Annual Report 2010

For the year ended March 31, 2010

We seek to benefit society through advances in information and communications

Japan Radio Co., Ltd.

Founded in 1915, Japan Radio Co., Ltd. has grown to become one of the leading companies in the field of wireless technology in Japan. The JRC Group includes 11 subsidiaries and 3 affiliated companies, principally engaged in the manufacture and sale of radio communications equipment and its related systems. The Group considers its mission to be contributing to the realization of a prosperous society through healthy business activities, and as such offers beneficial products and services that serve the needs of customers, as it develops its business into a name trusted throughout the world.

Management Philosophy
Japan Radio Co., Ltd. shall apply its full creative and intelligent resources to develop technologies and products of superior value, in order to contribute to the realization of a society of ever higher quality.

Contents

Caution with Regard to Forward-Looking Statements
Statements in this annual report with respect to Japan Radio's plans, strategies, beliefs and estimates that are not historical facts are forward-looking statements. They constitute management's assumptions based on information currently available and involve risks and uncertainties. There are a number of factors that could cause actual results to differ materially from such statements.

Consolidated Financial Highlights

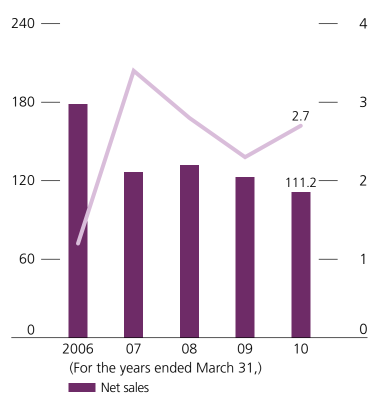
	Millions of yen			Thousands of U.S. dollars (Note 1)
For the years ended March 31,	2008	2009	2010	2010
Net sales	¥131,829	¥122,870	¥111,210	$1,195,293
Marine electronics equipment	33,651	35,694	29,288	314,789
Communications equipment	33,265	24,290	19,315	207,598
Solutions and specialized equipment	62,652	60,125	60,257	647,646
Operating income	3,724	2,865	3,000	32,240
Operating income ratio (%)	2.8	2.3	2.7	–
Income before income taxes and minority interests	3,707	1,913	2,708	29,108
Net income	3,377	1,484	2,322	24,961
As of March 31,				
Total assets	121,503	125,380	117,354	1,261,326
Total equity	43,127	41,811	44,360	476,786
Net equity ratio (%)	35.2	33.1	37.5	–
Interest-bearing liabilities	21,342	32,899	24,868	267,282
Depreciation	1,833	1,772	1,578	16,962
Capital expenditures	1,519	1,480	774	8,327
Net income per share (Yen/U.S. dollars)	24.50	10.77	16.86	0.159
ROE (%)	7.9	3.5	5.4	–
D/E ratio (times)	0.50	0.79	0.56	–
Employees	3,751	3,770	3,760	–

Notes 1. U.S. dollar amounts are translated, for convenience only, at ¥93.04 = US$1.00, the rate prevailing on March 31, 2010.

2. With respect to "Semiconductor devices and microwave tubes" segment, New Japan Radio Co., Ltd.'s group was excluded from the scope of consolidation as a result of the sale of issued shares with voting rights. With respect to "Medical electronics equipment" segment, ALOKA CO., LTD.'s group was excluded from the scope of consolidation as a result of the sale of issued share with voting right. For the reasons stated above, their sales, depreciation and capital expenditures until September 30, 2005 were reflected in each segment and their assets were not stated.

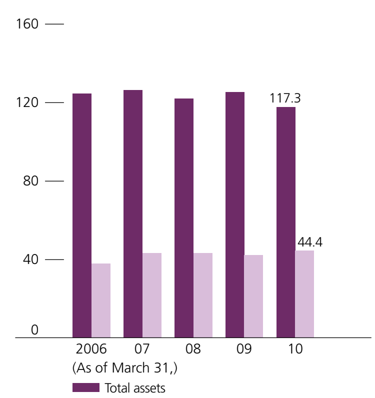
Net sales;
Operating income ratio (Note 2)

(¥ billions, %)



Total assets;
Total equity (Note 2)

(¥ billions)



Message from the President

Management Environment and Performance

During FY2009 (ended March 31, 2010), the JRC Group's consolidated performance continued to be affected by the economic recession created by the global financial crisis that arose in the fall of 2008. Nevertheless, we were able to grow profits despite decreased revenue through an all-out sales effort as well as cost and variable expense reductions.

Net sales in the period under review were ¥111,210 million ($1,195.2 million), 9.5%, or ¥11,660 million, lower than in the previous year. However, overall operating income grew 4.7%, or ¥134 million, to ¥3,000 million ($32.2 million), and net income increased 56.5%, or ¥839 million, compared with the previous year, to ¥2,322 million ($24.9 million).

Looking at performance by business segment, the changing management environment reversed the previous year's expansion of marine electronics equipment sales, which declined in FY2009 due to the adverse impact of exchange rates and inventory reductions. The sluggish environment also caused sales of communications equipment to decline, although we were able to significantly reduce the size of last year's operating loss by cutting expenses. Operating profit from our solutions and specialized equipment business grew as a result of increased sales and reduced variable and other expenses. Groupwide variable ratio improvements and fixed expense reductions were major factors in improved margins in the year under review.

The New Three-Year Medium-Term Business Plan and Growth Strategy

In light of severe fluctuations in the global economy in recent years, JRC has formulated a new three-year medium-term business plan (April 1, 2010, through March 31, 2013) with the objective of realizing further growth in this new era. Our vision includes a strategy to achieve this objective.

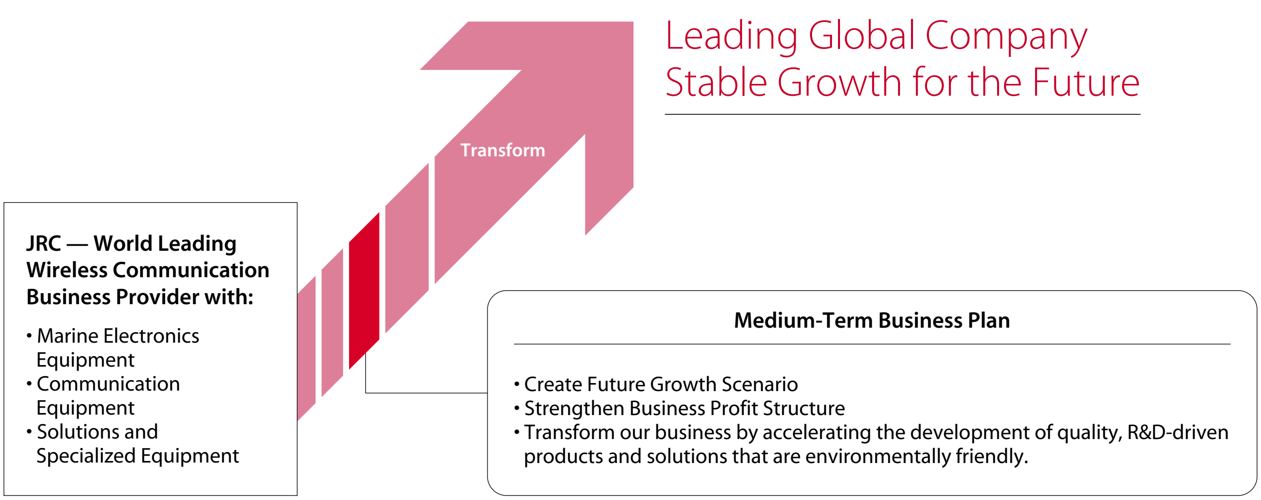
Basic Stance of JRC's Three-Year Medium-Term Business Plan

1) Formulate new growth scenarios through structural reforms in each business segment in response to the continued opacity of the management environment.

2) Further improve and strengthen profit structure by building on the ¥100.0 billion net sales break-even point realized in the year under review.

3) Further strengthen the development of environmentally friendly products and solutions through technological innovations.

JRC Future Growth Scenario



Medium-term business plan targets for FY2010 and FY2012 (as compared to FY2009 results).

* **Consolidated net sales:** ¥118.0 billion ($1,268 million); final target (FY2012): ¥133.0 billion ($1,429 million) or a 20% increase over FY2009 net sales.
* **Consolidated operating income:** ¥3.5 billion ($37 million); final target (FY2012): ¥6.6 billion ($70 million) or a 120% increase over FY2009 operating income.
* **Consolidated net income:** ¥2.6 billion ($27 million); final target (FY2012): ¥3.9 billion ($41 million) or a 70% increase over FY2009 net income.

Growth Strategy and Vision

The basic principles underpinning our growth strategy focus on the further development of JRC's superior technology and the acceleration of developments in global markets.

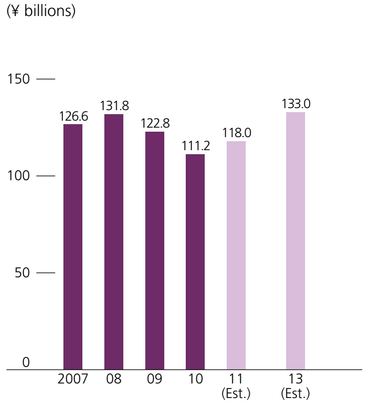
1) Initiatives for developing new business
2) Strengthening our profit structure
3) Strengthening R&D

1) Initiatives for developing new business

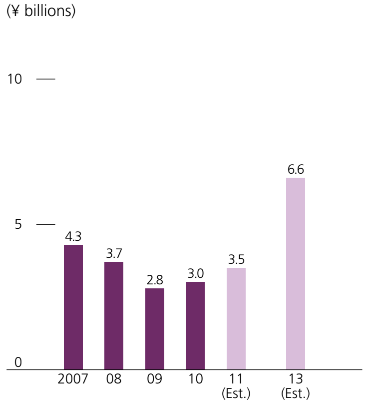
a. Attempt to strengthen and expand base in all business areas, with a particular focus on:
* Promotion of new infrastructure business initiatives.
* Cultivation of mobile communications areas in anticipation of further base expansion.
* Participation in other business areas involving direct communications.
b. Proactively develop global markets, focusing on East Asia, where growth is expected.
c. Sustain public demand while attempting to expand private and corporate demand.
d. Further enhance contributions to the environment and society through JRC products.

