ICOM

ANNUAL REPORT 2010

YEAR ENDED MARCH 31, 2010

ICOM INCORPORATED

Financial Highlights

ICOM INCORPORATED AND SUBSIDIARIES

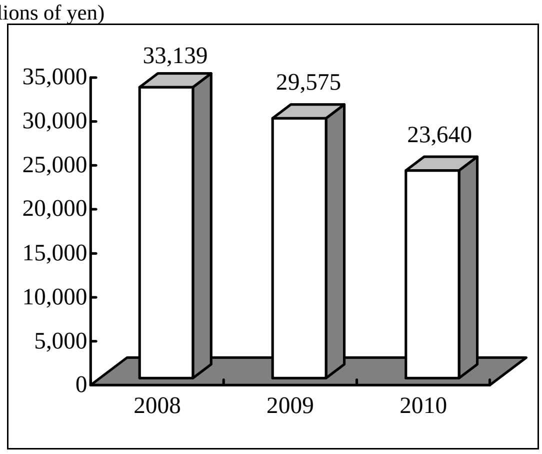
Years ended March 31, 2010, 2009 and 2008

	Millions of yen			Thousands of U.S. dollars
	2010	2009	2008	**2010**
Net sales	**¥ 23,640**	¥ 29,575	¥ 33,139	**$ 254,112**
Operating income	**431**	2,785	4,817	**4,633**
Income before income taxes	**711**	1,532	4,628	**7,643**
Net income	**230**	998	2,912	**2,472**
Total assets	**¥ 49,350**	¥ 49,245	¥ 51,127	**$ 530,474**

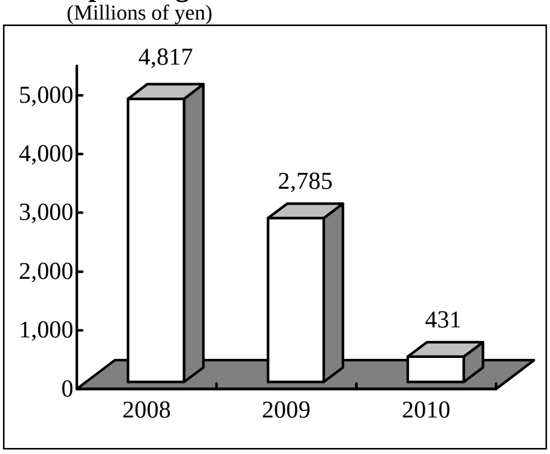
Amounts per share:	Yen			U.S. dollars
Net assets	**¥ 3,094.79**	¥ 3,086.49	¥ 3,102.92	**$ 33.27**
Net income – basic	**15.55**	67.40	197.28	**0.17**
Net income – diluted	**–**	–	197.24	**–**
Cash dividends	**20.00**	40.00	40.00	**0.21**

Notes:
1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥93.03 = U.S.$1.00, the exchange rate prevailing on March 31, 2010.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million or thousand.

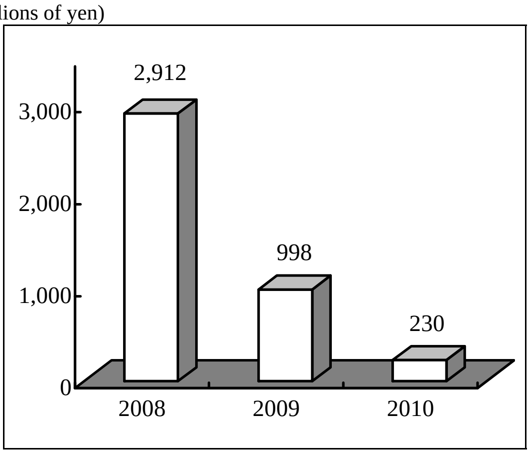
Net Sales
(Millions of yen)



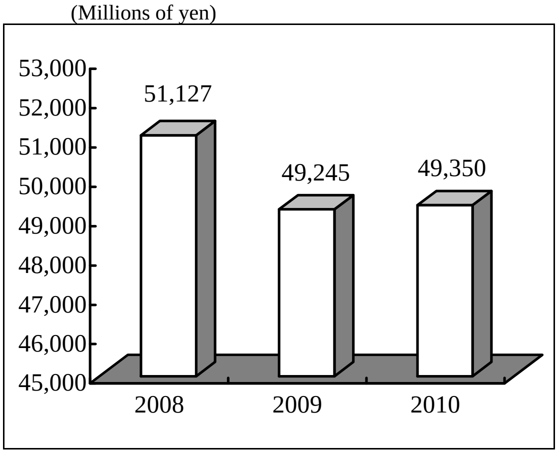
Operating Income
(Millions of yen)



Net Income
(Millions of yen)



Total Assets
(Millions of yen)



Operating Highlights

BUSINESS SEGMENT INFORMATION

Years ended March 31, 2010 and 2009

	Millions of yen				Thousands of U.S. dollars	
	Net sales		Operating income (loss)		Net sales	Operating income (loss)
	2010	2009	**2010**	2009	**2010**	**2010**
Radio	**¥ 22,351**	¥ 27,715	**¥ 498**	¥ 2,873	**$ 240,256**	**$ 5,353**
Computer	**1,289**	1,860	**(67)**	(88)	**13,856**	**(720)**
Eliminations	**–**	–	**–**	–	**–**	**–**
Consolidated total	**¥ 23,640**	¥ 29,575	**¥ 431**	¥ 2,785	**$ 254,112**	**$ 4,633**

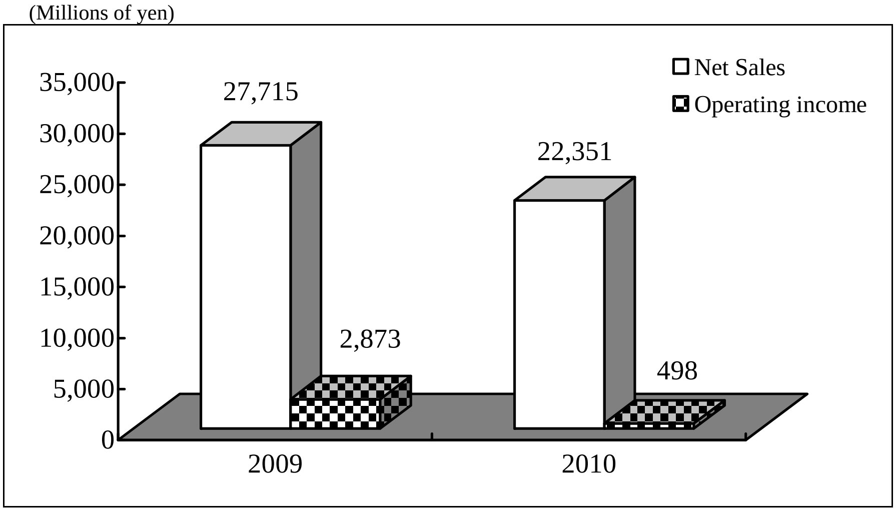
Notes:

1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥93.03 = U.S.$1.00, the exchange rate prevailing on March 31, 2010.

