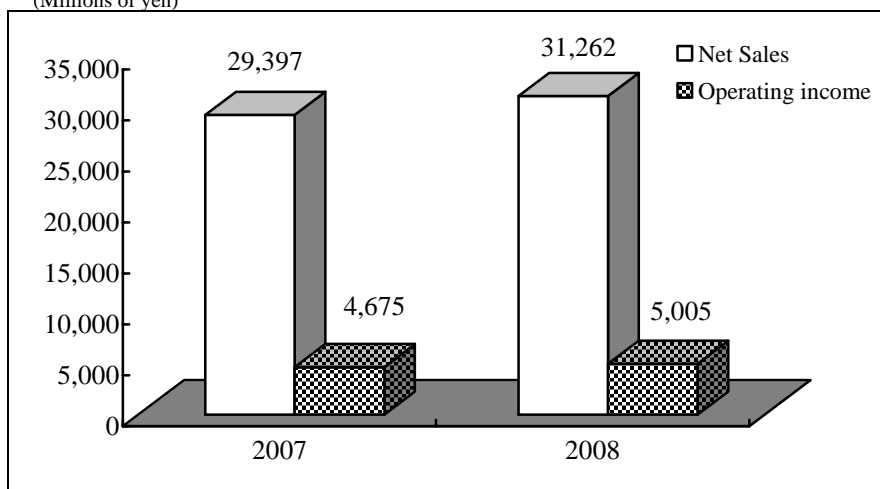
	Millions of yen				Thousands of U.S. dollars	
	Net sales		Operating income (loss)		Net sales	Operating income (loss)
	2008	2007	2008	2007	2008	2008
Radio	¥ 31,262	¥ 29,397	¥ 5,005	¥ 4,675	\$ 312,059	\$ 49,960
Computer	1,877	1,710	(188)	(109)	18,736	(1,877)
Eliminations	—	—	—	—	—	—
Consolidated total	¥ 33,139	¥ 31,107	¥ 4,817	¥ 4,566	\$ 330,795	\$ 48,083

Notes:

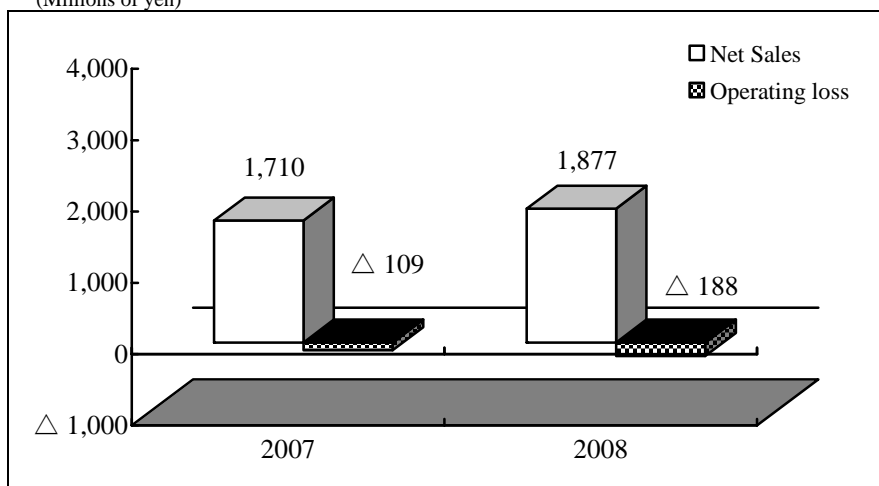
1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥100.18 = U.S.\$1.00, the exchange rate prevailing on March 31, 2008.

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, 2008 and 2007

	Millions of yen				Thousands of U.S. dollars	
	Net sales		Operating income		Net sales	Operating income
	2008	2007	2008	2007	2008	2008
Japan	¥ 28,770	¥ 26,170	¥ 3,942	¥ 3,716	\$ 287,183	\$ 39,349
North America	10,948	11,122	278	189	109,284	2,776
Europe	1,894	1,611	153	91	18,906	1,527
Asia & Oceania	2,012	2,008	274	241	20,084	2,735
Eliminations	(10,485)	(9,804)	170	329	(104,662)	1,696
Consolidated total	¥ 33,139	¥ 31,107	¥ 4,817	¥ 4,566	\$ 330,795	\$ 48,083