In particular, we are aiming to advance infrastructure areas including disaster prevention, water management, roadway and weather information, as well as new areas. We also believe that, in addition to the traditional sea, air and automobile segments, there are still many untapped areas of potential for our mobile communications business. Expanding our focus to foster relationships in the areas of healthcare, care-giving and security, we have high expectations for potential expansion in these markets.

Consolidated sales



Operating income



2) Strengthening our profit structure

In response to the adverse management environment and the decline in net sales, JRC has pursued the adoption of a structure that will ensure profitability. In FY2009, this goal was achieved. In the period under review, we realized the creation of a corporate structure with a break-even point of ¥100 billion—in other words, a structure that guarantees an operating profit even if net sales drop as low as ¥100 billion. This is a result of cost reduction initiatives, variable ratio and operating efficiency improvements and efforts to curtail expenses. JRC will continue to pursue further enhancements to this profit structure.

We possess world-renowned technology in the wireless communications area, and provide products and solutions based on this technology throughout the world. At the same time, we are unable to avoid global price competition. To continue growth on a global scale, we must make use of our technical superiority to provide globally competitive prices. We believe that we must build a low-cost structure with a solid management base to achieve this objective.

To this end, JRC recognizes R&D investment, the creation of a solid financial base and the return of profits to shareholders as necessary for ensuring a healthy profit structure.

3) Strengthening R&D

The JRC Group's strength in wireless communications places it among the world's top technology firms. This is also a continued source of future Group developments. We continue to invest proactively in R&D and capital expenditures to maintain our supremacy in this area.

Basic Policy on Profit Distribution

The distribution of profits to our shareholders is one of our top management priorities. It is our policy to provide a stable dividend; in accordance with this basic policy, we provided ¥3.00 in dividends per share at the end of the period under review. In the next fiscal year, we plan to increase the dividend by ¥2.00, and forecast a total dividend of ¥5.00 per share in FY2010.

In terms of our use of internal reserves, we plan to use reserves for capital expenditures and R&D investment to achieve medium- to long-term business growth in an effort to improve performance and enhance our corporate value.

Outlook for FY2010

Looking ahead to FY2010 (ending March 31, 2011), despite signs of a global recovery concentrated mainly in developing nations, employment conditions in Japan will remain severe amid continued uncertainty about the future.

Given these conditions, we will attempt to expand net sales through aggressive business development and restructuring of Group businesses while pursuing a solid profit structure and building a strong management foundation.

In addition to these measures, we will further strengthen our governance system in an attempt to raise the value of our stock and enhance our corporate value.

July 1, 2010

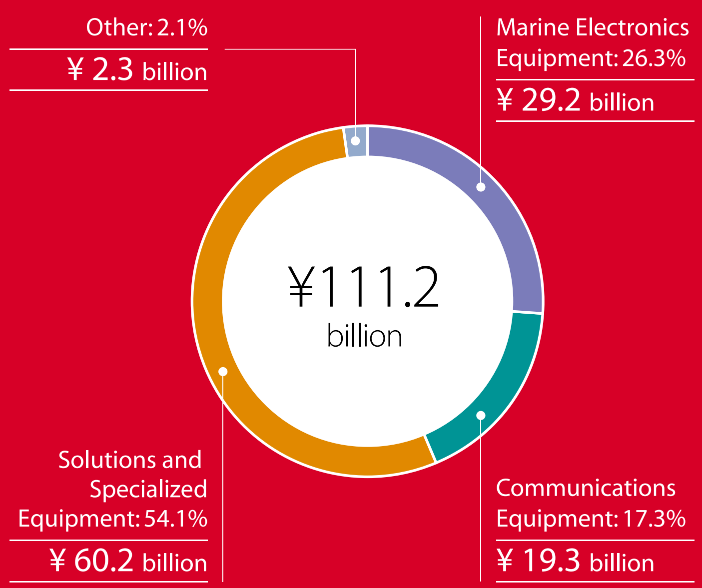
Y. Suwa

Yorihisa Suwa
President

Focusing on the Wireless Communications Business

The core of the JRC Group is wireless communications technology. Our marine electronics equipment, communications equipment and solutions and specialized equipment business segments make use of the world's most advanced technologies and contribute significantly to the development of infrastructure in telecommunications and communications.

JRC Group business segment
(Radio Communications Business)
Fiscal 2009 sales (ended March 31, 2010)



Marine Electronics Equipment

- Inmarsat satellite ship earth stations
- Merchant ship / fishing vessel communications equipment
- Marine radar
- Electronic chart display systems
- Integrated bridge systems
- VHF radiotelephone equipment
- Automatic Identification System (AIS)
- Voyage data recorder (VDR)
- Fishing devices

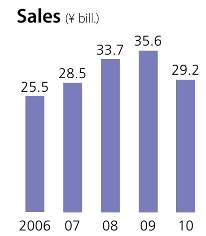
Communications Equipment

- GPS receivers
- PHS (Personal Handy-Phone System) terminals
- Professional mobile radios
- Linear power amplifiers for cellular base stations
- SAW filters
- Measuring equipment for mobile communications
- Wireless LAN adapters

Solutions and Specialized Equipment

- Broadcasting systems
- Regional and municipal disaster prevention systems
- Water and river management systems
- Aviation and meteorological systems
- Road information systems
- Landslide warning systems
- Specialized communications equipment

Marine Electronics Equipment



Business Environment and Performance

Since the onset of the global recession in the autumn of 2008, the shipping industry has experienced a major drop in sea cargo volumes, and in some cases, new orders for commercial vessels have been cancelled. These conditions have also affected JRC's marine electronics business, with the reversal in demand reducing the number of direct orders from ship owners. As a result, sales of marine electronics equipment during the period under review declined 17.9%, or ¥6,406 million, to ¥29,288 million ($314.7 million).

At the same time, signs of a recovery, primarily in developing nations, have been evident since last summer. Bulk carrier shipments of raw materials have recovered, and entering 2010, trade levels rebounded and container vessel shipments returned to pre-recession levels, prompting a resurgence in retrofit demand.

The recovery of maritime transport has increased demand in the market for new commercial vessels and resulted in increasingly fierce price competition. These factors, combined with soaring steel prices, have created extremely severe conditions in the shipbuilding industry. Amid these circumstances, China has emerged as a major player in the shipbuilding market, receiving more orders than any other country as it becomes the largest builder of ships on the planet. Furthermore, with respect to offshore vessels and work boats, global demand for fossil fuel and mineral excavation is expected to remain robust.

In recent years, the environmental needs of ship owners and shipbuilders have intensified, with an ever-increasing need for more efficient operations. JRC provides ship owners and shipbuilders around the world with various systems incorporating its differentiated technology to meet their needs.

In addition, special demands have arisen as a result of revisions to global regulations. Between 2012 and 2018, all existing vessels are required to install the Electronic Chart Display and Information System (ECDIS), and in December 2014, part of the International Maritime Satellite (INMARSAT) service will be terminated, requiring the installation of new communications equipment in existing vessels. We anticipate an increase in demand as a result of these developments.

As JRC's market share of equipment for new vessels is large, we are affected by fluctuations in the business environment. From now, we will make an effort to expand our share in the market for equipment for existing vessels in an attempt to lessen this impact.

The outlook for the maritime transport market in the next fiscal year remains difficult to ascertain, as orders for new vessels are expected to remain sluggish. As a manufacturer of a variety of maritime equipment, we will make use of our advanced technology to offer a comprehensive product lineup as we attempt to maintain our dominant share in the new vessel market. Furthermore, we will attempt to expand our share of the retrofit market as well as our share of the work-boat and offshore markets through increased sales.

Chart radar compliant with IMO performance standards (JMA-900M)

Electronic chart display and information system (ECDIS)

Growth Strategy

To maintain our leading global market share in the maritime electronic equipment segment and realize further growth, we will execute the following initiatives.

1) Expand share in the maritime electronics equipment segment to maintain our position as the leading global company

* Maintain the top share in the shipbuilding market
  Maintain the top share in the new commercial vessel market as a full-lineup manufacturer of marine electronics equipment.
* Expand our share of the retrofit market, focusing on shipping companies
  Expand share by strengthening sales efforts and differentiated products in the European and Asian markets.
* Expand market share of work boats and offshore vessels
  Expand share of work boats and offshore vessels through comprehensive lineup of small- to medium-sized equipment.
* Acquire top share in China's shipbuilding market
  Create a local sales and service structure and develop a business model that provides shipbuilders with detailed proposals to acquire new customers and market share in China.

2) Marine solutions business initiatives

Provide total maritime solutions focusing on safer, more environmentally friendly and lower-cost operations, making use of our global strength in the maritime electronics equipment segment.

* Initiatives to provide safety and peace of mind through the maritime solutions business
  Propose solutions that provide more safety and peace of mind, such as fixed radar and terrestrial remote maintenance of equipment installed on ships and advanced wave analysis technology.
* Environmental initiatives for ship operation
  Reduce CO_2 emissions and realize energy savings through the use of highly efficient navigation systems that make use of weather and ocean information.
* Create a low-cost structure to beat price competition
  Realize global price competitiveness in the new ship and retrofit markets through shared platforms.

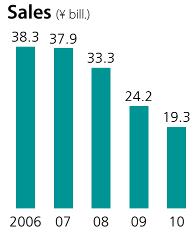
Using our expertise and strengths in commercial vessels in the new ship market, we will expand our share of the retrofit, work boat and offshore vessel markets with the aim of creating a structure to support steady growth.

Differential GPS navigator (JLR7800)

VHF radiotelephone
(JHS-770/780)

Inmarsat fleet broadband (FBB)
terminal (FB500) and receiver

Communications Equipment



Business Environment and Performance

The sluggish Japanese mobile phone and PHS handset market resulted in lower sales of network-related equipment and linear power amplifiers (LPAs) to telecommunications carriers. There was also a slowdown in the overseas LPA segment, and the communications equipment segment was adversely affected by the exchange rate. As a result, sales of communications equipment decreased 20.5%, or ¥4,975 million, from the previous year, to ¥19,315 million ($207.5 million).

The JRC Group communications equipment business is focused on PHS handsets, mobile phone and PHS infrastructure equipment, wireless broadband-related infrastructure equipment, ETC, GPS and other automobile-related products, digital commercial-use radio and various measurement equipment and devices.

As mobile phones and wireless broadband are increasingly adopted around the world, data transmission rates are also accelerating and evolving. The JRC Group believes there is room for further expansion in the demand for related equipment. At the same time, the rise of manufacturers in developing countries is expected to intensify mobile phone handset and infrastructure equipment price competition.