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

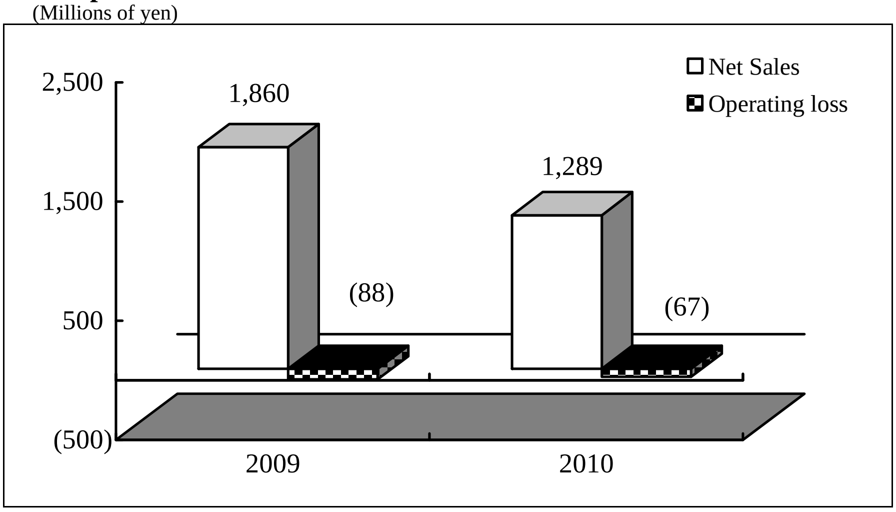
Radio

(Millions of yen)



Computer

(Millions of yen)



Operating Highlights

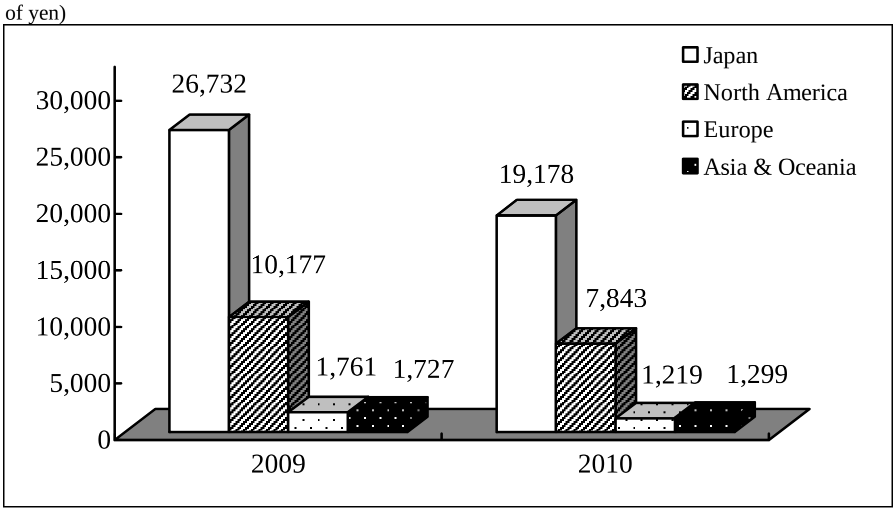
GEOGRAPHICAL SEGMENT INFORMATION

Years ended March 31, 2010 and 2009

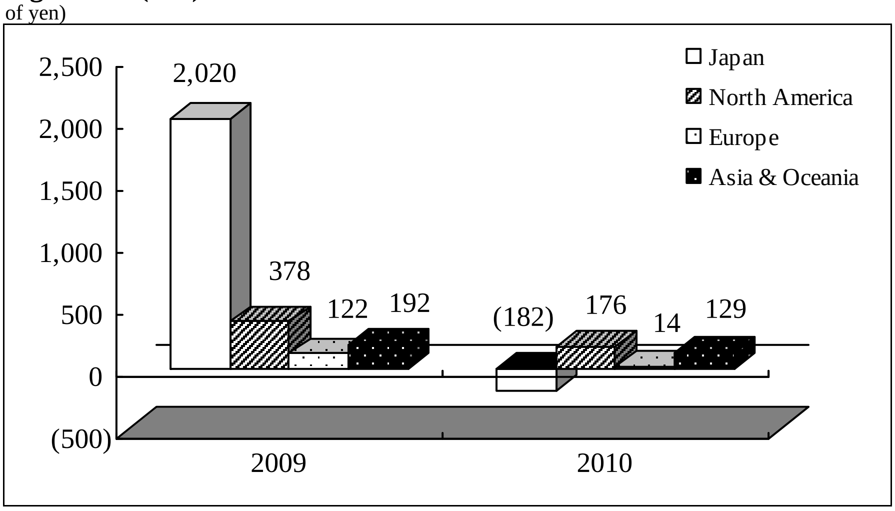
	Millions of yen				Thousands of U.S. dollars	
	Net sales		Operating income(loss)		Net sales	Operating income(loss)
	2010	2009	**2010**	2009	**2010**	**2010**
Japan	**¥ 19,178**	¥ 26,732	**¥ (182)**	¥ 2,020	**$ 206,149**	**$ (1,956)**
North America	**7,843**	10,177	**176**	378	**84,306**	**1,892**
Europe	**1,219**	1,761	**14**	122	**13,104**	**151**
Asia & Oceania	**1,299**	1,727	**129**	192	**13,963**	**1,386**
Eliminations	**(5,899)**	(10,822)	**294**	73	**(63,410)**	**3,160**
Consolidated total	**¥ 23,640**	¥ 29,575	**¥ 431**	¥ 2,785	**$ 254,112**	**$ 4,633**

Notes:
1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥93.03= U.S.$1.00, the exchange rate prevailing on March 31, 2010.
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(loss)
(Millions of yen)