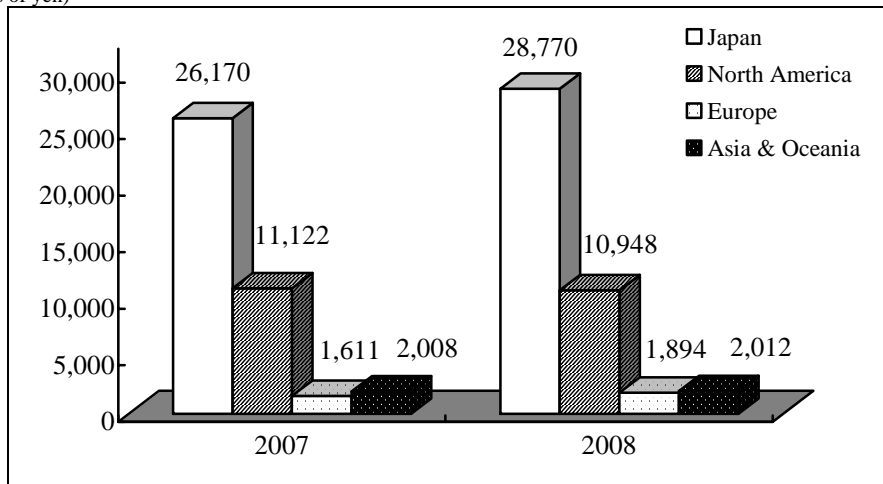
Notes:

1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥100.18 = U.S.\$1.00, the exchange rate prevailing on March 31, 2008.

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

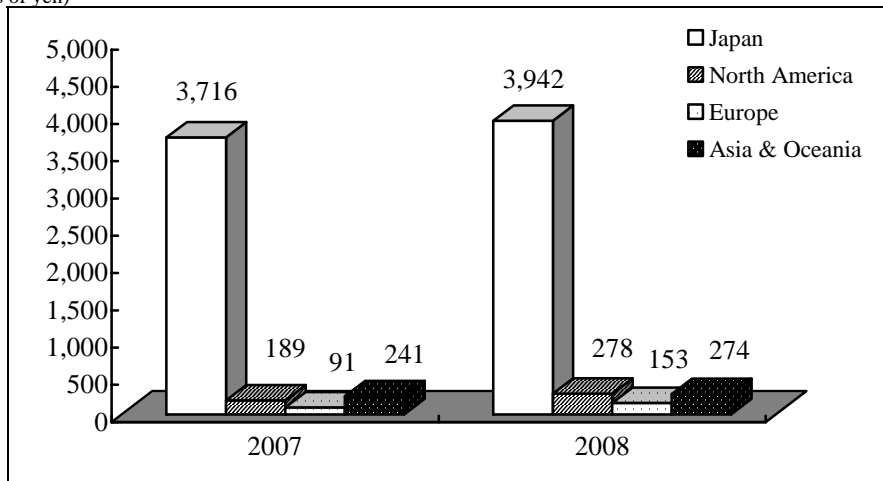
Net Sales

(Millions of yen)



Operating Income

(Millions of yen)



Operating Highlights

OVERSEAS SALES

Years ended March 31, 2008 and 2007

	Millions of yen				Thousands of U.S. dollars
	2008		2007		2008
North America	¥ 10,576	31.9%	¥ 10,772	34.6%	\$ 105,570
Europe	7,204	21.7	6,373	20.5	71,911
Asia	6,452	19.5	5,556	17.9	64,404
Other	2,722	8.2	2,485	8.0	27,171
Overseas total	26,954	81.3	25,186	81.0	269,056
Domestic total	6,185	18.7	5,921	19.0	61,739
Consolidated total	¥ 33,139	100.0%	¥ 31,107	100.0%	\$ 330,795

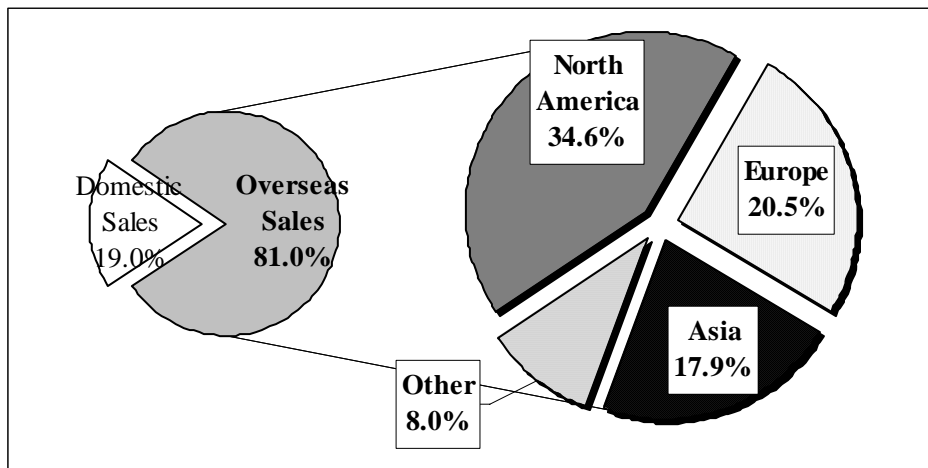
Notes:

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

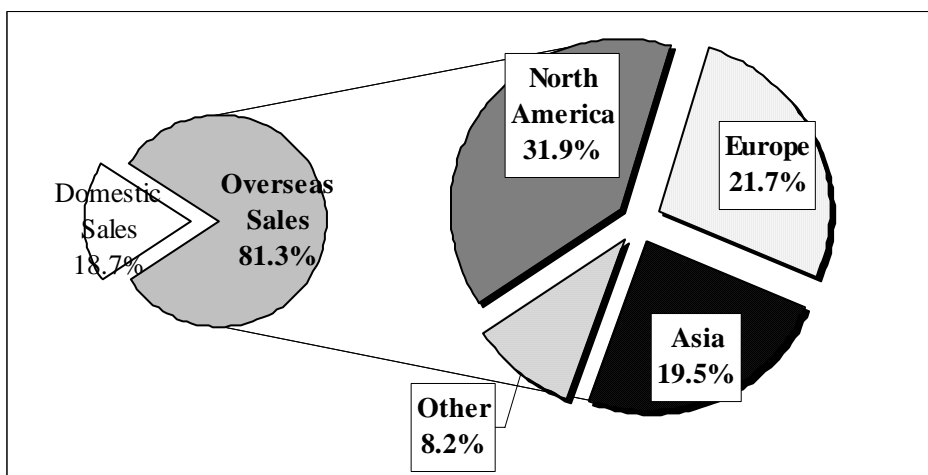
Net Sales 2007

(Millions of yen)



Net Sales 2008

(Millions of yen)



ICOM INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheets

March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (<i>Note 1</i>)
Assets	2008	2007	2008
Current assets:			
Cash and deposits (<i>Note 4</i>)	¥ 26,224	¥ 23,913	\$ 261,769
Marketable securities (<i>Notes 4 and 5</i>)	501	498	5,001
Notes and accounts receivable	4,395	4,973	43,871
Allowance for doubtful accounts	(37)	(69)	(369)
	4,358	4,904	43,502
Inventories (<i>Note 6</i>)	4,699	5,013	46,905
Deferred income taxes (<i>Note 8</i>)	735	769	7,337
Other current assets	1,214	730	12,118
Total current assets	37,731	35,827	376,632
Property, plant and equipment:			
Land	3,851	3,823	38,441
Buildings and structures	4,973	4,973	49,640
Machinery and equipment	10,679	9,987	106,598
Vehicles and other	278	287	2,775
Construction in progress	63	20	629
Property, plant and equipment, at cost	19,844	19,090	198,083
Less accumulated depreciation	(12,067)	(11,181)	(120,453)
Property, plant and equipment, net	7,777	7,909	77,630
Investments and other assets:			
Investments in securities (<i>Note 5</i>)	2,029	2,111	20,254
Other investments	2,988	3,169	29,826
Deferred income taxes (<i>Note 8</i>)	425	258	4,242
Other assets	222	131	2,216
Allowance for doubtful accounts	(45)	(55)	(449)
Total investments and other assets	5,619	5,614	56,089
Total assets	¥ 51,127	¥ 49,350	\$ 510,351

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheets

March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (<i>Note 1</i>)
	2008	2007	2008
Liabilities and net assets			
Current liabilities:			
Accounts payable – trade	¥ 1,649	¥ 1,437	\$ 16,460
Accounts payable – other	727	614	7,257
Accrued income taxes (<i>Note 8</i>)	785	632	7,836
Accrued expenses	1,145	1,226	11,429
Warranty reserves	67	80	669
Other current liabilities	214	210	2,136
Total current liabilities	4,587	4,199	45,787
Long-term liabilities:			
Accrued retirement benefits for employees (<i>Note 7</i>)	29	24	290
Accrued retirement benefits for directors and corporate auditors	588	591	5,869
Deferred income taxes (<i>Note 8</i>)	24	25	240
Other long-term liabilities	154	229	1,537
Total long-term liabilities	795	869	7,936
Net assets:			
Shareholders' equity (<i>Notes 9 and 10</i>):			
Common stock:			
Authorized – 34,000,000 shares;			
Issued – 14,850,000 shares in 2008 and 2007	7,081	7,081	70,683
Capital surplus	10,449	10,449	104,302
Retained earnings (<i>Note 16</i>)	28,674	26,380	286,225
Less treasury stock, at cost:			
107,451 shares in 2008 and 85,781 shares in 2007	(354)	(294)	(3,534)
Total shareholders' equity	45,850	43,616	457,676
Valuation and translation adjustments:			
Unrealized holding loss on securities (<i>Note 5</i>)	(261)	(91)	(2,605)
Translation adjustments	156	757	1,557
Total valuation and translation adjustments	(105)	666	(1,048)
Total net assets	45,745	44,282	456,628
Total liabilities and net assets	¥ 51,127	¥ 49,350	\$ 510,351