In recent years, the global market for wireless broadband has been expanding. Last year in Japan, Worldwide Interoperability for Microwave Access (WiMAX) services were launched, and in the near future the Broadband Wireless Access (BWA) market for next-generation PHS and other devices is expected to begin ramping-up. We expect demand for our infrastructure-related devices to increase as a result of these developments.

The global market recovery in automobile-related equipment, including GPS modules for navigation systems and ETC devices, has resulted in stronger demand for these products. Furthermore, we expect increased demand for ITS-related equipment as this market continues to evolve.

In recent years, digitalization has resulted in increased demand for commercial-use radio equipment, with noteworthy expansion in the demand for police, fire-fighting and security applications overseas. In addition, the transition from wired networks to wireless networks continues to progress, and we expect to see this market expand as well.

Growth Strategy

To achieve future growth in the communications equipment business, we are strengthening our efforts in three priority areas and two growth areas, while promoting global development and attempting to develop overseas and problem-solving solutions businesses.

1) Concentrate investment on three priority areas and two growth areas

While making an effort to expand our focus on the three priority areas of communications infrastructure, one of the core segments of our communications equipment business, as well as ITS and commercial-use radio, we will also focus on providing wireless communications modules and GPS modules for applications other than car navigation, two areas in which we expect significant future growth.

PHS handset
(WX330J)

Electronic toll collection (ETC)
system for motorcycles

* Expand focus on three priority issues

We will develop highly efficient and low-cost amplifiers to expand our share of the global communications infrastructure equipment market. Also, based on the performance of our 3G standard, we will enter the Long-Term Evolution (LTE) market and move forward with the development of miniature, low-cost remote radio heads (RRHs).

We will expand our ITS onboard equipment business while maintaining a leading share in the GPS module for car navigation market.

We will expand our focus in terms of digital commercial-use radio by developing onboard mobile and wireless communication equipment in Europe and the United States. We aim to encourage the proliferation of these devices by pricing them at a level that is reasonable for general customers, without sacrificing high levels of functionality. In addition, we will make an effort in Japan to expand the business beyond that related to taxi radios.

* Focusing on two growth areas

We aim to provide the market with low-cost, miniature broadband communications modules, including WiMAX, LTE, wireless LAN, commercial-use radio and ITS modules. We will also enter the GPS device market focusing on new GPS receiver models for applications other than car navigation. These include personal navigation devices (PNDs), drive recorders, digital cameras and other equipment.

2) Expand overseas developments

As mobile phones are increasingly adopted in developing countries and next-generation technology evolves, we aim to expand sales to all vendors based overseas. We also plan on developing the commercial-use radio business by better meeting local needs with low- and high-end models. Furthermore, regarding the module segment where we expect future growth, we will attempt to expand our communications module business, including GPS chipsets for the China market.

3) Problem-solving solutions business

We will provide a one-stop wireless solutions business involving our field application engineering (FAE) system engineering (SE), with a particular focus on the module business future growth area.

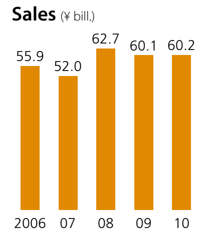
Professional mobile radio

WiMAX base station

Radio frequency unit for wired IP access system (WIPAS) base station

Application tester (NJZ-4000) for HSDPA and W-CDMA and multi-path fading simulator (NJZ-5000)

Solutions and Specialized Equipment



Business Environment and Performance

During the period under review in the solutions and specialized equipment segment, domestic sales of terrestrial digital broadcast television equipment declined while coastal radio systems for overseas customers and traffic information systems for Japanese customers increased, resulting in overall sales of ¥60,257 million ($647 million), a 0.2%, or ¥132 million, increase over the previous year's sales.

In terms of public sector sales, despite government budget cuts and concerns over the dwindling number of projects and cost amounts, the frequency of abnormal weather conditions in recent years has led to an increase in awareness of disaster prevention and the accompanying demand for countermeasures. In addition, in response to the need for detecting abnormal weather conditions quickly, the demand for meteorological radar, such as Doppler weather radar, with higher functionality and sensitivity has been on the increase. Furthermore, there is new demand for wireless communications in the environmental, security, medical and caregiver segments.

As these demands grow, the momentum of infrastructure equipment is increasing overseas and in Japan, and we expect these markets to expand, enabling us to make use of our strength in offering total solutions.

In terms of the outlook for the solutions and specialized equipment segment in the next fiscal year, while price competition is expected to continue to intensify, we assume demand will remain strong amid increasing awareness over the need for social safety and peace of mind. Given these conditions, we will continue to aggressively develop our solutions business, making use of our wireless communications technology to increase our share in this market and promote the expansion of our business domain.

Growth Strategy

We aim to maintain our existing business focused on public demand while expanding business in the private sector.

1) Make an effort to maintain and expand public sector business

In terms of public sector disaster prevention business—our specialty in this segment—we will seek to renew demand and expand our disaster prevention and administration radio business. We are also aiming to increase the number of orders for deployment of unusual weather countermeasures and updates to meteorological observation systems.

A small radar system capable of detailed measurements, even for local rain showers

A Doppler radar system capable of detailed, three-dimensional measurements of rain cloud structures

2) Aim to cultivate new business within private-sector demand as a new business segment

Beginning with our newly developed, highly energy-efficient high voltage direct current (HVDC) power supply system, our sensor network system, our "1-seg" independent broadcast system, we will focus on corporate clients in the environmental, agricultural, security, service and medical industries.

3) Aim to expand wireless solutions business overseas

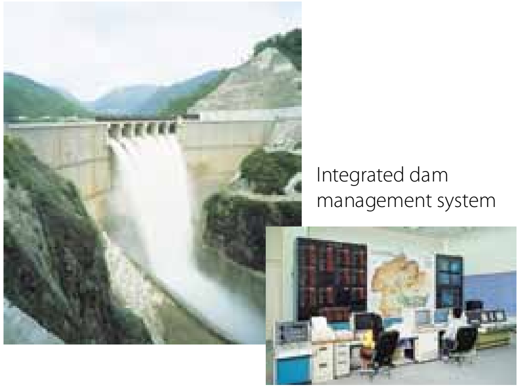
In addition to official development assistance (ODA) projects, we will strengthen our initiatives regarding independent proposals to overseas governments. In particular, in recent years our Technology Center in the Philippines has responded to several natural disasters in Southeast Asia through the aggressive development of various infrastructure equipment businesses, including water and river management systems, disaster prevention information systems, meteorological information systems, earthquake and tsunami information reception and warning systems and volcano monitoring systems, which contribute to the safety and livelihood of people in this region.

In addition, we will strive to expand sales in audio equipment, broadcast equipment and our Vessel Traffic Management System (VTMS) business in collaboration with overseas partner companies.

Transportable earth station

Live broadcast equipment and TTL equipment for the broadcasting industry

A road traffic information system and a radio rebroadcast system for tunnel interiors



Integrated dam management system

JRC Governance Systems

Basic Policy

To ensure quick decision-making and management soundness and transparency, we seek to strengthen our management control system with a basic policy regarding corporate governance in an aim to enhance corporate value.

Corporate Governance Overview

The strength of our corporate governance lies in the management, administration, operations, production, technology and quality assurance supervision of directors, a function that we continually strive to enhance. Furthermore, we established a Board of Corporate Auditors staffed by corporate auditors who provide oversight in accordance with auditing policy and plans with regard to the execution of job duties of directors and executive directors.

Furthermore, to heighten management transparency and health, several external directors have been appointed and a clear division has been made between management supervision and operational execution functions. In an attempt to accelerate the decision-making process, we have introduced an executive officer system.

Internal Auditing, Audits Performed by Corporate Auditors and Accounting Audits

*** Internal Audits**

We established the Corporate Internal Auditing Department, which consists of three auditing staff who conduct internal audits, is independent from business divisions and reports directly to the president. Internal auditing is conducted to oversee the soundness of assets, financial reporting and risk management.

In addition, to ensure the reliability of financial reporting, the president appoints internal auditors other than those connected to the Corporate Internal Auditing Department. Furthermore, the Quality Assurance Department conducts audits related to product quality and the environment.

*** Audits Performed by Corporate Auditors**

In addition to monitoring the performance of directors and executives officers, corporate auditors attend Board of Directors, Executive Director Association, and Management Strategy Conference meetings. Also, the Board of Corporate Auditors determine auditing planning and policy, with internal auditing staff reporting on the monitoring status.

*** Accounting Audits**

In accordance with the Companies Act and the Financial Instruments and Exchange Act, we have commenced an audit contract with Deloitte Touche Tohmatsu.

*** Link between Internal Auditing, Audits Performed by Corporate Auditors and Accounting Audits and Relation to Internal Control Department**

The relationship between JRC corporate auditors, Corporate Internal Auditing Department, Internal Control Department and external accounting auditors is made efficient and effective through the exchange of information and ideas concerning auditing plans and results, as well as the maintenance, operation and assessment of our internal control system.

External Directors and Corporate Auditors

We have two external directors: attorney Noboru Matsuda and Takashi Iwashita, Director and Chairman of Nisshinbo Industries, Inc., one of JRC's largest shareholders. We have two external auditors: Masaya Kawata, Director and Managing Officer of Nisshinbo Industries, Inc., who has no capital relationship with JRC; and Yoshio Nakatsuchi, a JRC shareholder originally employed at Dai-Ichi Kangyo Bank, formerly one of JRC's main banks. At the conclusion of our regular shareholders' meeting held on June 29, 2010, Masaya Kawata stepped down as external director, and was replaced by Nisshinbo Holdings Inc. Managing Officer Kazunori Baba. These external directors and auditors have no business relationships with JRC.

Environmental Initiatives

The JRC Group places high priority on protecting the environment in the context of fulfilling its corporate social responsibilities.

We devise and implement environmental plans on an annual basis according to our fundamental environmental policies. We are currently focusing on minimizing the impact of our products and manufacturing processes on the environment, and this has become one of our major research and development themes.

The entire Group is engaged in environmental initiatives to ensure that its business activities will not have a negative influence on society or the environment. Our head office and domestic production and sales operations have obtained certification under ISO14001, the international standard for environmental management systems. At present, we are pursuing the following objectives.