Operating Highlights

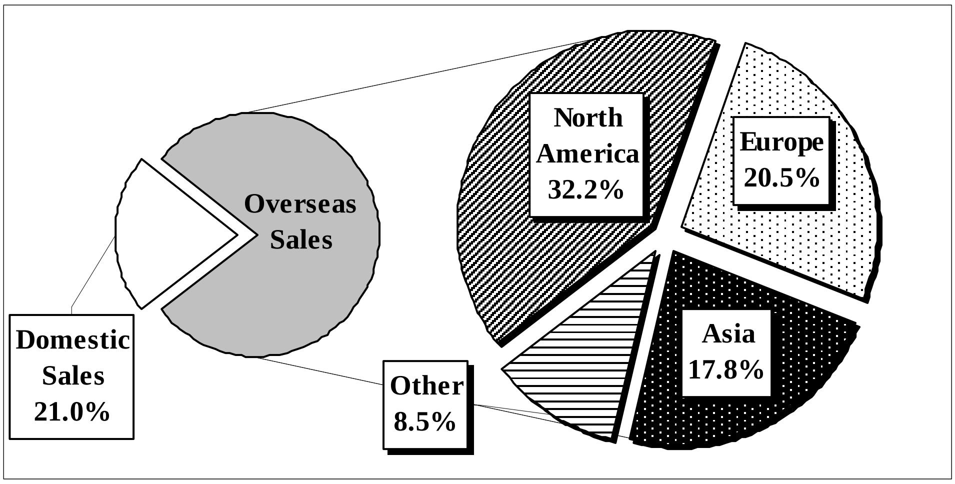
OVERSEAS SALES

Years ended March 31, 2010 and 2009

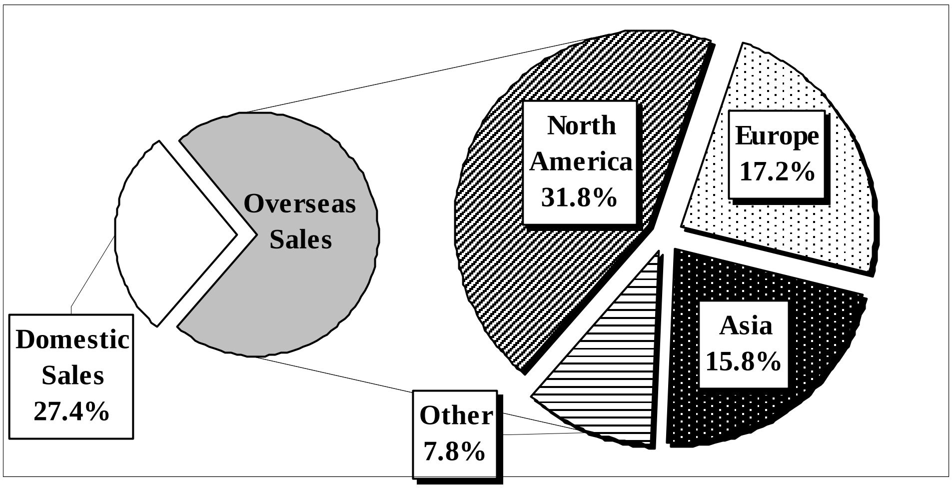
	Millions of yen				Thousands of U.S. dollars
	2010		2009		**2010**
North America	**¥ 7,516**	**31.8%**	¥ 9,524	32.2%	**$ 80,791**
Europe	**4,061**	**17.2**	6,071	20.5	**43,653**
Asia	**3,747**	**15.8**	5,269	17.8	**40,277**
Other	**1,837**	**7.8**	2,488	8.5	**19,746**
Overseas total	**17,161**	**72.6**	23,352	79.0	**184,467**
Domestic total	**6,479**	**27.4**	6,223	21.0	**69,645**
Consolidated total	**¥ 23,640**	**100.0%**	¥ 29,575	100.0%	**$ 254,112**

Notes:
1. All dollar amounts herein refer to U.S. dollars translated from Japanese yen at ¥93.03 = U.S.$1.00, the exchange rate prevailing on March 31, 2010.
2. Amounts shown in millions of yen and thousands of dollars are rounded off to the nearest million or thousand.

Net Sales 2009



Net Sales 2010



ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (*Note 1*)
Assets	**2010**	2009	**2010**
Current assets:			
Cash and deposits *(Notes 4, 5 and 11)*	**¥ 26,251**	¥ 23,478	**$ 282,178**
Marketable securities *(Notes 4, 5 and 6)*	**200**	94	**2,150**
Notes and accounts receivable *(Note5)*	**4,208**	3,684	**45,233**
Allowance for doubtful accounts	**(36)**	(58)	**(387)**
	4,172	3,626	**44,846**
Inventories *(Note 7)*	**4,459**	5,897	**47,931**
Deferred income taxes *(Note 9)*	**242**	569	**2,601**
Other current assets	**1,286**	1,448	**13,823**
Total current assets	**36,610**	35,112	**393,529**
Property, plant and equipment:			
Land	**3,841**	3,828	**41,288**
Buildings and structures	**6,031**	4,965	**64,828**
Machinery and equipment	**11,408**	11,246	**122,627**
Vehicles and other	**243**	258	**2,612**
Construction in progress	**8**	1,277	**86**
Property, plant and equipment, at cost	**21,531**	21,574	**231,441**
Less accumulated depreciation	**(13,927)**	(13,112)	**(149,704)**
Property, plant and equipment, net	**7,604**	8,462	**81,737**
Investments and other assets:			
Investments in securities *(Notes 5 and 6)*	**1,687**	1,833	**18,134**
Other investments	**2,628**	2,853	**28,249**
Deferred income taxes *(Note 9)*	**619**	740	**6,654**
Other assets	**246**	294	**2,644**
Allowance for doubtful accounts	**(44)**	(49)	**(473)**
Total investments and other assets	**5,136**	5,671	**55,208**
Total assets *(Note 15)*	**¥ 49,350**	¥ 49,245	**$ 530,474**

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
Liabilities and net assets	**2010**	2009	**2010**
Current liabilities:			
Accounts payable – trade *(Note 5)*	**¥ 1,204**	¥ 1,007	**$ 12,942**
Accounts payable – other *(Note 13)*	**351**	605	**3,773**
Accrued income taxes *(Note 9)*	**10**	65	**(258)**
Deferred income taxes *(Note 9)*	**–**	2	–
Accrued expenses	**861**	957	**9,621**
Warranty reserves	**60**	66	**645**
Other current liabilities	**125**	155	**1,343**
Total current liabilities	**2,611**	2,857	**28,066**
Long-term liabilities:			
Accrued retirement benefits for employees *(Note 8)*	**277**	32	**2,978**
Other long-term liabilities	**601**	617	**6,460**
Total long-term liabilities	**878**	649	**9,438**
Net assets:			
Shareholders' equity *(Note 10)*:			
Common stock:			
Authorized – 34,000,000 shares;			
Issued – 14,850,000 shares in 2010 and 2009	**7,081**	7,081	**76,115**
Capital surplus	**10,449**	10,449	**112,319**
Retained earnings *(Note 17)*	**28,770**	28,984	**309,254**
Less treasury stock, at cost:			
31,119 shares in 2010 and 30,839 shares in 2009	**(102)**	(101)	**(1,096)**
Total shareholders' equity	**46,198**	46,413	**496,592**
Valuation and translation adjustments:			
Unrealized holding gain (loss) on securities *(Note 6)*	**25**	(128)	**269**
Translation adjustments	**(362)**	(546)	**(3,891)**
Total valuation and translation adjustments	**(337)**	(674)	**(3,622)**
Total net assets	**45,861**	45,739	**492,970**
Total liabilities and net assets	**¥ 49,350**	¥ 49,245	**$ 530,474**