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Income

Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (<i>Note 1</i>)
	2008	2007	2008
Net sales	¥ 33,139	¥ 31,107	\$ 330,795
Cost of sales	18,559	17,166	185,257
Gross profit	14,580	13,941	145,538
Selling, general and administrative expenses (<i>Note 12</i>)	9,763	9,375	97,455
Operating income	4,817	4,566	48,083
Other income (expenses):			
Interest and dividend income	421	281	4,203
Gain on sales of securities, net (<i>Note 5</i>)	6	198	60
Foreign exchange (loss) gain, net	(356)	317	(3,553)
Loss on disposal of inventories	(103)	(84)	(1,028)
Sales discounts	(295)	(297)	(2,945)
Loss on devaluation of inventories	(8)	—	(80)
Other, net	146	71	1,457
	(189)	486	(1,886)
Income before income taxes	4,628	5,052	46,197
Income taxes (<i>Note 8</i>):			
Current	1,754	1,668	17,508
Deferred	(38)	179	(379)
	1,716	1,847	17,129
Net income	¥ 2,912	¥ 3,205	\$ 29,068

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES
**Consolidated Statements of
 Changes in Net Assets**

Years ended March 31, 2008 and 2007

Millions of yen

	Number of shares in issue	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gain (loss) on securities	Translation adjustments	Total net assets
Balance at March 31, 2006	14,850,000	¥ 7,081	¥ 10,449	¥ 23,894	¥ (352)	¥ 241	¥ 512	¥ 41,825
Net income for the year	-	-	-	3,205	-	-	-	3,205
Cash dividends	-	-	-	(664)	-	-	-	(664)
Bonuses to directors and corporate auditors	-	-	-	(28)	-	-	-	(28)
Purchases of treasury stock	-	-	-	-	(1)	-	-	(1)
Sales of treasury stock	-	-	-	(27)	59	-	-	32
Other changes	-	-	-	-	-	(332)	245	(87)
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

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, 2007	\$ 70,683	\$ 104,302	\$ 263,326	\$ (2,935)	\$ (908)	\$ 7,556	\$ 442,024
Net income for the year	-	-	29,068	-	-	-	29,068
Cash dividends	-	-	(5,899)	-	-	-	(5,899)
Purchases of treasury stock	-	-	-	(1,288)	-	-	(1,288)
Sales of treasury stock	-	-	(270)	689	-	-	419
Other changes	-	-	-	-	(1,697)	(5,999)	(7,696)
Balance at March 31, 2008	\$ 70,683	\$ 104,302	\$ 286,225	\$ (3,534)	\$ (2,605)	\$ 1,557	\$ 456,628

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Operating activities:			
Income before income taxes	¥ 4,628	¥ 5,052	\$ 46,197
Adjustments for:			
Depreciation and amortization	1,522	1,187	15,193
Interest and dividend income	(421)	(281)	(4,203)
Foreign exchange loss (gain), net	219	(282)	2,186
Decrease (increase) in notes and accounts receivable	230	(312)	2,296
(Increase) decrease in inventories	(107)	294	(1,068)
Increase (decrease) in accounts payable	526	(84)	5,251
Other, net	(290)	(750)	(2,895)
Subtotal	<u>6,307</u>	<u>4,824</u>	<u>62,957</u>
Income taxes paid	(1,551)	(2,556)	(15,482)
Net cash provided by operating activities	<u>4,756</u>	<u>2,268</u>	<u>47,475</u>
Investing activities:			
(Increase) decrease in time deposits with original maturities of more than three months	(128)	333	(1,278)
Purchases of marketable securities	(301)	–	(3,004)
Proceeds from sales of marketable securities	315	185	3,144
Purchases of property, plant and equipment	(1,315)	(1,676)	(13,126)
Purchases of other assets	(79)	(98)	(788)
Purchases of investments in securities	(331)	(314)	(3,304)
Proceeds from sales of investments in securities	151	893	1,507
Interest and dividend income received	428	276	4,272
Other, net	(166)	(56)	(1,657)
Net cash used in investing activities	<u>(1,426)</u>	<u>(457)</u>	<u>(14,234)</u>
Financing activities:			
Purchases of treasury stock	(129)	(1)	(1,288)
Proceeds from sales of treasury stock	42	32	419
Cash dividends paid	(591)	(664)	(5,899)
Net cash used in financing activities	<u>(678)</u>	<u>(633)</u>	<u>(6,768)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(468)</u>	<u>405</u>	<u>(4,672)</u>
Net increase in cash and cash equivalents	<u>2,184</u>	<u>1,583</u>	<u>21,801</u>
Cash and cash equivalents at beginning of year	<u>24,113</u>	<u>22,530</u>	<u>240,697</u>
Cash and cash equivalents at end of year (Note 4)	<u>¥ 26,297</u>	<u>¥ 24,113</u>	<u>\$ 262,498</u>