1. Expansion of environmentally conscious products

a. To raise the application rate of environmentally conscious products (products in compliance with the Type II environmental label) to 100% by 2010, except for those for which it is not applicable based on customers' requests.
b. To increase RoHS complied products in succession by reducing materials containing such substances as banned by RoHS directives.
c. To establish a system to grasp the status of hazardous substances if any in our products.

2. Promotion of green procurement

To raise the application rate of green procurement to 80% or higher by 2010 for all materials, parts, equipment and products to be shipped.

3. Promotion of measures against global warming

To reduce energy consumption (expressed as carbon dioxide from electric, gas and crude oil) on a production value unit basis to equal or less than fiscal 1990 levels (i.e. 0.122 ton per million yen as carbon dioxide) by 2010.

4. Improvement of the recycling rate

To improve the recycling rate of waste products to greater than 95% by 2010.

5. Reduction of volume of permanent disposal of waste

To reduce the volume of permanent disposal of waste products generated by the Company's facilities on a production value unit basis to less than 20% of fiscal 1996 levels by 2010.

6. Compliance with environmental laws and other social requirements

To comply with standard value in laws and conditions agreed with customers.

Developing Products that Contribute to the Environment

In response to the needs of next-generation data centers in terms of the rise of cloud computing and energy efficiency, we developed an environmentally friendly high-voltage direct current (FRESH HVDC) power supply system. Our investment to develop this system—which is highly reliable, reduces energy consumption by 30% and requires 45% less space than conventional systems—is only half the amount traditionally required.

Risk Factors

The following are risks that have the potential to affect JRC Group business performance, share prices, and financial position.

(1) Tendency toward the second half of each fiscal year

Because a relatively high proportion of the Group's products are delivered to public entities, sales tend to be toward the second half of each fiscal year.

(2) Demand trends

The business performance of the JRC Group can potentially be affected by the investment programs of public sector entities, which constitute a major source of business for the Group, as well as capital expenditures in the telecommunications industry. The Group's policy is to increase revenue from overseas, which will involve various risks, including geopolitical instability in certain regions and a possible slowdown of economic growth in developing nations. Such changes in local environmental conditions can have an impact on the JRC Group as it develops its business globally.

(3) Exchange rate fluctuations

The Group's business includes foreign currency-denominated transactions conducted by overseas sales operations.

Exchange rate fluctuations, therefore, have an effect on its business. The Group endeavors to minimize the effect of short-term fluctuations by engaging in exchange contracts and currency option transactions. However, such actions do not offer a full guarantee against currency risk, and earnings may be affected accordingly. In addition, exchange rate fluctuations can influence the purchasing patterns of customers overseas, which, in turn, may affect the performance of products sold in yen.

(4) Interest rate fluctuations

The JRC Group's business performance and financial position can potentially be affected by future interest rate movements and changes in its credit rating, which could influence its fund-raising costs.

(5) Availability of parts

Certain parts used by the JRC Group can become difficult to purchase due to changes in economic conditions. For example, sharp economic growth in certain regions and a surge in the popularity of certain products may reveal limitations in the supply capacity of parts manufacturers and cause problems with delivery times. Such factors have the potential to affect the Group's shipment schedule, while sharp increases in parts' prices could have an adverse impact on earnings.

(6) Legal restrictions

In the countries where the Group engages in business transactions, various laws apply, including restrictions on exports and imports, as well as laws related to the environment and recycling. The Group's stated policy focuses on compliance with such laws and regulations, and this policy is clarified in its internal rules. However, unexpected changes to laws have the potential to restrict the Group's activities and increase costs.

(7) Product quality

The JRC Group has established a product quality control system in a rigorous effort to ensure a high level of product quality across all stages of its operations, including design, development, procurement, and manufacturing. It is possible, however, that external circumstances may cause major product problems to arise, which may have a negative impact on the Group's business performance and financial position.

Consolidated Five-Year Summary

	Millions of yen					Thousands of U.S. dollars (Note 1)
For the years ended March 31,	2006	2007	2008	2009	2010	2010
Net sales	¥178,848	¥126,667	¥131,829	¥122,870	¥111,210	$1,195,293
Radio communications	127,703	126,667	131,829	122,870	111,210	1,195,293
Semiconductor devices and microwave tubes (Note 2)	29,316	–	–	–	–	–
Medical electronics equipment (Note 2)	21,829	–	–	–	–	–
Operating income	2,157	4,318	3,724	2,865	3,000	32,240
Operating income ratio (%)	1.2	3.4	2.8	2.3	2.7	–
Income (loss) before income taxes and minority interests	(29,749)	4,743	3,707	1,913	2,708	29,108
Net income (loss)	(32,097)	4,338	3,377	1,484	2,322	24,961
As of March 31,						
Total assets	124,128	125,699	121,503	125,380	117,354	1,261,326
Total equity	37,584	42,756	43,127	41,811	44,360	476,786
Net equity ratio (%)	30.3	33.7	35.2	33.1	37.5	–
Interest-bearing liabilities	28,920	21,067	21,342	32,899	24,868	267,282
Depreciation	4,162	1,652	1,833	1,772	1,578	16,962
Capital expenditures	3,228	1,354	1,519	1,480	774	8,327
Net income (loss) per share (Yen/U.S. dollars)	(233.04)	31.47	24.50	10.77	16.86	0.181
ROE (%)	(61.0)	10.8	7.9	3.5	5.4	–
D/E ratio (times)	0.77	0.50	0.50	0.79	0.56	–
Employees	3,766	3,731	3,751	3,770	3,760	–

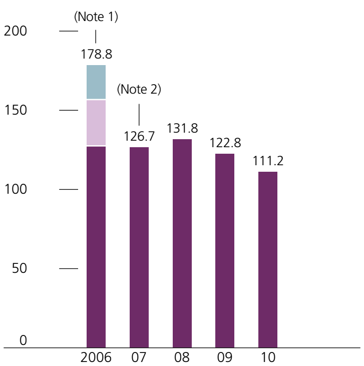
Notes 1. U.S. dollar amounts are translated, for convenience only, at ¥93.04 = US$1.00, the rate prevailing on March 31, 2010.

2. With respect to the "Semiconductor devices and microwave tubes" segment, New Japan Radio Co., Ltd.'s group was excluded from the scope of consolidation as a result of the sale of issued shares with voting rights. With respect to the "Medical electronics equipment" segment, ALOKA CO., LTD.'s group was excluded from the scope of consolidation as a result of the sale of issued shares with voting rights. For the reasons stated above, their sales, depreciation and capital expenditures until September 30, 2005 were reflected in each segment and their assets were not stated.

Consolidated Financial Review

Consolidated Net Sales

(¥ billions)



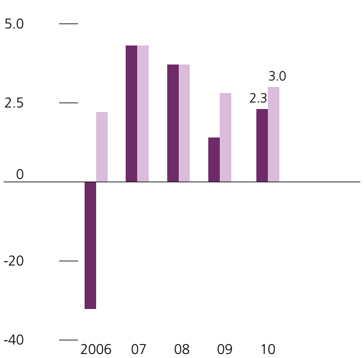
(For the years ended March 31,)

- Medical electronics equipment
- Semiconductor devices and microwave tubes
- Radio communications equipment

Notes:
1. The decline in sales for the period ended March 2006 stemmed from the exclusion of two major subsidiaries (sold in December 2005) from the second half of the period.
2. The decline in sales for the period under review stemmed from the exclusion from revenue of two major subsidiaries (sold in December 2005) from the entire period.

Operating Income; Net Income

(¥ billions)



(For the years ended March 31,)

- Operating Income (Loss)
- Net Income (Loss)

Review of Sales and Earnings

Consolidated net sales for FY2009, ended March 31, 2010, declined 9.5%, or ¥11,660 million, to ¥111,210 million ($1,195.2 million). This was primarily due to significantly lower revenues as a result of the sluggish global economy, the adverse effects of the exchange rate and reductions in inventory. However, operating income increased 4.7%, to ¥3,000 million ($32.2 million), and net income jumped 56.5%, to ¥2,322 million ($24.9 million).

The increase in operating income can be attributed to our focus on the reduction of fixed expenses, an improved variable ratio as a result of decreased expenses, improved operating efficiency and strengthened cost reduction activities.

Segment Sales

The consolidated sales of our group business are divided into three segments based on wireless communications devices: marine electronics equipment, telecommunications equipment, and solutions and specialized equipment.

Compared to the previous fiscal year, sales of solutions and specialized equipment rose 0.2%, or ¥132 million, to ¥60,257 million ($647.6 million). However, sales of marine electronics equipment decreased 17.9%, or ¥6,406 million, to ¥29,288 million ($314.7 million), and sales of communications equipment dropped 20.5%, or ¥4,975 million, to ¥19,315 million ($207.6 million). As a result, consolidated net sales declined 9.5%, to ¥111,210 million ($1,195.2 million).

	Millions of yen		Thousands of U.S. dollars (Note)
	2009	2010	2010
Marine electronic equipment	¥ 35,694	¥ 29,288	$ 314,789
Communications equipment	24,290	19,315	207,598
Solutions and specialized equipment	60,125	60,257	647,646
Other	2,759	2,759	28,095
Total	¥122,870	¥111,210	$1,195,293

Note: Yen figures are rounded to the nearest million. U.S. dollar figures are translated for convenience only, at ¥93.04=US$1.00, the rate prevailing on March 31, 2010 and truncated to the nearest thousand dollars.

Financial Position

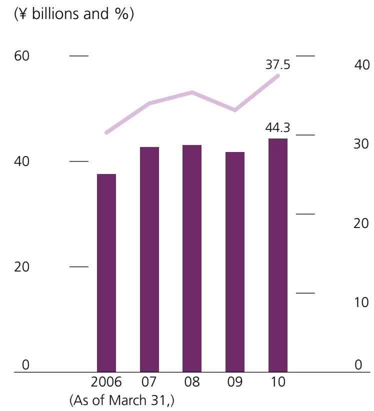
Consolidated total assets at the end of the period under review shrank 6.4%, or ¥8,026 million, to ¥117,354 million ($1,261.3 million). The primary reason was a ¥9,236 million reduction in inventories compared to the previous fiscal year.

Liabilities decreased 12.6%, or ¥10,575 million, to ¥72,993 million ($784.5 million). The primary factors for this were a ¥4,431 million decline in notes payable and accounts payable and a ¥8,023 million decrease in long-term debt and other interest-bearing liabilities compared with the previous fiscal year.

Equity increased 6.0%, or ¥2,548 million, to ¥44,360 million ($476.7 million). This was primarily a result of a 21.6%, or ¥1,909 million, increase in retained earnings.