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Income

Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars *(Note 1)*
	2010	2009	**2010**
Net sales *(Note 15)*	**¥ 23,640**	¥ 29,575	**$ 254,112**
Cost of sales	**14,942**	17,436	**160,615**
Gross profit	**8,698**	12,139	**93,497**
Selling, general and administrative expenses *(Notes 12 and 13)*	**8,267**	9,354	**88,864**
Operating income *(Note 15)*	**431**	2,785	**4,633**
Other income (expenses):			
Interest and dividend income	**163**	373	**1,752**
Gain on sales of securities, net *(Note 6)*	**7**	11	**75**
Loss on impairment of investments in securities *(Note 6)*	**(1)**	(961)	**(11)**
Foreign exchange gain (loss), net	**157**	(620)	**1,688**
Gain on sales of property, plant and equipment	**0**	1	**0**
Sales discounts	**(171)**	(243)	**(1,838)**
Other, net	**125**	186	**1,344**
	280	(1,253)	**3,010**
Income before income taxes	**711**	1,532	**7,643**
Income taxes *(Note 9)*:			
Current	**142**	806	**1,527**
Deferred	**339**	(272)	**3,644**
	481	534	**5,171**
Net income	**¥ 230**	¥ 998	**$ 2,472**

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2010 and 2009

	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, 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
Net income for the year	**–**	**–**	**–**	**230**	**–**	**–**	**–**	**230**
Cash dividends	**–**	**–**	**–**	**(444)**	**–**	**–**	**–**	**(444)**
Purchases of treasury stock	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Other changes	**–**	**–**	**–**	**–**	**–**	**153**	**184**	**337**
Balance at March 31, 2010	**14,850,000**	**¥ 7,081**	**¥ 10,449**	**¥ 28,770**	**¥ (102)**	**¥ 25**	**¥ (362)**	**¥ 45,861**

	Thousands of U.S. dollars (Note 1)						
	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, 2009	$76,115	$ 112,319	$ 311,555	$ (1,086)	$ (1,376)	$ (5,869)	$ 491,658
Net income for the year	**–**	**–**	**2,472**	**–**	**–**	**–**	**2,472**
Cash dividends	**–**	**–**	**(4,773)**	**–**	**–**	**–**	**(4,773)**
Purchases of treasury stock	**–**	**–**	**–**	**(10)**	**–**	**–**	**(10)**
Other changes	**–**	**–**	**–**	**–**	**1,645**	**1,978**	**3,623**
Balance at March 31, 2010	**$76,115**	**$ 112,319**	**$ 309,254**	**$ (1,096)**	**$ 269**	**$ (3,891)**	**$ 492,970**

See accompanying notes to consolidated financial statements.

ICOM INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars *(Note 1)*
	2010	2009	**2010**
Operating activities:			
Income before income taxes	**¥ 711**	¥ 1,532	**$ 7,643**
Adjustments for:			
Depreciation and amortization	**1,362**	1,650	**14,640**
Interest and dividend income	**(163)**	(373)	**(1,752)**
Foreign exchange (gain) loss, net	**(61)**	814	**(656)**
(Increase) decrease in notes and accounts receivable	**(551)**	573	**(5,923)**
Decrease (increase) in inventories	**1,265**	(1,442)	**13,598**
Increase (decrease) in accounts payable -trade	**295**	(548)	**3,171**
Other, net	**362**	915	**3,891**
Subtotal	**3,220**	3,121	**34,612**
Income taxes paid	**(278)**	(1,737)	**(2,988)**
Net cash provided by operating activities	**2,942**	1,384	**31,624**
Investing activities:			
Increase in time deposits with original maturities in excess of three months	**(604)**	(455)	**(6,493)**
Proceeds from sales of marketable securities	**100**	301	**1,075**
Purchases of property, plant and equipment	**(619)**	(2,253)	**(6,654)**
Purchases of other assets	**(65)**	(111)	**(699)**
Purchases of investments in securities	**(314)**	(1,232)	**(3,375)**
Proceeds from sales of investments in securities	**604**	561	**6,493**
Interest and dividend income received	**157**	372	**1,688**
Other, net	**(5)**	(167)	**(54)**
Net cash used in investing activities	**(746)**	(2,984)	**(8,019)**
Financing activities:			
Purchases of treasury stock	**(1)**	(1)	**(10)**
Proceeds from sales of treasury stock	–	159	–
Cash dividends paid	**(444)**	(592)	**(4,773)**
Net cash used in financing activities	**(445)**	(434)	**(4,783)**
Effect of exchange rate changes on cash and cash equivalents	**36**	(1,066)	**387**
Net increase (decrease) in cash and cash equivalents	**1,787**	(3,100)	**19,209**
Cash and cash equivalents at beginning of year	**23,197**	26,297	**249,350**
Cash and cash equivalents at end of year ***(Note 4)***	**¥ 24,984**	¥ 23,197	**$ 268,559**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

March 31, 2010

1. Basis of Preparation

The accompanying consolidated financial statements of ICOM INCORPORATED (the "Company") and its 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 ¥93.03 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2010. 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 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 and income before income taxes decreased by ¥5 million 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 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 the year ended March 31, 2009, the Company and its domestic subsidiaries adopted “Accounting Standard for Lease Transactions” (ASBJ Statement No.13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by ASBJ on March 30, 2007) and “Implementation Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by ASBJ on March 30, 2007). Such transactions are now accounted for as ordinary sale and purchase transactions.

The Company and its domestic 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.

(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.

(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.

Prior service cost is being amortized by the straight-line method over ten years within the average remaining years of service at the time of occurrence.

Actuarial gain or loss is being amortized on a straight-line basis over ten years, which is within the average remaining years of service of employees, allocated proportionately starting from the year following the respective fiscal year of occurrence.