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2008

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 ¥100.18 = U.S.\$1.00, the approximate rate of exchange in effect on March 31, 2008. 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.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued)

(e) Inventories

Inventories are classified into four categories and are valued as follows:

Finished goods	principally at cost 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
Work in process	at cost determined by the moving average method
Raw materials and supplies for repairs and R&D activities	at the lower of cost or market, cost being determined by the moving average method
Merchandise and supplies other than those for repairs and R&D activities	principally at the most recent purchase price, except for items held by certain overseas subsidiaries which are valued at the lower of cost or market, cost being determined by the moving average method

(f) Property, plant and equipment

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. Depreciation at the Company's overseas subsidiaries is calculated at rates based on the estimated useful lives of the respective assets by either the accelerated method or the straight-line method.

In accordance with the 2007 revision of the Corporate Tax Law, the method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007 has been 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 (\$1,477 thousand) 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 have 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 is computed based on the salvage value of 5% of acquisition cost, and the amount between the salvage value and memorandum value is 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 Corporate Tax Law. As a result of this change, operating income decreased by ¥52 million (\$519 thousand) and income before income taxes decreased by ¥53 million (\$529 thousand) for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previously applied method.

(g) Software development costs

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) 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.

(i) 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.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued)

(j) 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 certain domestic subsidiaries have 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.

(k) Leases

The Company and its subsidiaries lease certain assets under noncancelable lease agreements referred to as finance leases. At the Company and its domestic subsidiaries, and at certain overseas subsidiaries, finance leases, which are defined as leases which do not transfer the ownership of the leased property to the lessee, are principally accounted for as operating leases.

(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. Change in Method of Accounting for Bonuses to Directors and Corporate Auditors

Effective the year ended March 31, 2007, the Company and its domestic subsidiaries adopted "Accounting Standard for Directors' Bonuses" (Accounting Standards Board of Japan (ASBJ) Statement No. 4 issued on November 29, 2005) and charged bonuses to directors and corporate auditors to income as incurred. As a result of the adoption of this accounting standard, the Company and its domestic consolidated subsidiaries recorded an allowance for bonuses to directors and corporate auditors of ¥35 million at March 31, 2007 which is included in accrued expenses, and operating income and income before income taxes decreased by the same amount for the year then ended from the amount which would have been recorded under the method applied in the previous year.

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, 2008 and 2007 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash and deposits	¥ 26,224	¥ 23,913	\$ 261,769
Marketable securities	501	498	5,001
Subtotal	26,725	24,411	266,770
Time deposits with original maturities in excess of 3 months	(127)	—	(1,268)
Marketable securities with original maturities in excess of 3 months	(301)	(298)	(3,004)
Cash and cash equivalents	¥ 26,297	¥ 24,113	\$ 262,498

5. Marketable Securities and Investments in Securities

Marketable securities classified as other securities at March 31, 2008 and 2007 are summarized as follows:

	Millions of yen					
	2008			2007		
	Acquisition Cost	Carrying Value	Unrealized Gain (Loss)	Acquisition Cost	Carrying Value	Unrealized Gain (Loss)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	¥ 149	¥ 344	¥ 195	¥ 148	¥ 309	¥ 161
Corporate bonds	100	101	1	100	101	1
Other	301	301	0	200	200	0
Subtotal	550	746	196	448	610	162
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	1,079	566	(513)	1,070	908	(162)
Corporate bonds	1,196	1,094	(102)	1,199	1,046	(153)
Other	102	83	(19)	—	—	—
Subtotal	2,377	1,743	(634)	2,269	1,954	(315)
Total	¥ 2,927	¥ 2,489	¥ (438)	¥ 2,717	¥ 2,564	¥ (153)
	Thousands of U.S. dollars					
	2008					
	Acquisition Cost	Carrying Value	Unrealized Gain (Loss)			
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	\$ 1,487	\$ 3,434	\$ 1,947			
Corporate bonds	998	1,008	10			
Other	3,004	3,004	0			
Subtotal	5,489	7,446	1,957			
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	10,771	5,650	(5,121)			
Corporate bonds	11,939	10,920	(1,019)			
Other	1,018	829	(189)			
Subtotal	23,728	17,399	(6,329)			
Total	\$ 29,217	\$ 24,845	\$ (4,372)			

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

5. Marketable Securities and Investments in Securities (continued)

Sales of other securities for the years ended March 31, 2008 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Sales	¥ 39	¥ 840	\$ 389
Aggregate gain	11	206	110
Aggregate loss	5	8	50