As a result, at the end of the period under review, our net equity ratio was 4.4 percentage points higher than a year earlier, at 37.5%.

Total Equity; Net Equity Ratio



* Net equity ratio on a market value (%) = Aggregate Market Value/Total Assets

Cash Flows

Consolidated cash and cash equivalents as of the end of the year was up 4.6%, or ¥790 million, from one year earlier, to ¥17,860 million ($191.9 million). This was primarily due to a ¥10,328 million increase from operating activities, ¥1,038 million used in investing activities and ¥8,466 million used in financing activities.

• *Cash flows from operating activities*

Net cash provided by operating activities was ¥10,328 million, compared with ¥1,779 million used in these activities in the previous year. Principal factors included income before income taxes and minority interests of ¥2,708 million and a ¥9,281 million decrease in inventories.

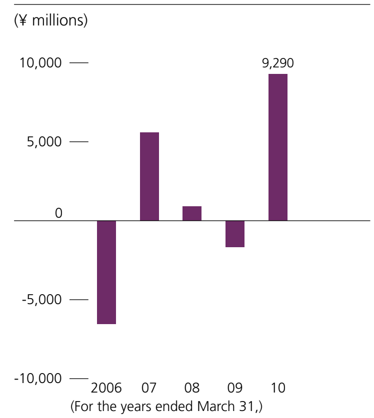
• *Cash flows from investing activities*

Net cash used in investing activities was ¥1,038 million, compared with ¥126 million provided by these activities in the preceding fiscal year, primarily owing to a ¥925 million acquisition of tangible fixed assets.

• *Cash flows from financing activities*

Net cash used in financing activities was ¥8,466 million, compared with ¥10,884 million provided by these activities last year. The change resulted primarily from a decrease of ¥4,000 million in commercial paper and ¥3,973 million for the repayment of long-term debt.

Free Cash Flow



* Free Cash Flow = Inflow from Operating Activities – Outflow from Investing Activities

Consolidated Balance Sheets

March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
ASSETS			
Current Assets:			
Cash and cash equivalents (Note 15)	¥ 17,860	¥ 17,070	$ 191,963
Short-term investments (Notes 4 and 15)	533	339	5,728
Receivables (Notes 3 and 15):			
Trade notes	3,832	4,144	41,190
Trade accounts	44,295	46,148	476,081
Unconsolidated subsidiaries and affiliated companies	516	139	5,547
Other	490	466	5,267
Allowance for doubtful accounts	(224)	(1,255)	(2,407)
Inventories (Note 5)	23,199	32,435	249,340
Deferred tax assets (Note 10)	290	336	3,122
Prepaid expenses and other	1,015	800	10,903
Total current assets	91,806	100,622	986,734
Property, Plant And Equipment (Notes 6 And 7):			
Land	1,914	1,914	20,575
Buildings and structures	25,525	25,494	274,341
Machinery and equipment	9,331	9,817	100,288
Furniture and fixtures	16,871	18,335	181,336
Lease assets	210	111	2,259
Construction in progress	4	3	42
Total	53,855	55,674	578,841
Accumulated depreciation	(44,141)	(45,172)	(474,437)
Net property, plant and equipment	9,714	10,502	104,404
Investments And Other Assets:			
Investment securities (Notes 4 and 15)	9,059	8,055	97,370
Investments in and advances to unconsolidated subsidiaries and affiliated companies (Note 15)	1,964	1,797	21,113
Deferred tax assets (Note 10)	1,264	1,243	13,587
Other assets (Note 6)	5,158	3,764	55,438
Allowance for doubtful accounts	(1,611)	(603)	(17,320)
Total investments and other assets	15,834	14,256	170,188
Total	¥117,354	¥125,380	$1,261,326

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	2010
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term bank loans (Notes 7 and 15)	¥ 1,450	¥ 1,500	$ 15,585
Current portion of long-term debt (Notes 7 and 15)	1,243	3,973	13,362
Commercial paper (Note 7)		4,000	
Payables (Note 15):			
Trade notes	814	1,273	8,752
Trade accounts	20,731	23,806	222,814
Unconsolidated subsidiaries and affiliated companies (Note 18)	3,050	3,951	32,781
Other	415	685	4,460
Income taxes payable (Note 10)	297	307	3,189
Accrued expenses	2,369	2,467	25,468
Advances received	1,944	1,698	20,889
Lease obligations (Note 14)	50	26	538
Other	4,559	3,599	48,998
Total current liabilities	36,922	47,285	396,836
Long-Term Liabilities:			
Long-term debt (Notes 7 and 15)	21,705	22,948	233,289
Liability for retirement benefits (Note 8)	11,916	11,377	128,077
Deferred tax liabilities (Note 10)	1,450	1,043	15,582
Lease obligations (Note 14)	154	105	1,657
Provision for environmental measures	234		2,515
Other	613	811	6,584
Total long-term liabilities	36,072	36,284	387,704
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 14 and 17)			
Equity (Notes 9 And 19):			
Common stock—authorized, 216,000,000 shares; issued, 137,976,690 shares in 2010 and 2009	14,704	14,704	158,043
Capital surplus	16,505	16,505	177,393
Retained earnings	10,740	8,831	115,433
Net unrealized gain on available-for-sale securities	2,140	1,511	23,004
Foreign currency translation adjustments	2	(6)	21
Treasury stock—at cost, 203,724 shares in 2010 and 192,481 shares in 2009	(66)	(64)	(707)
Total	44,025	41,481	473,187
Minority interests	335	330	3,599
Total equity	44,360	41,811	476,786
Total	¥117,354	¥125,380	$1,261,326

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	¥111,210	¥122,870	$1,195,293
COST OF SALES (Notes 8, 11 and 18)	91,727	100,883	985,889
Gross profit	19,483	21,987	209,404
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 12)	16,483	19,122	177,164
Operating income	3,000	2,865	32,240
OTHER INCOME (EXPENSES):			
Interest and dividend income	208	279	2,238
Interest expense	(451)	(405)	(4,843)
Foreign exchange loss	(42)	(488)	(447)
Gain on sale of property, plant and equipment		1,528	
Loss on valuation of inventories		(1,334)	
Other—net (Note 13)	(7)	(532)	(80)
Other expenses—net	(292)	(952)	(3,132)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	2,708	1,913	29,108
INCOME TAXES (Note 10):			
Current	367	372	3,947
Deferred	12	87	124
Total income taxes	379	459	4,071
MINORITY INTERESTS IN NET INCOME (LOSS)	7	(30)	76
NET INCOME	¥ 2,322	¥ 1,484	$ 24,961

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.s and 19):			
Basic net income	¥16.86	¥10.77	$0.18
Cash dividends applicable to the year	3.00	3.00	0.03

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Years Ended March 31, 2010 and 2009

	Thousands	Millions of Yen								
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, April 1, 2008	137,811	¥14,704	¥16,505	¥8,036	¥3,554	¥23	¥(58)	¥42,764	¥363	¥43,127
Net income				1,484				1,484		1,484
Cash dividends, ¥5 per share				(689)				(689)		(689)
Purchase of treasury stock	(27)						(6)	(6)		(6)
Net change in the year					(2,043)	(29)		(2,072)	(33)	(2,105)
Balance, March 31, 2009	137,784	14,704	16,505	8,831	1,511	(6)	(64)	41,481	330	41,811
Net income				2,322				2,322		2,322
Cash dividends, ¥3 per share				(413)				(413)		(413)
Purchase of treasury stock	(11)						(2)	(2)		(2)
Net change in the year					629	8		637	5	642
Balance, March 31, 2010	137,773	¥14,704	¥16,505	¥10,740	¥2,140	¥2	¥(66)	¥44,025	¥335	¥44,360

	Thousands of U.S. Dollars (Note 1)								
	Common Stock	Capital Surplus	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
Balance, March 31, 2009	$158,043	$177,393	$94,915	$16,242	$(62)	$(683)	$445,848	$3,543	$449,391
Net income			24,961				24,961		24,961
Cash dividends, $0.03 per share			(4,443)				(4,443)		(4,443)
Purchase of treasury stock						(24)	(24)		(24)
Net change in the year				6,762	83		6,845	56	6,901
Balance, March 31, 2010	$158,043	$177,393	$115,433	$23,004	$21	$(707)	$473,187	$3,599	$476,786

See notes to consolidated financial statements.

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 and minority interests	¥ 2,708	¥ 1,913	$ 29,108
Adjustments for:			
Income taxes—paid	(365)	(404)	(3,920)
Depreciation and amortization	1,579	1,773	16,967
Impairment loss	2	19	24
Gain on sale of property, plant and equipment		(1,528)	
Equity in earnings of affiliated companies	(208)	(362)	(2,236)
Changes in assets and liabilities:			
Decrease in notes and accounts receivable	1,744	1,194	18,744
Decrease (increase) in inventories	9,281	(497)	99,754
Decrease in interest and dividends receivable	28	21	303
Decrease in notes and accounts payable	(4,433)	(4,885)	(47,648)
Decrease in interest payable	(9)	(4)	(96)
Decrease in liability for retirement benefits	(5)	(198)	(54)
Increase in allowance for doubtful receivables	7	1,403	75
Other—net	(1)	(224)	(8)
Total adjustments	7,620	(3,692)	81,905
Net cash provided by (used in) operating activities	10,328	(1,779)	111,013
INVESTING ACTIVITIES:			
Purchase of short-term investments	(200)	(330)	(2,150)
Proceeds from sale of property, plant and equipment		1,563	2
Purchase of property, plant and equipment	(925)	(1,152)	(9,942)
Proceeds from sale of investment securities	176		1,887
Purchase of investment securities	(10)	(45)	(109)
Other—net	(79)	90	(845)
Net cash (used in) provided by investing activities	(1,038)	126	(11,157)
FINANCING ACTIVITIES:			
Net change in short-term bank loans	(50)	(90)	(538)
Net change in commercial paper	(4,000)	4,000	(42,992)
Proceeds from long-term debt		10,014	
Repayments of long-term debt	(3,973)	(2,345)	(42,704)
Cash dividends	(414)	(689)	(4,452)
Other—net	(29)	(6)	(307)
Net cash (used in) provided by financing activities	(8,466)	10,884	(90,993)
	824	9,231	8,863
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(34)	(136)	(376)
NET INCREASE IN CASH AND CASH EQUIVALENTS	790	9,095	8,487
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,070	7,975	183,476
CASH AND CASH EQUIVALENTS, END OF YEAR	¥17,860	¥17,070	$191,963

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2010 and 2009

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 consolidated financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Japan Radio Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.04 to $1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidation*—The consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 8 (8 in 2009) significant subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 3 (3 in 2009) unconsolidated subsidiaries and 2 (2 in 2009) affiliated companies are accounted for by the equity method.