The Company and certain domestic subsidiaries had unfunded retirement benefit plans for directors and corporate auditors. The amounts required under the plans had been fully accrued in accordance with their internal regulations and were to be paid subject to approval at a shareholders’ meeting. At the Company’s general shareholders’ meeting held on June 26, 2008, shareholders approved and resolved to abolish these retirement benefit plans for directors and corporate auditors and to pay retirement benefits for the applicable service period of each officer up to the date of the above shareholders’ meeting at the time each officer subsequently retires. As a result, a retirement benefit obligation for certain officers of ¥511 million was included in “Other long-term liabilities” in the consolidated balance sheet as of March 31, 2009.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (continued)

(k) Accrued retirement benefits (continued)

(Accounting Changes)

Effective the year ended March 31, 2010, the Company and its domestic subsidiaries have adopted "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19 issued on July 31, 2008). The adoption of this standard had no effect on the consolidated operating results for the year ended March 31, 2010.

(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

Under the Corporation Law of Japan, and the Company's Articles of Incorporation the distribution of retained earnings with respect to a given fiscal year end is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The distribution of retained earning with respect to interim financial period it made by resolution of the Board of Directors. (See Note 17.)

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), was adopted. The impact of this change on operating results for the year ended March 31, 2009 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, 2010 and 2009 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Cash and deposits	**¥ 26,251**	¥ 23,478	**$ 282,178**
Marketable securities	**200**	94	**2,150**
Subtotal	**26,451**	23,572	**284,328**
Time deposits with original maturities in excess of three months	**(1,267)**	(281)	**(13,619)**
Marketable securities with original maturities in excess of three months	**(200)**	(94)	**(2,150)**
Cash and cash equivalents	**¥ 24,984**	¥ 23,197	**$ 268,559**

Notes to Consolidated Financial Statements

5. Financial Instruments

Effective the year ended March 31, 2010, the Company and subsidiaries have adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No.10 issued on March 10, 2008) and "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19 issued on March 10, 2008).

(1) General information

i) Policy for financial instruments

In consideration of plans for capital investment which is mainly centered on radio manufacturing and sales, the Company and its subsidiaries (collectively, the "Group") finance necessary funds through their own funds. The Group manages surplus funds through financial assets that have high levels of liquidity. The Group uses derivatives for the purpose of reducing risk and does not enter into derivatives for speculative trading purposes.

ii) Types of financial instruments and related risk

Notes and accounts receivable are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange rate fluctuation risk arising from receivables denominated in foreign currencies.

Marketable securities and investments in securities are exposed to market risk. Those securities are composed of mainly corporate bonds in other securities and the shares of common stock of other companies with which it has business relationships. Fair values of those securities are periodically reviewed and reported to board of directors meetings.

Trade accounts payable have payment due dates within two months. The Group is exposed to foreign currency exchange rate fluctuation risk arising from those denominated in foreign currencies.

Regarding derivatives, the Group enters into forward foreign exchange contracts to reduce the foreign currency exchange rate fluctuation risk arising from cash and deposits denominated in foreign currencies. Further information regarding the method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities can be found in Note 11.

iii) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies for managing credit risk of the Group arising from receivables, the credit department monitors credit worthiness of main customers periodically, and monitors due dates and outstanding balances by customer. In addition, the Group is making efforts to identify and mitigate risks of bad debt from customers who have financial difficulties.

In accordance with the internal policies for security management, the Group only acquires corporate bonds or other securities with high credit ratings. Accordingly, the Group believes that the credit risk deriving from such debt securities is insignificant.

The Group also believes that the credit risk of derivatives is insignificant as the Group enters into derivative transactions only with financial institutions with high credit ratings.

(b) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

For cash and deposits denominated in foreign currencies arising from trade receivables denominated in foreign currencies, the Group identifies the foreign currency exchange risk by each currency and enters into forward foreign exchange contracts to hedge such risk.

For marketable securities and investments in securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Group continuously evaluates whether securities should be maintained taking into account their fair values and the relationships with the issuers.

For derivative transactions, the accounting department of the Company enters into and manages transactions, and a representative director, in advance, approves them within the limits reported at the Board of Directors meeting. Results of derivative transactions are reported at the monthly Board of Directors meetings. Subsidiaries do not enter into derivative transactions.

(c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on the scheduled due dates)

Based on reports from each division, the accounting department of the Company prepares and updates its cash flow plans on a timely basis to manage liquidity risk. Subsidiaries monitor liquidity risk in a same manner.

5. Financial Instruments (continued)

iv) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair values. In addition, the notional amounts of derivatives in Note 11 are not necessarily indicative of the actual market risk involved in derivative transactions.

(2) Estimated fair value of financial instruments

The carrying value, fair value and unrealized gains (losses) of the financial instruments on the consolidated balance sheet as of March 31, 2010 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note ⅱ) below).

	Millions of yen		
	2010		
	Carrying value	Fair value	Unrealized gains (losses)
Assets			
(1) Cash and deposits	¥ **26,251**	¥ **26,251**	¥ –
(2) Notes and accounts receivable	**4,208**	**4,208**	–
(3) Marketable securities and investments in securities	**1,757**	**1,757**	**–**
Total assets	**¥ 32,216**	**¥ 32,216**	**¥** –
Liabilities			
(1) Accounts payable - trade	**¥ 1,204**	**¥ 1,204**	**¥ –**
Total liabilities	**¥ 1,204**	**¥ 1,204**	**¥** –
Derivative transactions (*)	**¥ 1**	**¥ 1**	**¥** –

	Thousands of U.S. dollars		
	2010		
	Carrying value	Fair value	Unrealized gains (losses)
Assets			
(1) Cash and deposits	**$ 282,178**	**$ 282,178**	**$** –
(2) Notes and accounts receivable	**45,233**	**45,233**	–
(3) Marketable securities and investments in securities	**18,886**	**18,886**	–
Total assets	**$ 346,297**	**$ 346,297**	**$** –
Liabilities			
(1) Accounts payable - trade	**$ 12,942**	**$ 12,942**	**$** –
Total liabilities	**$ 12,942**	**$ 12,942**	**$** –
Derivative transactions (*)	**$ 11**	**$ 11**	**$** –

(*) The value of assets and liabilities arising from derivatives is shown at net value.

Notes to Consolidated Financial Statements

5. Financial Instruments (continued)

(2) Estimated fair value of financial instruments (continued)

Notes:

i) Methods to determine the market value of financial instruments and other matters related to marketable securities and derivative transactions

Assets

(1) Cash and deposits, and (2) Notes and accounts receivable

Since these items are settled in a short period of time, their carrying values approximate the fair value.

(3) Marketable securities and investments in securities

The fair value of equity securities is based on quoted market prices. The fair value of debt securities is based on either quoted market prices or the prices provided by the financial institutions making markets for these securities. For information on securities classified by purpose of holding, please refer to Note 6.

Liabilities

(1) Accounts payable - trade

Since these items are settled in a short period of time, their carrying values approximate the fair value.