The carrying value of investments in non-marketable securities at March 31, 2008 and 2007 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Unlisted equity securities (except for equity securities traded on the over-the-counter market)	¥ 13	¥ 24	\$ 130
Total	¥ 13	¥ 24	\$ 130

The redemption schedule as of March 31, 2008 for other securities with maturity dates is summarized as follows:

	Millions of yen			
	2008			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	¥ 200	¥ 196	¥ 100	¥ 700
Other	200	-	-	-
Total	¥ 400	¥ 196	¥ 100	¥ 700

	Thousands of U.S. dollars			
	2008			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Corporate bonds	\$ 1,996	\$ 1,956	\$ 998	\$ 6,987
Other	1,996	-	-	-
Total	\$ 3,992	\$ 1,956	\$ 998	\$ 6,987

6. Inventories

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Merchandise and finished products	¥ 2,742	¥ 3,117	\$ 27,370
Work in process	59	72	589
Raw materials and supplies	1,898	1,824	18,946
Total	¥ 4,699	¥ 5,013	\$ 46,905

ICOM INCORPORATED AND SUBSIDIARIES

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, 2008 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Retirement benefit obligation at end of year	¥ (3,357)	¥ (3,194)	\$ (33,509)
Plan assets at fair value at end of year	2,258	2,441	22,539
Unfunded retirement benefit obligation	(1,099)	(753)	(10,970)
Unrecognized net retirement benefit obligation at transition	143	163	1,427
Unrecognized actuarial gain	1,218	1,084	12,158
Unrecognized prior service cost	(15)	(18)	(150)
Prepaid pension cost	(276)	(500)	(2,755)
Accrued retirement benefits for employees	¥ (29)	¥ (24)	\$ (290)

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, 2008 and 2007 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Service cost	¥ 191	¥ 135	\$ 1,907
Interest cost	61	40	609
Expected return on plan assets	(46)	(43)	(459)
Amortization of prior service cost	(2)	(2)	(20)
Amortization of retirement benefit obligation at transition	20	21	200
Amortization of actuarial gain	134	48	1,337
Retirement benefit expenses, net	¥ 358	¥ 199	\$ 3,574

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 principally of 2.0% and an expected rate of return on plan assets principally of 2.0% for the years ended March 31, 2008 and 2007.

ICOM INCORPORATED AND SUBSIDIARIES

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, 2008 and 2007. 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, 2008 and 2007 as a percentage of income before income taxes are as follows:

	<u>2008</u>	<u>2007</u>
Statutory tax rate	40.6%	40.6%
Special tax credit for research and development expenses	(3.9)	(4.0)
Other	0.4	0.0
Effective tax rates	37.1%	36.6%

The significant components of deferred tax assets and liabilities at March 31, 2008 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Deferred tax assets:			
Unrealized gain on inventories	¥ 349	¥ 418	\$ 3,484
Retirement benefits for directors and corporate auditors	237	240	2,366
Accrued bonuses	189	186	1,886
Accrued enterprise taxes	68	57	679
Allowance for doubtful accounts	30	43	299
Deferred revenue	77	95	769
Devaluation of investments in securities	5	42	50
Unrealized holding losses on securities	178	62	1,777
Warranty reserves	22	25	220
Loss on devaluation of inventories	32	-	319
Accrued legal welfare expense on bonuses	23	24	229
Other	75	81	748
Total deferred tax assets	<u>1,285</u>	<u>1,273</u>	<u>12,826</u>
Deferred tax liabilities:			
Prepaid pension cost	(112)	(203)	(1,118)
Depreciation	(29)	(32)	(289)
Special reserve for depreciation	(8)	(11)	(80)
Other	-	(25)	-
Total deferred tax liabilities	<u>(149)</u>	<u>(271)</u>	<u>(1,487)</u>
Net deferred tax assets	<u>¥ 1,136</u>	<u>¥ 1,002</u>	<u>\$ 11,339</u>

ICOM INCORPORATED AND SUBSIDIARIES

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, 2008 and 2007 amounted to ¥293 million (\$2,925 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, 2008 and 2007 are summarized as follows:

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

	Number of shares			March 31, 2007
	2007			
	March 31, 2006	Increase	Decrease	
Treasury stock	102,681	300	17,200	85,781

10. Stock Option Plan

The Company has stock option plan for the Company's and the domestic subsidiaries' directors and certain employees in accordance with the provisions of Articles 280-20 and 280-21 of the former Commercial Code of Japan.

Effective May 1, 2006, the Company has adopted Articles 236 and 238 of the Law with respect to its stock option plan.