Investments in the remaining affiliated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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

b. *Cash Equivalents*—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and certificate of deposits, all of which mature or become due within three months of the date of acquisition.

c. *Inventories*—Inventories are measured at the lower of cost or net selling value.

The cost of finished products, semi finished products, and work in process is determined principally by the specific identification method.

The cost of raw materials and supplies is determined principally by the average method.

Selling value is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. Replacement cost may be used in place of the net selling value, if appropriate.

d. *Marketable and Investment Securities*—Marketable and investment securities are classified and accounted for, depending on management's intent, as available for sale securities, which are not classified as either trading securities nor held to maturity debt securities, and they are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non marketable available for sale securities are stated at cost determined by the moving average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. *Property, Plant and Equipment*—Property, plant and equipment are stated at cost. Depreciation is computed by the declining balance method, while the straight line method is applied to buildings acquired after April 1, 1998 and lease assets of the Company and its domestic consolidated subsidiaries. The range of useful lives is from 10 to 50 years for buildings and structures and from 7 to 8 years for machinery and equipment. The useful lives for lease assets are the terms of the respective leases.

f. *Long Lived Assets*—The Group reviews its long lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. *Stock and Bond Issue Costs*—Stock and bond issue costs are charged to income as incurred.

h. *Allowance for Doubtful Accounts*—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the past credit loss experience and an evaluation of potential losses in the receivables outstanding.

i. *Retirement and Pension Plans*—The Company and certain domestic consolidated subsidiaries have contributory and non contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. Other foreign consolidated subsidiaries have non contributory funded pension plans and unfunded retirement benefit plans.

The Group accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The Company had an unfunded retirement benefit plan for directors and corporate auditors, and effective June 28, 2007, terminated its retirement plan. Certain subsidiaries have an unfunded severance benefit plan for directors and corporate auditors. The retirement benefits to directors and corporate auditors are provided at the amount that would be required if all directors and corporate auditors retired at the balance sheet date.

On July 31, 2008, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 19, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)."

The Company and certain domestic consolidated subsidiaries applied the statement at the end of the fiscal year ended March 31, 2010. There was no effect of this application on the consolidated statements of income for this fiscal year.

j. *Provision for Environmental Measures*—The provision for environmental measures is estimated and recorded to provide for future potential costs, such as costs related to disposal of PCB based on related legal requirements.

k. *Research and Development Costs*—Research and development costs are charged to income as incurred.

l. *Reserve for Product Defect Compensation*—The Company provided a reserve for product defect compensation at an estimated amount in order to cover the anticipated compensation.

m. *Leases*—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

n. Construction Contracts—In December 2007, the ASBJ issued ASBJ Statement No. 15 "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18 "Guidance on Accounting Standard for Construction Contracts." Under the previous Japanese GAAP, either the completed contract method or the percentage of completion method was permitted to account for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage of completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009. The Company applied the new accounting standard effective April 1, 2009. The effect of this change was to decrease net sales by ¥92 million ($988 thousand) and income before income taxes and minority interests by ¥10 million ($111 thousand), respectively, for the year ended March 31, 2010.

o. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

p. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward currency contracts and options.

q. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

r. Derivatives and Hedging Activities—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign currency forward contracts, interest rate swaps and currency options/swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income, and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts employed to hedge foreign exchange exposures for import purchases and export sales are measured at fair value and the unrealized gains/losses are recognized in income. Trade payables and trade receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

s. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because it is anti dilutive.

Cash dividends per share presented in the consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

t. *New Accounting Pronouncements*

Business Combinations—In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting of interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—
The current accounting standard requires to unify accounting policies within the consolidation group. However, the current guidance allows to apply the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (3) expensing capitalized development costs of R&D; (4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and (6) exclusion of minority interests from net income, if contained.

This standard is applicable to equity method of accounting for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations—In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Accounting Changes and Error Corrections—In December 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in accounting policies
When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in presentations
When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in accounting estimates
A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of prior period errors
When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures—In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. CONSTRUCTION CONTRACTS

Costs and estimated earnings recognized with respect to construction contracts which are accounted for by the percentage of completion method at March 31, 2010, net of amounts settled, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2010	2010
Costs and estimated earnings	¥3,632	$39,035
Amounts settled	(2,880)	(30,951)
Net	¥ 752	$ 8,084

4. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Short-term investments:			
Time deposits	¥ 370	¥ 170	$ 3,977
Debt securities	3	9	32
Government and corporate bonds	160	160	1,719
Total	¥ 533	¥ 339	$ 5,728
Investment securities:			
Equity securities	¥8,638	¥7,630	$92,847
Debt securities	190	193	2,038
Other	231	232	2,485
Total	¥9,059	¥8,055	$97,370

The carrying amounts and aggregate fair values of short-term investments and investment securities at March 31, 2010 and 2009 were as follows:

	Millions of Yen			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	¥4,651	¥3,977	¥331	¥8,297
Debt securities	209		17	192
Other	343		33	310
March 31, 2009				
Securities classified as available-for-sale:				
Equity securities	¥4,672	¥3,248	¥639	¥7,281
Debt securities	370		8	362
Other	183		48	135

	Thousands of U.S. Dollars			
March 31, 2010	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	$49,992	$42,745	$3,564	$89,173
Debt securities	3,974		185	3,789
Other	1,971		359	1,612

Available for sale securities whose fair value is not readily determinable as of March 31, 2010 and 2009 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Available-for-sale:			
Equity securities	¥342	¥349	$3,673
Other	81	97	873
Total	¥423	¥446	$4,546

The information of available for sale securities which were sold during the year ended March 31, 2010 was as follows:

	Millions of Yen		
March 31, 2010	Proceeds	Realized Gains	Realized Loss
Available-for-sale—Equity securities	¥176	¥164	¥13

	Thousands of U.S. Dollars		
March 31, 2010	Proceeds	Realized Gains	Realized Loss
Available-for-sale—Equity securities	$1,887	$1,766	$145

5. INVENTORIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Finished products, semi-finished products and merchandise	¥ 6,547	¥ 9,482	$ 70,364
Work in process	13,320	18,312	143,168
Raw materials and supplies	3,332	4,641	35,808
Total	¥23,199	¥32,435	$249,340

6. LONG-LIVED ASSETS

The Group reviewed its long lived assets for impairment as of the years ended March 31, 2010 and 2009, and, as a result, recognized impairment losses, as follows:

Year Ended March 31, 2010

Location: Mitaka City, Tokyo
Asset use: Assets for defense related business in the Special Equipment Division

	Millions of Yen	Thousands of U.S. Dollars
Type:		
Furniture and fixture		$ 5
Software	¥2	19
Total	¥2	$24

Year Ended March 31, 2009

Location: Mitaka City, Tokyo
Asset use: Assets for the Special Equipment Division

	Millions of Yen
Type—Furniture and fixture	¥10

Location: Mitaka City, Tokyo
Asset use: Assets for business of Eclipse Aviation Corporation

	Millions of Yen
Type:	
Furniture and fixture	¥3
Software	6
Total	¥9

In principle, the Group pools the assets of its business divisions into the smallest possible units for cash flow generation when evaluating for impairments.

7. SHORT-TERM BANK LOANS, COMMERCIAL PAPER AND LONG-TERM DEBT

Short-term bank loans at March 31, 2010 and 2009 consisted of notes to banks and bank overdrafts.

The weighted average annual interest rates for short-term bank loans for the years ended March 31, 2010 and 2009 were 1.33% and 1.29%, respectively.

The weighted average annual interest rate for commercial paper for the year ended March 31, 2009 was 0.7%.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Loans from banks, due serially to 2014 with interest rates ranging from 1.0% to 2.9% (in 2010) and from 1.0% to 2.9% (in 2009):			
Collateralized	**¥ 568**	¥ 731	**$ 6,109**
Unsecured	**22,380**	26,190	**240,542**
Total	**22,948**	26,921	**246,651**
Less current portion	**(1,243)**	(3,973)	**(13,362)**
Long-term debt, less current portion	**¥ 21,705**	¥ 22,948	**$ 233,289**

Annual maturities of long-term debt outstanding at March 31, 2010 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 1,243	$ 13,362
2012	18,763	201,668
2013	1,963	21,101
2014	979	10,520
Total	¥22,948	$246,651

The carrying amounts of assets pledged as collateral for long-term debt totaling ¥568 million ($6,109 thousand) at March 31, 2010 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property, plant and equipment—net of accumulated depreciation	¥413	$4,435

8. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees, directors and corporate auditors.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Projected benefit obligation	¥44,118	¥44,122	$474,185
Fair value of plan assets	(24,748)	(21,607)	(265,993)
Unrecognized transitional obligation	(1,643)	(1,971)	(17,654)
Unrecognized actuarial loss	(11,234)	(14,412)	(120,748)
Unrecognized prior service cost	2,617	2,995	28,132
Prepaid pension cost	2,539	2,032	27,288
Net liability	¥11,649	¥11,159	$125,210

The components of net periodic benefit costs for the years ended March 31, 2010 and 2009 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Service cost	¥1,563	¥1,527	$16,795
Interest cost	888	881	9,550
Expected return on plan assets	(547)	(124)	(5,875)
Amortization of prior service cost	(337)	(338)	(3,622)
Recognized actuarial loss	1,440	1,070	15,481
Amortization of transitional obligation	329	329	3,531
Net periodic benefit costs	¥3,336	¥3,345	$35,860

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

	2010	2009
Discount rate	2.0%	2.0%–2.5%
Expected rate of return on plan assets	0.0%–2.7%	0.0%–2.0%
Amortization period of prior service cost	15 years	15 years
Recognition period of actuarial gain/loss	10–15 years	10–15 years
Amortization period of transitional obligation	15 years	15 years

The liabilities for retirement benefits to directors and corporate auditors were ¥267 million ($2,867 thousand) and ¥218 million at March 31, 2010 and 2009, respectively.