Derivatives Transactions

Please refer to Note 11.

ii) Financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen	Thousands of U.S. dollars
	2010	**2010**
Unlisted stocks	**¥ 130**	**$ 1,397**

Since there is no market price for unlisted stocks and it is difficult to determine the fair value, they are not included in above (3) marketable securities and investments in securities in the preceding table “(2) Estimated fair value of financial instruments”.

iii) The redemption schedule for other securities with maturity dates

The redemption schedule for financial instruments receivable and marketable securities and investments in securities with maturity dates is summarized as follows:

	Millions of yen			
	2010			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	**¥ 26,251**	**¥ –**	**¥ –**	**¥ –**
Notes and accounts receivable	**4,208**	**–**	**–**	**–**
Marketable securities and investments in securities:				
Other securities with maturing dates				
Corporate bonds	**200**	**424**	**300**	**400**
Other	**–**	**–**	**–**	**–**
Total	**¥ 30,659**	**¥ 424**	**¥ 300**	**¥ 400**

Notes to Consolidated Financial Statements

5. Financial Instruments (continued)

iii) The redemption schedule for other securities with maturity dates (continued)

	Thousands of U.S. dollars			
	2010			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	**$ 282,178**	**$ –**	**$ –**	**$ –**
Notes and accounts receivable	**45,233**	**–**	**–**	**–**
Marketable securities and investments in securities:				
Other securities with maturing dates				
Corporate bonds	**2,150**	**4,558**	**3,225**	**4,300**
Other	**–**	**–**	**–**	**–**
Total	**$ 329,561**	**$ 4,558**	**$ 3,225**	**$ 4,300**

(Additional information)

Effective the year ended March 31, 2010, the Company and subsidiaries have adopted “Accounting Standard for Financial Instruments” (ASBJ Statement No.10 issued on March 10, 2008) and “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19 issued on March 10, 2008).

6. Marketable Securities and Investments in Securities

Marketable securities classified as other securities at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen					
	2010			2009		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Equity securities	**¥ 330**	**¥ 410**	**¥ 80**	¥ 148	¥ 170	¥ 22
Corporate bonds	**317**	**323**	**6**	–	–	–
Other	**35**	**43**	**8**	–	–	–
Subtotal	**682**	**776**	**94**	148	170	22
Securities whose carrying value does not exceed their acquisition cost:						
Equity securities	**33**	**24**	**(9)**	220	202	(18)
Corporate bonds	**996**	**957**	**(39)**	1,844	1,473	(371)
Other	**–**	**–**	**–**	35	33	(2)
Subtotal	**1,029**	**981**	**(48)**	2,099	1,708	(391)
Total	**¥ 1,711**	**¥ 1,757**	**¥ 46**	¥ 2,247	¥ 1,878	¥ (369)

Notes to Consolidated Financial Statements

6. Marketable Securities and Investments in Securities (continued)

	Thousands of U.S. dollars		
	2010		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	**$ 3,547**	**$ 4,407**	**$ 860**
Corporate bonds	**3,408**	**3,472**	**64**
Other	**376**	**462**	**86**
Subtotal	**7,331**	**8,341**	**1,010**
Securities whose carrying value does not exceed their acquisition cost:			
Equity securities	**355**	**258**	**(97)**
Corporate bonds	**10,706**	**10,287**	**(419)**
Other	–	–	–
Subtotal	**11,061**	**10,545**	**(516)**
Total	**$ 18,392**	**$ 18,886**	**$ 494**

The Company recorded an impairment loss of ¥893 million on marketable equity securities and ¥68 million on other securities for the year ended March 31, 2009.

Sales of other securities for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Sales	**¥ 494**	¥ 349	**$ 5,310**
Aggregate gain	**7**	11	**75**
Aggregate loss	**0**	0	**0**

The carrying value of investments in non-marketable securities at March 31, 2010 and 2009 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Unlisted equity securities (except for equity securities traded on the over-the-counter market)	**¥ 65**	¥ 10	**$ 699**
Total	**¥ 65**	¥ 10	**$ 699**

7. Inventories

Inventories at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Merchandise and finished products	**¥ 2,740**	¥ 4,135	**$ 29,453**
Work in process	**87**	65	**935**
Raw materials and supplies	**1,632**	1,697	**17,543**
Total	**¥ 4,459**	¥ 5,897	**$ 47,931**

8. 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, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Retirement benefit obligation at end of year	**¥ (3,639)**	¥ (3,517)	**$ (39,116)**
Plan assets at fair value at end of year	**2,340**	2,001	**25,153**
Unfunded retirement benefit obligation	**(1,299)**	(1,516)	**(13,963)**
Unrecognized net retirement benefit obligation at transition	**102**	122	**1,095**
Unrecognized actuarial loss	**931**	1,392	**10,008**
Unrecognized prior service cost	**(11)**	(13)	**(118)**
Prepaid pension cost	**–**	(17)	**–**
Accrued retirement benefits for employees	**¥ (277)**	¥ (32)	**$ (2,978)**

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, 2010 and 2009 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Service cost	**¥ 193**	¥ 196	**$ 2,075**
Interest cost	**66**	64	**709**
Expected return on plan assets	**(37)**	(42)	**(398)**
Amortization of prior service cost	**(2)**	(2)	**(21)**
Amortization of retirement benefit obligation at transition	**20**	20	**215**
Amortization of actuarial loss	**194**	160	**2,085**
Retirement benefit expenses, net	**¥ 434**	¥ 396	**$ 4,665**

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, 2010 and 2009.

Notes to Consolidated Financial Statements

9. 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, 2010 and 2009. 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, 2010 and 2009 as a percentage of income before income taxes are as follows:

	2010	2009
Statutory tax rate	**40.6%**	40.6%
Permanently non-deductible expenses	**2.5**	1.3
Per capita portion of inhabitant's taxes	**2.9**	1.3
Special tax credit for research and development costs	–	(3.8)
Unrealized profit on inventories	**25.3**	–
Differences in tax rates applicable to overseas subsidiaries	**(4.4)**	(4.5)
Other	**0.7**	0.0
Effective tax rates	**67.6%**	34.9%

The significant components of deferred tax assets and liabilities at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Deferred tax assets:			
Unrealized gain on inventories	**¥ –**	¥ 319	**$ –**
Net operating loss carryforward	**263**	–	**2,827**
Long-term accounts payable-other	**207**	208	**2,225**
Accrued bonuses	**145**	151	**1,559**
Accrued retirement benefits for employees	**112**	–	**1,204**
Deferred revenue	**39**	61	**419**
Devaluation of investments in securities	**35**	394	**376**
Allowance for doubtful accounts	**30**	40	**322**
Loss on devaluation of inventories	**30**	–	**322**
Unrealized holding loss on securities	–	82	–
Warranty reserves	–	21	–
Other	**83**	81	**893**
Total deferred tax assets	**944**	1,357	**10,147**
Deferred tax liabilities:			
Depreciation	**(33)**	(35)	**(355)**
Reserve for special depreciation	**(19)**	–	**(204)**
Other	**(31)**	(15)	**(333)**
Total deferred tax liabilities	**(83)**	(50)	**(892)**
Net deferred tax assets	**¥ 861**	¥ 1,307	**$ 9,255**