The particulars of the stock option plan are outlined as follows:

Plan approved at a meeting of the shareholders of the Company held on June 26, 2003:

Number of stock acquisition rights.....	3,950 (Note (1))
Recipients.....	9 directors, 1 corporate auditor and 259 employees of the Company and 1 director and 40 employees of the domestic subsidiaries
Type of shares.....	Common stock
Number of shares reserved.....	Up to 395,000 shares (the balance at March 31, 2008 was 131,300 shares)
Exercise price.....	¥2,050 (Note (2))
Exercisable period.....	From July 1, 2005 to June 30, 2008
Conditions for exercise of options.....	Note (3)

Note (1): The Company will issue 100 shares upon the exercise of each stock acquisition right.

Note (2): If the Company implements a split or a reverse split of its shares of common stock, the exercise price will be adjusted according to the following formula, and any fractional amount of less than one yen resulting from this adjustment will be rounded up to the full yen amount:

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of split or reverse split}}$$

Note (3): (1) Recipients to whom stock acquisition rights (have) been granted may not continue to be eligible to exercise these rights if they lose or relinquish their positions as officers or employees of the Company and/or the domestic subsidiaries. Therefore, they are required to remain as the Company's directors, corporate auditors or employees or the directors or employees of the Company's domestic subsidiaries at the time of their exercise of

their stock acquisition rights.

- (2) In the event of the death of a stock option holder, his/her heirs do not have the right to exercise the deceased's stock acquisition rights.
- (3) Other conditions will apply as prescribed in the agreement entered into between the Company and the recipients.
- (4) A transfer of stock acquisition rights is permissible but is subject to a resolution approved at a meeting of the Company's Board of Directors.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

11. 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, 2008 and 2007 has been omitted because all open derivatives positions qualified for deferral hedge accounting.

12. Research and Development Costs

Research and development costs included in selling, general and administrative expenses totaled ¥2,891 million (\$28,858 thousand) and ¥2,579 million for the years ended March 31, 2008 and 2007, respectively.

13. Amounts Per Share

Amounts per share at March 31, 2008 and 2007 and for the years then ended were as follows:

	Yen		U.S. dollars
	2008	2007	2008
Net assets	¥ 3,102.92	¥ 2,999.27	\$ 30.97
Net income:			
Basic	197.28	217.21	1.97
Diluted	197.24	216.29	1.97
Cash dividends	40.00	40.00	0.40

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.

ICOM INCORPORATED AND SUBSIDIARIES

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, 2008 and 2007 is summarized as follows:

	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

	Millions of yen				
	2007				
	Radio	Computer	Subtotal	Eliminations	Consolidated
I. Net sales and operating income (loss)					
Sales to third parties	¥ 29,397	¥ 1,710	¥ 31,107	¥ –	¥ 31,107
Intersegment sales	–	–	–	–	–
Net sales	29,397	1,710	31,107	–	31,107
Operating expenses	24,722	1,819	26,541	–	26,541
Operating income (loss)	¥ 4,675	¥ (109)	¥ 4,566	¥ –	¥ 4,566
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	¥ 47,229	¥ 2,121	¥ 49,350	¥ –	¥ 49,350
Depreciation and amortization	1,148	39	1,187	–	1,187
Capital expenditures	1,622	59	1,681	–	1,681

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

14. Segment Information (continued)

(1) Business Segments (continued)

	Thousands of U.S. dollars				
	2008				
	Radio	Computer	Subtotal	Eliminations	Consolidated
I. Net sales and operating income (loss)					
Sales to third parties	\$ 312,059	\$ 18,736	\$ 330,795	\$ –	\$ 330,795
Intersegment sales	–	–	–	–	–
Net sales	312,059	18,736	330,795	–	330,795
Operating expenses	262,099	20,613	282,712	–	282,712
Operating income (loss)	\$ 49,960	\$ (1,877)	\$ 48,083	\$ –	\$ 48,083
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	\$ 487,422	\$ 22,929	\$ 510,351	\$ –	\$ 510,351
Depreciation and amortization	14,544	649	15,193	–	15,193
Capital expenditures	15,373	459	15,832	–	15,832

As mentioned in Note 2(f), the Company and its domestic subsidiaries have 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 (\$1,417 thousand) and ¥6 million (\$60 thousand), 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.

As mentioned in Note 2(f), the Company and its domestic subsidiaries have 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 (\$499 thousand) and ¥2 million (\$20 thousand), 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.

As described in Note 3, effective the year ended March 31, 2007, the Company and its domestic subsidiaries adopted “Accounting Standard for Directors’ Bonuses” (ASBJ Statement No. 4 issued on November 29, 2005). As a result of this change, operating expenses in the radio and computer segments increased by ¥34 million and ¥1 million, respectively, and operating income for these segments decreased by the corresponding amounts for the year ended March 31, 2007 from the amounts which would have been recorded under the method applied in the previous year.