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends in kind (non cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Net current deferred tax assets:			
Current deferred tax assets:			
Accrued bonuses	¥ 1,169	¥ 1,211	$ 12,560
Enterprise taxes payable	39	53	420
Inventories	2,117	38	22,754
Unrealized gains	39	55	424
Social security insurance on accrued bonuses	162	162	1,740
Reserve for product defect compensation	219	64	2,358
Other	78	21	840
Valuation allowance	(3,533)	(1,268)	(37,974)
Net current deferred tax assets	¥ 290	¥ 336	$ 3,122
Net non-current deferred tax assets:			
Non-current deferred tax assets:			
Liability for retirement benefits	¥ 618	¥ 605	$ 6,642
Tax loss carryforwards	39	65	423
Unrealized gains	636	636	6,839
Other	112	129	1,198
Valuation allowance	(140)	(191)	(1,509)
Total	1,265	1,244	13,593
Non-current deferred tax liabilities—net unrealized gains on available-for-sale securities	1	1	6
Total	1	1	6
Net non-current deferred tax assets	¥ 1,264	¥ 1,243	$ 13,587
Net non-current deferred tax liabilities:			
Non-current deferred tax assets:			
Allowance for doubtful accounts	¥ 575	¥ 588	$ 6,182
Liability for retirement benefits	3,149	3,177	33,847
Tax loss carryforwards	2,440	3,365	26,225
Software	2,655	2,915	28,533
Investment securities	803	803	8,630
Inventories		1,820	
Property, plant and equipment	122	181	1,315
Other	234	177	2,511
Valuation allowance	(9,978)	(13,026)	(107,243)
Total			
Non-current deferred tax liabilities—net unrealized gains on available-for-sale securities	1,450	1,043	15,582
Total	1,450	1,043	15,582
Net non-current deferred tax liabilities	¥ 1,450	¥ 1,043	$ 15,582

A reconciliation between the normal effective statutory tax rate and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 is as follows:

	2010	2009
Normal effective statutory tax rate	40.7%	40.7%
Expenses not deductible for income tax purposes	1.2	2.1
Change in valuation allowance	(28.2)	(15.1)
Other—net	0.3	(3.7)
Actual effective tax rate	14.0%	24.0%

At March 31, 2010, the Company and certain subsidiaries have tax loss carryforwards aggregating approximately ¥6,131 million ($65,897 thousand) which are available to be offset against taxable income of the Company and such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥ 239	$ 2,567
2013	5,843	62,805
2016 and thereafter	49	525
Total	¥6,131	$65,897

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥5,267 million ($56,608 thousand) and ¥7,803 million for the years ended March 31, 2010 and 2009, respectively.

12. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Provision for doubtful accounts	¥ 42	¥ 1,124	$ 455
Salaries	7,360	7,313	79,101
Provision for retirement benefits	1,046	992	11,243
Depreciation	215	250	2,314
Rent	783	813	8,415
Research and development costs	2,452	3,586	26,358
Other	4,585	5,044	49,278
Total	¥16,483	¥19,122	$177,164

13. OTHER INCOME (EXPENSES)—NET

Other income (expenses)—net for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Gain on sale of investment securities	¥ 164		$ 1,766
Equity in earnings of affiliated companies	208	¥ 362	2,236
Reversal of allowance for doubtful accounts	15	14	158
Impairment loss	(2)	(19)	(24)
Loss on disposal of inventories		(429)	
Provision of allowance for doubtful accounts		(301)	
Loss on provision for environmental measures	(234)		(2,515)
Other loss—net	(158)	(159)	(1,701)
Total	¥ (7)	¥ (532)	$ (80)

14. LEASES

The Group leases certain machinery, computer equipment and other assets.

Total rental expenses including lease payments for the years ended March 31, 2010 and 2009 were ¥354 million ($3,807 thousand) and ¥438 million, respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2010		2009		2010	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥248	¥ 4	¥345	¥4	$2,667	$ 45
Due after one year	198	7	445	4	2,131	69
Total	¥446	¥11	¥790	¥8	$4,798	$114

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied the ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, accumulated impairment loss, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen							
	2010				2009			
	Machinery and Equipment	Furniture and Fixtures	Other	Total	Machinery and Equipment	Furniture and Fixtures	Other	Total
Acquisition cost	¥510	¥614	¥119	¥1,243	¥558	¥879	¥200	¥1,637
Accumulated depreciation	402	451	85	938	344	544	131	1,019
Accumulated impairment loss		7		7		13		13
Net leased property	¥108	¥156	¥ 34	¥ 298	¥214	¥322	¥ 69	¥ 605

	Thousands of U.S. Dollars			
	2010			
	Machinery and Equipment	Furniture and Fixtures	Other	Total
Acquisition cost	$5,480	$6,605	$1,283	$13,368
Accumulated depreciation	4,318	4,850	914	10,082
Accumulated impairment loss		82		82
Net leased property	$ 1,162	$1,673	$ 369	$ 3,204

Depreciation expense, interest expense and impairment loss under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Depreciation expense	¥327	¥405	$3,515
Interest expense	15	24	164
Total	¥342	¥429	$3,679
Reversal of allowance for impairment loss on leased property	¥ 2	¥ 3	$ 17

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight line method and the interest method, respectively.

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly long-term debt including bank loans, based on its business plan. Cash surpluses, if any, are invested in low risk financial assets. Short-term bank loans and Commercial Paper are used to fund its ongoing operations. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Investment securities, mainly held to maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Maturities of bank loans are less than four years after the balance sheet date. Although a part of such bank loans is exposed to market risks from changes in variable interest rates, those risks are mitigated by using derivatives of interest-rate swaps.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates of bank loans. Please see Note 16 for more detail about derivatives.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers in the early stages. Please see Note 16 for the details about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2010.

Market risk management (foreign exchange risk and interest rate risk)
Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts. In addition, when foreign currency trade receivables and payables are expected from forecasted transaction, forward foreign currency contract may be used under the limited contract term of half a year.

Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of loan payables.

Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Basic principles of derivative transactions have been approved by an executive officer based on the internal guidelines which prescribe the authority and the limit for each transaction by the Accounting and finance department. Reconciliation of the transaction and balances with customers is made, and the transaction data has been reported to the officer on a quarterly basis.

Liquidity risk management
Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by commitment lines with major financial institutions.

(4) Fair Values of Financial Instruments
Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 16 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥17,860	¥17,860	
Short-term investments	533	533	
Receivables:			
Trade notes	3,832	3,832	
Trade accounts	44,295	44,295	
Unconsolidated subsidiaries and affiliated companies (notes and accounts)	456	456	
Investment securities	8,636	8,636	
Investment in affiliated company	760	1,201	¥441
Total	¥76,372	¥76,813	¥441
Short-term bank loans	¥ 1,450	¥ 1,450	
Payables:			
Trade notes	814	814	
Trade accounts	20,731	20,731	
Unconsolidated subsidiaries and affiliated companies	3,050	3,050	
Long-term debt	22,948	23,145	¥197
Total	¥48,993	¥49,190	¥197

	Thousands of U.S. Dollars		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$191,963	$191,963	
Short-term investments	5,728	5,728	
Receivables:			
Trade notes	41,190	41,190	
Trade accounts	476,081	476,081	
Unconsolidated subsidiaries and affiliated companies (notes and accounts)	4,905	4,905	
Investment securities	92,824	92,824	
Investment in affiliated company	8,164	12,905	$4,741
Total	$820,855	$825,596	$4,741
Short-term bank loans	$ 15,585	$ 15,585	
Payables:			
Trade notes	8,752	8,752	
Trade accounts	222,814	222,814	
Unconsolidated subsidiaries and affiliated companies	32,781	32,781	
Long-term debt	246,651	248,765	$2,114
Total	$526,583	$528,697	$2,114

Cash and Cash Equivalents
The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Short-Term Investments
The carrying values of short-term investments approximate fair value because of their short maturities.

Investment Securities and Investment in Affiliated Companies
The fair values of investment securities and investment in affiliated companies are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for investment securities and investment in affiliated companies by classification is included in Note 4.

Receivables and Payables
The fair values of receivables and payables are measured at the amount to be received or paid at maturity because of their short maturities.

Short-Term Bank Loans
The carrying values of short-term bank loans approximate fair value because of their short maturities.

Long-Term Debt
The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Derivatives
The information of the fair value for derivatives is included in Note 16.

(b) Financial instruments whose fair value cannot be reliably determined

	Carrying Amount	
March 31, 2010	Millions of Yen	Thousands of U.S. Dollars
Investment securities in equity instruments that do not have a quoted market price in an active market	¥ 423	$ 4,546
Investments in and advances to unconsolidated subsidiaries and affiliated companies in equity instruments that do not have a quoted market price in an active market	1,148	12,342
Total	¥1,571	$16,888

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
March 31, 2010	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥17,860			
Short-term investments	533			
Receivables:				
Trade notes	3,832			
Trade accounts	44,295			
Unconsolidated subsidiaries and affiliated companies (notes and accounts)	456			
Investment securities—Available-for-sale securities with contractual maturities		¥11		
Total	¥66,976	¥11		

	Thousands of U.S. Dollars			
March 31, 2010	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$191,963			
Short-term investments	5,728			
Receivables:				
Trade notes	41,185	$ 5		
Trade accounts	476,081			
Unconsolidated subsidiaries and affiliated companies (notes and accounts)	4,905			
Investment securities—Available-for-sale securities with contractual maturities		118		
Total	$719,862	$123		

Please see Note 7 for annual maturities of long-term debt.

16. DERIVATIVES

The Group enters into derivative financial instruments, including foreign currency forward contracts and currency options and currency swaps, to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group also enters into interest-rate swap agreements as a means of managing its interest rate exposures on certain assets and liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities. The Group does not hold or issue derivatives for trading or speculative purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies of the Company and such subsidiaries which regulate the authorization and credit limit amount.

The Group applied ASBJ Statement No. 10 “Accounting Standard for Financial Instruments” and ASBJ Guidance No. 19 “Guidance on Accounting Standard for Financial Instruments and Related Disclosures.” The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2010

		Millions of Yen		
March 31, 2010	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest-rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	¥11,408	¥10,808	¥(161)

		Thousands of U.S. Dollars		
March 31, 2010	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Interest-rate swaps (fixed rate payment, floating rate receipt)	Long-term debt	$122,614	$116,165	$(1,732)

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

17. CONTINGENT LIABILITIES

At March 31, 2010 and 2009, guarantees of bank loans amounted to ¥47 million ($502 thousand) and ¥57 million, respectively.