Notes to Consolidated Financial Statements

10. 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, 2010 and 2009 amounted to ¥293 million ($3,150 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, 2010 and 2009 are summarized as follows:

	Number of shares			
	2010			
	March 31, 2009	Increase	Decrease	March 31, 2010
Treasury stock	**30,839**	**280**	**–**	**31,119**

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

11. Derivatives and Hedging Activities

The estimated fair value of the derivatives positions outstanding which qualify for deferral hedge accounting at March 31, 2010 is summarized as follows:

Currency-related transactions

			Millions of yen		
			2010		
Method of hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount) over one year	Estimated fair value
Allocation method for forward foreign exchange contracts	Forward foreign exchange contracts Selling: USD	Deposits denominated in foreign currencies	**¥ 557**	**¥ –**	**¥ (1)**
	Total		**¥ 557**	**¥ –**	**¥ (1)**

11. Derivatives and Hedging Activities (continued)

			Thousand of U.S. dollar		
			2010		
Method of hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount) over one year	Estimated fair value
Allocation method for forward foreign exchange contracts	Forward foreign exchange contracts Selling: USD	Deposits denominated in foreign currencies	**$ 5,987**	**$ –**	**$ (11)**
	Total		**$ 5,987**	**$ –**	**$ (11)**

The fair values of forward foreign exchange contracts are calculated using the prices offered by the transacting financial institutions and others.

Disclosure of corresponding information on derivatives which qualify for deferral hedge accounting at March 31, 2009 is omitted.

12. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	**2010**
Research and development costs	**¥ 2,763**	¥ 3,022	**$ 29,700**

Notes to Consolidated Financial Statements

13. Related Party Transactions

Principal transactions between the Company and a related party for the years ended March 31, 2010 and 2009 were summarized as follows:

[Corporate Auditors]

				Millions of yen		Thousands of U.S. dollars
Name	Description	Equity ownership percentage	Nature of transaction	**2010**	2009	**2010**
Katsunori Sugimoto	The Company's corporate auditor and a patent attorney	0.01%	Payment of patent attorney's fee	¥ **14**	¥ 17	$ **150**

Payment of patent attorney's fee were determined based on the same terms as third party transactions.

The balances due to a related party at March 31, 2010 and 2009 were as follows:

		Millions of yen		Thousands of U.S. dollars
	Account name	**2010**	2009	**2010**
Due to Katsunori Sugimoto	Accounts payable-other	¥ **2**	¥ 2	$ **21**

(Additional information)

Effective the year ended March 31, 2009, the Company 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).

14. Amounts per Share

Amounts per share at March 31, 2010 and 2009 and for the years then ended were as follows:

	Yen		U.S. dollars
	2010	2009	**2010**
Net assets	¥ **3,094.79**	¥ 3,086.49	$ **33.27**
Net income:			
Basic	**15.55**	67.40	**0.17**
Diluted	**–**	–	**–**
Cash dividends	**20.00**	40.00	**0.21**

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 years ended March 31, 2010 and 2009 was not presented since the Company had no outstanding dilutive securities at March 31, 2010 and 2009.

Notes to Consolidated Financial Statements

15. 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, 2010 and 2009 is summarized as follows:

	Millions of yen				
	2010				
	Radio	Computer	Subtotal	Eliminations	Consolidated
I. Net sales and operating income (loss)					
Sales to third parties	**¥ 22,351**	**¥ 1,289**	**¥ 23,640**	**¥ –**	**¥ 23,640**
Intersegment sales	**–**	**–**	**–**	**–**	**–**
Net sales	**22,351**	**1,289**	**23,640**	**–**	**23,640**
Operating expenses	**21,853**	**1,356**	**23,209**	**–**	**23,209**
Operating income (loss)	**¥ 498**	**¥ (67)**	**¥ 431**	**¥ –**	**¥ 431**
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	**¥ 47,302**	**¥ 2,048**	**¥ 49,350**	**¥ –**	**¥ 49,350**
Depreciation and amortization	**1,313**	**49**	**1,362**	**–**	**1,362**
Capital expenditures	**434**	**15**	**449**	**–**	**449**

	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

Notes to Consolidated Financial Statements

15. Segment Information (continued)

(1) Business Segments (continued)

	Thousands of U.S. dollars				
	2010				
	Radio	Computer	Subtotal	Eliminations	Consolidated
I. Net sales and operating income (loss)					
Sales to third parties	**$ 240,256**	**$ 13,856**	**$ 254,112**	**$ –**	**$ 254,112**
Intersegment sales	**–**	**–**	**–**	**–**	**–**
Net sales	**240,256**	**13,856**	**254,112**	**–**	**254,112**
Operating expenses	**234,903**	**14,576**	**249,479**	**–**	**249,479**
Operating income (loss)	**$ 5,353**	**$ (720)**	**$ 4,633**	**$ –**	**$ 4,633**
II. Total assets, depreciation and amortization and capital expenditures					
Total assets	**$ 508,460**	**$ 22,014**	**$ 530,474**	**$ –**	**$ 530,474**
Depreciation and amortization	**14,113**	**527**	**14,640**	**–**	**14,640**
Capital expenditures	**4,665**	**161**	**4,826**	**–**	**4,826**

(Accounting Changes)

1. Accounting Standard for Retirement Benefits

As mentioned in Note 2(k), effective the year ended March 31, 2010, the Company and its domestic subsidiaries have adopted "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19 issued on July 31, 2008). The adoption of this standard had no effect on the consolidated operating results for the year ended March 31, 2010.

2. 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" (ASBJ Statement No. 9 issued on July 5, 2006). As a result, operating expenses in the radio and computer segments increased by ¥75 million and ¥7 million, 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.

3. 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, effective the year ended March 31, 2009, the Company and its domestic subsidiaries adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No.13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by ASBJ on March 30, 2007) and "Implementation Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by ASBJ on March 30, 2007). Such transactions are now accounted for as ordinary sale and purchase transactions. The adoption of this standard had no effect on the consolidated operating results for the year ended March 31, 2009.

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

As mentioned in Note 3, 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 issued on May 17, 2006) was adopted. The impact of this change on the business segment information was immaterial.