ICOM INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

14. Segment Information (continued)

(2) Geographical Segments

The geographical segment information of the Company and its subsidiaries for the years ended March 31, 2008 and 2007 is summarized as follows:

	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

	Millions of yen						
	2007						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating income							
Sales to third parties	¥ 16,989	¥ 11,107	¥ 1,606	¥ 1,405	¥ 31,107	¥ —	¥ 31,107
Intersegment sales	9,181	15	5	603	9,804	(9,804)	—
Net sales	26,170	11,122	1,611	2,008	40,911	(9,804)	31,107
Operating expenses	22,454	10,933	1,520	1,767	36,674	(10,133)	26,541
Operating income	¥ 3,716	¥ 189	¥ 91	¥ 241	¥ 4,237	¥ 329	¥ 4,566
II. Total assets	¥ 43,086	¥ 6,317	¥ 979	¥ 1,814	¥ 52,196	¥ (2,846)	¥ 49,350

	Thousands of U.S. dollars						
	2008						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating income							
Sales to third parties	\$ 186,604	\$ 109,174	\$ 18,896	\$ 16,121	\$ 330,795	\$ —	\$ 330,795
Intersegment sales	100,579	110	10	3,963	104,662	(104,662)	—
Net sales	287,183	109,284	18,906	20,084	435,457	(104,662)	330,795
Operating expenses	247,834	106,508	17,379	17,349	389,070	(106,358)	282,712
Operating income	\$ 39,349	\$ 2,776	\$ 1,527	\$ 2,735	\$ 46,387	\$ 1,696	\$ 48,083
II. Total assets	\$ 450,888	\$ 54,622	\$ 10,571	\$ 19,425	\$ 535,506	\$ (25,155)	\$ 510,351

As mentioned in Note 2(f), the Company and its domestic subsidiaries have 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 (\$1,477 thousand) 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.

As mentioned in Note 2(f), the Company and its domestic subsidiaries have 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 (\$519 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.

As described in Note 3, effective the year ended March 31, 2007, the Company and its domestic subsidiaries adopted "Accounting Standard for Directors' Bonuses" (ASBJ Statement No. 4 issued on November 29, 2005). As a result of this change, operating expenses in the Japan segment increased by ¥35 million and operating income decreased by the same amount for the year ended March 31, 2007 from the amount which would have been recorded under the method applied in the previous year.

ICOM INCORPORATED AND SUBSIDIARIES

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, 2008 and 2007 are summarized as follows:

	Millions of yen				Thousands of U.S. dollars			
	2008		2007		2008			
North America	¥	10,576	31.9%	¥	10,772	34.6%	\$	105,570
Europe		7,204	21.7%		6,373	20.5%		71,911
Asia		6,452	19.5%		5,556	17.9%		64,404
Other		2,722	8.2%		2,485	8.0%		27,171
Sales to overseas customers	¥	26,954	81.3%	¥	25,186	81.0%	\$	269,056
Consolidated net sales	¥	33,139	100.0%	¥	31,107	100.0%	\$	330,795

15. Significant Subsidiaries and Affiliates

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, 2008, was approved at a shareholders' meeting held on June 26, 2008:

	Millions of yen	Thousands of U.S. dollars
	2008	2008
Cash dividends (¥20 = U.S.\$0.20 per share)	¥ 295	\$ 2,945

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, 2008 and 2007, 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, 2008 and 2007, 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, 2008 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 30, 2008

BOARD OF DIRECTORS AND AUDITORS

Tokuzo Inoue
Chairman and Representative Director

Tsutomu Fukui
President and Representative Director

Nobuo Ogawa
Executive Managing Director

Kiyoshi Sakurai
Director

Yasuo Hyakudai
Director (part-time)

Masataka Harima
Director

Masanori Kamoto
Director

Hiroshi Shimizu
Director

Kikuji Okumura
Director

Seishi Yamazaki
Director

Hiroshi Nakaoka
Director (part-time)

Taichiro Itoyama
Director (part-time)

Toshihiro Wada
Auditor (full-time)

Hiroshi Umemoto
Auditor

Katsunori Sugimoto
Auditor

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CORPORATE FACTS

Established: July, 1964
Employees: 604
Paid-in capital: ¥7,081 million
Authorized shares: 34,000,000
Issued and outstanding shares:
14,850,000
Shareholders: 3,820
Stock listing: Tokyo Stock Exchange
and Osaka Securities Exchange

Shareholder	Thousands of shares
Tokuzo Inoue	1,868
Gigapalace Inc.	1,472
The Icom Foundation	1,000
State Street Bank and Trust Company	893
The Master Trust Bank of Japan, Ltd.	612
Japan Trustee Service Bank, Ltd.	579
Northern Trust Co. (AVFC) Sub A/C American Clients	493
KENWOOD CORPORATION	445
JPMCB Omnibus US Pension Treaty JASDEC	385
Meiji Yasuda Life Insurance Company	343