18. RELATED PARTY TRANSACTIONS

Transactions of the Company with Ueda Japan Radio Co., Ltd., an affiliated company, for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Purchases	¥5,255	¥7,237	$56,486

Balances due to the Company with Ueda Japan Radio Co., Ltd., an affiliated company, at March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Notes and accounts payables	¥1,965	¥2,587	$21,117

19. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's shareholders meeting held on June 29, 2010:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥3 ($0.03) per share	¥413	$4,442

20. SEGMENT INFORMATION

The Company operates in the following industries:

The Radio Communications Equipment segment consists of radio communications equipment, radio-applied equipment, electronics equipment, installation work and other operations.

Information about operations in industry segments, geographical segments and sales to foreign customers of the Company and consolidated subsidiaries for the years ended March 31, 2010 and 2009 is as follows:

(1) Industry Segments

The percentages of the Radio Communications Equipment segment in total sales and in operating income exceeded 90%, and thus, the Company and consolidated subsidiaries have omitted the disclosure of segmental information by business type.

(2) Geographical Segments

The Company and consolidated subsidiaries operate predominantly in Japan. Other geographical segments are minor in relation to total consolidated sales. Accordingly, the presentation of geographical segment information is not required under the related regulations.

(3) Sales to Foreign Customers

	Millions of Yen				
	2010				
	Asia	Europe	North America	Other	Total
Sales to foreign customers	¥10,042	¥8,516	¥4,496	¥7,164	¥ 30,218
Consolidated sales					111,210
The ratio of sales to foreign customers	9.0%	7.7%	4.0%	6.5%	27.2%

	Thousands of U.S. Dollars				
	2010				
	Asia	Europe	North America	Other	Total
Sales to foreign customers	$107,926	$91,533	$48,323	$77,000	$ 324,782
Consolidated sales					1,195,293
The ratio of sales to foreign customers	9.0%	7.7%	4.0%	6.5%	27.2%

	Millions of Yen				
	2009				
	Asia	Europe	North America	Other	Total
Sales to foreign customers	¥11,411	¥11,924	¥4,884	¥8,531	¥ 36,750
Consolidated sales					122,870
The ratio of sales to foreign customers	9.3%	9.7%	4.0%	6.9%	29.9%

Notes: Asia area consists of China, Korea, Taiwan and Singapore.
Europe area consists of the United Kingdom and Greece.
North America area consists of the United States of America.
Other area consists of the Middle East, Latin America and others.

Independent Auditors' Report

Deloitte.

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4-13-23, Shibaura
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Japan Radio Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Japan Radio Co., Ltd. (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Japan Radio Co., Ltd. and consolidated subsidiaries as of 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.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 22, 2010

Member of
Deloitte Touche Tohmatsu

JRC Organization

(as of April 1, 2010)

- Executive Directors' Meeting
- Management Committee
- Board of Directors
- President
- Corporate Management Committee
- Board of Corporate Auditors

- Corporate Internal Auditing Department
- Internal Management Promotion Department
- CSR Promotion Department
- Corporate Strategy Department
- Administration
  - General Affairs Department
  - Security Trade Control Group
  - Legal Group
  - Accounting & Financial Department
  - Human Resources Department
- Research & Development Center
  - Laboratory
  - Development Department
- Core Technologies
  - Engineering Coordination Department
  - Engineering Property Department
  - Component Technology Department
  - Core Engineering Department
  - Mechanical Design Department
  - IT Promotion Department
- Quality Assurance
  - Quality Assurance Department
  - Quality Assurance Department / Communications Equipment
  - Quality Assurance Department / Solution Business
  - Quality Assurance Department / Marine Electronics
- Production
  - Production Control Department
  - Procurement Department
  - Production Department
- Sales & Marketing
  - Business Promotion Department
  - International Business Department
  - Hokkaido Regional Branch
  - Tohoku Regional Branch
  - Hokuriku Branch
  - Chubu Regional Branch
  - Kansai Regional Branch
  - Chugoku Branch
  - Kyushu Regional Branch
  - Seattle Branch
  - Amsterdam Branch
  - Greece Branch
  - Philippines Branch
- Communications Products Division
  - Business Department
  - Engineering Department
- Communications Networks Division
  - Business Department
  - Engineering Department
- Solution Business Division
  - Solution Business Department
  - Communications Solution Department
  - Information Solution Department
  - Applied Radio Systems Engineering Department
  - System Integrations Department
  - Field Engineering Department
- Marine Electronics Division
  - Marine Electronics Business Department
  - Marine Electronics Engineering Department
  - Marine Service Department
- Special Equipment Division
  - Special Equipment Sales Department
  - Special Equipment Project Management Department
  - Special Equipment Engineering Department
  - Special Equipment Production Department
  - Special Equipment Quality Assurance Department

Directory

(as of August 31, 2010)

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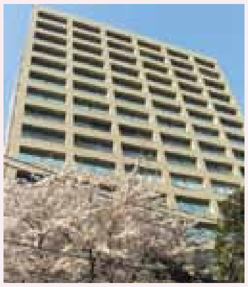
http://www.jrc.co.jp/eng/index.html



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URL: http://www.jrc.com.vn/

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Fax: +852-2707-9226

JRC do Brasil Empreendimentos Electronicos Ltda.

Av. Almirante Barroso, 63-S/309
CEP 20031-003, Rio de Janeiro, RJ, Brasil
Phone: +55-21-2220-8121
Fax: +55-21-2240-6324

JRC Tokki Co., Ltd.

Business:
Repairs and overhaul of defense electronics for ships and aircraft, system support engineering for installations on ships, and manufacture of peripheral equipment

Head office and factory:
3-2-1, Shinyoshida-higashi, Kohoku-ku, Yokohama, Kanagawa 223-0058, Japan

Phone: +81-45-547-8572

URL: http://www.jrctokki.co.jp

Employees: 337

JRC Engineering Co., Ltd.

Business:
Software development and engineering for information and data processing systems using general-purpose computers, mini-computers and microcomputers

Head office and factory:
c/o Japan Radio Co., Ltd.
1-1, Shimorenjaku 5-chome, Mitaka, Tokyo 181-0013, Japan

Phone: +81-422-45-9661

URL: http://www.jrce.co.jp

Employees: 154

Japan Radio Glass Co., Ltd.

Business:
Manufacture and sale of glassware for outdoor lamps, mercury-vapor lamps, electron tubes, physico-chemical apparatus, tableware and other glass tubes

Head office and factory:
1-8, Fukuoka 2-chome, Fujimino, Saitama 356-0011, Japan

Phone: +81-49-264-4411

URL: http://www.jrg.co.jp

Employees: 63

Musashino Electronics Co., Ltd.

Business:
Manufacture of radio communications and medical electronics equipment, and electronics parts

Head office and factory:
1-33, Shimorenjaku 8-chome, Mitaka, Tokyo 181-0013, Japan

Phone: +81-422-47-6341

URL: http://www.musashino-e.com

Employees: 183

Sougou Business Service Co., Ltd.

Business:
Distribution management of electronic equipment

Head office and factory:
Japan Radio Co., Ltd. Mitaka Factory
1-1, Shimorenjaku 5-chome, Mitaka, Tokyo 181-0013, Japan

Phone : +81-422-40-0471

Employees: 95

Affiliated Companies

Nagano Japan Radio Co., Ltd.

Business:
Manufacture and sale of VHF radio equipment, radars, data transmission equipment, controllers, public address sets, power supply equipment, capacitors, etc.

Head office and factory:
1163, Inazato-machi, Nagano, Nagano 381-2288, Japan

Phone: +81-26-285-1111

URL: http://www.njrc.jp

Employees: 871(non-consolidated) / 1,931(consolidated)

Ueda Japan Radio Co., Ltd.

Business:
Manufacture of VHF radio equipment, radio receivers, measuring instruments, and electromedical equipment, etc.

Head office and factory:
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Phone : +81-268-26-2112

URL: http://www.ujrc.co.jp

Employees: 625

Investor Information

(as of March 31, 2010)

Corporate Data

Japan Radio Co., Ltd.

Established:
December, 1915

Paid-in Capital:
¥14,704 million ($158,039 thousand)

Number of Shares Issued:
137,976,690 shares

Number of Shareholders:
11,443

Stock Listing:
Tokyo Stock Exchange,
First Section (Code: 6751)

Employees:
2,856

General Meeting of Shareholders:
Convened annually in late June

Board of Directors, Corporate Auditors and Executive Officers

(as of June 29, 2010)

Representative Director and President
Yorihisa Suwa

Representative Director and Managing Executive Officer
Takayoshi Tsuchida

Director and Managing Executive Officer
Yoshimasa Gunji

Directors and Executive Officers:
Hironori Sakamoto
Tatsuro Masamura
Kiyohiko Tatebayashi
Shuichi Gotoh
Michiaki Hyodoh

Directors:
Noboru Matsuda
Takashi Iwashita

Standing Corporate Auditors:
Yuichi Notsu
Yoshio Nakatsuchi
Masayuki Doi

Corporate Auditor
Kazunori Baba

Executive Officers:
Tamiho Shinya
Kenji Ara
Yasuhiko Hara
Daisaku Yamane
Tomohiro Waki
Syoji Kubota
Satoshi Nakamura

Major Shareholders

Name	Number of shares held (thousands)	Shares (%)
Nisshinbo Holdings Inc.	46,939	34.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,804	10.00
Japan Trustee Services Bank, Ltd. (Trust Account No. 9)	3,862	2.79
JRC Business Partner Ownership	3,480	2.52
Japan Trustee Services Bank, Ltd. (Trust Account)	3,247	2.35
JRC Employee Ownership	3,029	2.19
Mizuho Corporate Bank, Ltd.	2,000	1.44
Mitsubishi Electric Co.	1,741	1.26
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	775	0.56
Japan Trustee Services Bank, Ltd. (Trust Account No. 1)	703	0.50

Shareholder Type

	Financial institutions	Securities companies	Other corporations	Foreign corporations and individuals	Individuals and others	Total
Number of Shareholders	40	44	300	104	10,955	11,443
Number of Shares Held	30,414	1,774	51,803	8,197	45,236	137,424
Percentage of Total Shares Issued	22.13	1.29	37.70	5.96	32.92	100.00

Notes: Trading unit of common stock: 1,000 shares
Odd-lot stock: 552,690 shares

JAPAN RADIO CO., LTD. Annual Report 2010

Japan Radio Co., Ltd.

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