Notes to Consolidated Financial Statements

15. 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.

(2) Geographical Segments

The geographical segment information of the Company and its subsidiaries for the years ended March 31, 2010 and 2009 is summarized as follows:

	Millions of yen						
	2010						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating (loss) income							
Sales to third parties	**¥ 13,494**	**¥ 7,831**	**¥ 1,218**	**¥ 1,097**	**¥ 23,640**	**¥ –**	**¥ 23,640**
Intersegment sales	**5,684**	**12**	**1**	**202**	**5,899**	**(5,899)**	**–**
Net sales	**19,178**	**7,843**	**1,219**	**1,299**	**29,539**	**(5,899)**	**23,640**
Operating expenses	**19,360**	**7,667**	**1,205**	**1,170**	**29,402**	**(6,193)**	**23,209**
Operating (loss) income	**¥ (182)**	**¥ 176**	**¥ 14**	**¥ 129**	**¥ 137**	**¥ 294**	**¥ 431**
II. Total assets	**¥ 43,518**	**¥ 5,154**	**¥ 857**	**¥ 2,141**	**¥ 51,670**	**¥ (2,320)**	**¥ 49,350**

	Millions of yen						
	2009						
	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
I. Net sales and operating (loss) 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

Notes to Consolidated Financial Statements

15. Segment Information (continued)

2) Geographical Segments (continued)

	Japan	North America	Europe	Asia & Oceania	Subtotal	Eliminations	Consolidated
	Thousands of U.S. dollars						
	2010						
I. Net sales and operating (loss) income							
Sales to third parties	**$ 145,050**	**$ 84,177**	**$ 13,093**	**$ 11,792**	**$ 254,112**	**$ –**	**$ 254,112**
Intersegment sales	**61,099**	**129**	**11**	**2,171**	**63,410**	**(63,410)**	**–**
Net sales	**206,149**	**84,306**	**13,104**	**13,963**	**317,522**	**(63,410)**	**254,112**
Operating expenses	**208,105**	**82,414**	**12,953**	**12,577**	**316,049**	**(66,570)**	**249,479**
Operating (loss) income	**$ (1,956)**	**$ 1,892**	**$ 151**	**$ 1,386**	**$ 1,473**	**$ 3,160**	**$ 4,633**
II. Total assets	**$ 467,785**	**$ 55,401**	**$ 9,212**	**$ 23,014**	**$ 555,412**	**$ (24,938)**	**$ 530,474**

(Accounting Changes)

1. Accounting Standard for Retirement Benefits

As mentioned in Note 2(k), effective the year ended March 31, 2010, the Company and its domestic subsidiaries have adopted "Partial Amendments to Accounting Standard for Retirement Benefits (Part3)" (ASBJ Statement No. 19 issued on July 31, 2008). The adoption of this standard had no effect on the consolidated operating results for the year ended March 31, 2010.

2. 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" (ASBJ Statement No. 9 issued on July 5, 2006). As a result, operating expenses in the Japan geographic segment increased by ¥82 million 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.

3. 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, effective the year ended March 31, 2009, the Company and its domestic subsidiaries adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No.13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by ASBJ on March 30, 2007) and "Implementation Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by ASBJ on March 30, 2007). Such transactions are now accounted for as ordinary sale and purchase transactions. The adoption of this standard had no effect on the consolidated operating results for the year ended March 31, 2009.

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

As mentioned in Note 3, 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 issued on May 17, 2006), was adopted. The impact of this change on the geographical segment information was immaterial.

(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.

Notes to Consolidated Financial Statements

15. Segment Information (continued)

(3) Overseas Sales

Overseas sales, which include export sales of the Company and its domestic subsidiaries and sales (other than exports to Japan) of the overseas subsidiaries, for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen				Thousands of U.S. dollars
	2010		2009		**2010**
North America	**¥ 7,516**	**31.8%**	¥ 9,524	32.2%	**$ 80,791**
Europe	**4,061**	**17.2%**	6,071	20.5%	**43,653**
Asia	**3,747**	**15.8%**	5,269	17.8%	**40,277**
Other	**1,837**	**7.8%**	2,488	8.5%	**19,746**
Sales to overseas customers	**¥ 17,161**	**72.6%**	¥ 23,352	79.0%	**$ 184,467**
Consolidated net sales	**¥ 23,640**	**100.0%**	¥ 29,575	100.0%	**$ 254,112**

16. 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

17. 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, 2010, was approved at the Company's general shareholders' meeting held on June 25, 2010:

	Millions of yen	Thousands of U.S. dollars
	2010	**2010**
Cash dividends (¥10 = U.S.$0.11 per share)	**¥ 148**	**$ 1,591**

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, 2010 and 2009, 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, 2010 and 2009, 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, 2010 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, 2010

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

Taichiro Itoyama
Director (part-time)

Toshihiro Wada
Auditor (full-time)

Hiroshi Umemoto
Auditor

Katsunori Sugimoto
Auditor

EXECUTIVE OFFICERS

Masataka Harima

Masanori Kamoto

Hiroshi Shimizu

Kikuji Okumura

Seishi Yamazaki

Hiroshi Nakaoka

Masakazu Kaneko

Takayuki Watanabe

Takashi Tsujiuchi

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Fax: 1-425-454-1509
URL http://www.icomamerica.com/

Icom (Europe) GmbH
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Fax: 49-6196-76685-50
URL http://www.icomeurope.com/

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Fax: 81-3-3662-1168
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Chiyoda-ku, Tokyo 100-8212, JAPAN
Osaka Office:
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INVESTOR RELATIONS

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Chief of Managing and Planning
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CORPORATE FACTS

Established: July 1964
Employees: 623
Paid-in capital: ¥7,081 million
Authorized shares: 34,000,000
Issued and outstanding shares:
14,850,000
Shareholders: 3,722
Stock listing: Tokyo Stock Exchange
and Osaka Securities Exchange

Shareholders	Thousands of shares
Tokuzo Inoue	1,868
State Street Bank and Trust Company	1,757
Gigapalace Inc.	1,472
The Icom Foundation	1,000
Northern Trust Co. (AVFC) Sub A/C American Clients	580
State Street Bank and Trust Company	572
Kenwood Corporation	445
The Master Trust Bank of Japan, Ltd.	437
Japan Trustee Service Bank, Ltd.	363
Meiji Yasuda Life Insurance Company	343

Report of Independent Auditors

The Board of Directors
ICOM INCORPORATED

We have audited the accompanying consolidated balance sheets of ICOM INCORPORATED and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, 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 consolidated subsidiaries at March 31, 2010 and 2009, 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, 2010 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.

Ernst & Young ShinNihon LLC

June 25, 2010