

**Non-consolidated Financial Statements for the Fiscal Year Ended March 31, 2009**

Company name:	Elmic Wescom, Inc.	Listing:	TSE Mothers Market
Stock code:	4770	URL:	<a href="http://www.elwsc.co.jp/">http://www.elwsc.co.jp/</a>
President:	Toshihiro Shimauchi		
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Scheduled date of Annual General Meeting of Shareholders :	June 24, 2009		
Scheduled date of filing of Quarterly Report	: June 24, 2009		
Scheduled date of payment of dividend	: —		

**(1) Balance Sheets**

(Thousands of yen)

	FY2007 (As of Mar. 31, 2008)	FY2008 (As of Mar. 31, 2009)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	351,915	372,093
Notes receivable	107,943	56,663
Accounts receivable - trade	484,230	378,782
Securities	807,031	346,671
Merchandise	16	—
Finished goods	31,332	19,890
Work in process	35,535	42,928
Raw materials	11,998	938
Prepaid expenses	10,538	7,821
Deferred tax assets - current	34,001	—
Accounts receivable - other	4,489	11,639
Other current assets	1,610	1,828
Reserve for doubtful receivables	(100)	(3,000)
<b>Total current assets</b>	<b>1,880,543</b>	<b>1,236,255</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings	89,041	93,741
Accumulated depreciation	44,572	42,041
<b>Buildings (net)</b>	<b>44,469</b>	<b>51,700</b>
Structures	1,367	1,367
Accumulated depreciation	1,002	1,077
<b>Structures (net)</b>	<b>364</b>	<b>289</b>
Vehicles	6,203	—
Accumulated depreciation	5,415	—
<b>Vehicles (net)</b>	<b>787</b>	<b>—</b>
Tools, furniture and fixtures	85,333	71,049
Accumulated depreciation	77,447	62,135
<b>Tools, furniture and fixtures (net)</b>	<b>7,885</b>	<b>8,913</b>
Land	39,014	39,014
<b>Total property, plant and equipment</b>	<b>92,522</b>	<b>99,918</b>

	(Thousands of yen)	
	FY2007 (As of Mar. 31, 2008)	FY2008 (As of Mar. 31, 2009)
Intangible assets		
Goodwill	33,455	—
Software	42,088	24,346
Telephone rights	4,899	4,899
Software in process	1,389	1,464
Total intangible assets	81,833	30,711
Investments and other assets		
Investment securities	314,755	536,162
Affiliate stock	3,500	3,500
Long-term loans receivable from employees	864	634
Claims provable in bankruptcy	1,344	13,370
Leasehold and security deposits	35,043	22,058
Membership	8,150	8,150
Reserve for doubtful receivables	(5,279)	(17,305)
Total other investments and other assets	358,378	566,570
Total fixed assets	532,733	697,200
Total assets	2,413,277	19,33,456

	(Thousands of yen)	
	FY2007 (As of Mar. 31, 2008)	FY2008 (As of Mar. 31, 2009)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	72,032	85,437
Accounts payable - other	17,143	96,814
Accrued expenses	30,900	5,620
Income tax payable	9,531	8,159
Consumption tax payable	8,302	406
Advance received	—	4,671
Deposits received	5,047	11,618
Unearned revenue	5,885	6,359
Reserve for accrued bonuses	34,850	23,049
Provision for product warranties	13,441	15,690
Provision for loss on order received	—	4,232
<b>Total current liabilities</b>	<b>197,136</b>	<b>262,059</b>
<b>Long-term liabilities</b>		
Guarantee deposits	190	190
Reserve for employees' retirement benefits	32,214	3,770
Reserve for directors' retirement benefits	52,552	24,384
<b>Total long-term liabilities</b>	<b>84,956</b>	<b>28,345</b>
<b>Total liabilities</b>	<b>282,093</b>	<b>290,405</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	1,202,036	1,202,036
<b>Capital surplus</b>		
Legal capital surplus	300,000	300,000
Other capital surplus	731,862	731,862
<b>Total capital surplus</b>	<b>1,031,862</b>	<b>1,031,862</b>
<b>Retained earnings</b>		
Legal retained earnings	509	509
<b>Other retained earnings</b>		
Retained earnings brought forward	91,409	(385,867)
<b>Total retained earnings</b>	<b>91,918</b>	<b>(385,358)</b>
Treasury stock	(99,206)	(99,236)
<b>Total shareholders' equity</b>	<b>2,226,611</b>	<b>1,749,303</b>
<b>Valuation and translation adjustments</b>		
Net unrealized gain (loss) on other securities	(95,427)	(106,251)
<b>Total valuation and translation adjustments</b>	<b>(95,427)</b>	<b>(106,251)</b>
<b>Total net assets</b>	<b>2,131,183</b>	<b>1,643,051</b>
<b>Total liabilities and net assets</b>	<b>2,413,277</b>	<b>1,933,456</b>

**(2) Statements of Income**

(Thousands of yen)

	FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)
Net sales		
Sales of finished goods	1,714,224	1,612,144
Sales of goods	19,484	27,584
Total net sales	1,733,709	1,639,728
Cost of sales		
Cost of finished goods sold		
Beginning finished goods	29,964	31,332
Cost of products manufactured	1,023,537	1,052,127
Amortization of software	23,771	25,812
Total	1,077,274	1,109,272
Transfer to other account	5,320	253
Ending finished goods	31,332	19,890
Total cost of finished goods sold	1,040,621	1,089,128
Cost of goods sold		
Beginning goods	–	16
Cost of purchased goods	16,069	23,883
Total	16,069	23,900
Ending goods	16	–
Total cost of goods sold	16,052	23,900
Total cost of sales	1,056,674	1,113,028
Gross profit	677,034	526,699
Selling, general and administrative expenses		
Advertising expenses	16,121	20,599
Promotion expenses	98,211	76,498
Directors' compensations	90,278	64,100
Wages and allowances	207,220	235,965
Welfare expenses	30,407	38,623
Bonuses	7,214	9,156
Provision for bonuses	7,274	6,447
Provision of allowance for doubtful accounts	–	14,926
Provision for directors' retirement benefits	16,187	6,696
Traveling and transportation expenses	26,052	23,125
Rent expenses	32,203	41,584
Depreciation	21,228	22,997
Research and development expenses	124,967	68,914
Compensations	32,783	47,557
Training expenses	96,935	88,679
Other expenses	36,566	36,324
Total Selling, general and administrative expenses	843,651	802,195
Operating loss	(166,617)	(275,495)

	(Thousands of yen)	
	FY2007	FY2008
	(Apr. 1, 2007 – Mar. 31, 2008)	(Apr. 1, 2008 – Mar. 31, 2009)
Non-operating income		
Interest income	603	379
Interest on securities	19,895	15,410
Dividends income	170	200
Others income	3,323	2,748
Total non-operating income	23,992	18,739
Non-operating expenses		
Loss on investments in partnership	2,884	2,735
Foreign exchange loss	368	125
Others expenses	0	—
Total non-operating expenses	3,253	2,861
Ordinary loss	(145,878)	(259,617)
Extraordinary income		
Reversal of allowance for doubtful accounts	75,628	—
Insurance income	719	—
Gain on sales of investment securities	650	359
Gain on sales of noncurrent assets	—	246
Total extraordinary income	76,998	605
Extraordinary loss		
Loss on retirement of noncurrent assets	397	5,246
Loss on valuation of investment securities	742	33,630
Head office transfer cost		36,753
Impairment loss		16,727
Special retirement expenses		46,862
Total extraordinary loss	1,139	139,220
Net loss before income taxes	(70,019)	(398,232)
Income taxes –current	6,377	5,762
Income taxes –deferred	(18,012)	34,001
Total income taxes	(11,635)	39,763
Net loss	(58,384)	(437,995)

## Manufacturing Statement

	(Thousands of yen)	
	FY2007	FY2008
	(Apr. 1, 2007 – Mar. 31, 2008)	(Apr. 1, 2008 – Mar. 31, 2009)
Materials cost	5,585	11,037
Labor cost	667,553	626,782
Other costs	653,730	663,568
Total manufacturing cost	1,326,869	1,301,388
Beginning work in process	70,869	35,535
Total	1,397,738	1,336,923
Ending work in process	35,535	42,928
Transfer to other accounts	338,665	241,867
Cost of goods manufactured for the period	1,023,537	1,052,127

### (3) Statements of Changes in Shareholders' Equity

(Thousands of yen)

	FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)
Shareholders' equity		
Capital stock		
Balance as of Mar.31, 2008	1,202,036	1,202,036
Changes of items during the period		
Total changes of items during the period	—	—
Balance as of Mar.31, 2009	1,202,036	1,202,036
Capital surplus		
Legal capital surplus		
Balance as of Mar.31, 2008	300,000	300,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance as of Mar.31, 2009	300,000	300,000
Other capital surplus		
Balance as of Mar.31, 2008	731,862	731,862
Changes of items during the period		
Total changes of items during the period	—	—
Balance as of Mar.31, 2009	731,862	731,862
Total capital surplus		
Balance as of Mar.31, 2008	1,031,862	1,031,862
Changes of items during the period		
Total changes of items during the period	—	—
Balance as of Mar.31, 2009	1,031,862	1,031,862
Retained earnings		
Legal retained earnings		
Balance as of Mar.31, 2008	—	509
Changes of items during the period		
Provision of legal retained earnings	509	—
Total changes of items during the period	509	—
Balance as of Mar.31, 2009	509	509
Other retained earnings		
Retained earnings brought forward		
Balance as of Mar.31, 2008	202,679	91,409
Changes of items during the period		
Dividends from surplus	(52,375)	(39,281)
Provision of legal retained earnings	(509)	—
Net loss	(58,384)	(437,995)
Total changes of items during the period	(111,269)	(477,277)
Balance as of Mar.31, 2009	91,409	(385,867)
Total retained earnings		
Balance as of Mar.31, 2008	202,679	91,918
Changes of items during the period		
Dividends from surplus	(52,375)	(39,281)
Net loss	(58,384)	(437,995)
Total changes of items during the period	(110,760)	(477,277)
Balance as of Mar.31, 2009	91,918	(385,358)

(Thousands of yen)

	FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)
Treasury stock		
Balance as of Mar.31, 2008	(99,185)	(99,206)
Changes of items during the period		
Purchase of treasury stock	(20)	(30)
Total changes of items during the period	(20)	(30)
Balance as of Mar.31, 2009	(99,206)	(99,236)
Total shareholders' equity		
Balance as of Mar.31, 2008	2,337,391	2,226,611
Changes of items during the period		
Dividends from surplus	(52,375)	(39,281)
Net loss	(58,384)	(437,995)
Purchase of treasury stock	(20)	(30)
Total changes of items during the period	(110,780)	(477,307)
Balance as of Mar.31, 2009	2,226,611	1,749,303
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance as of Mar.31, 2008	(18,920)	(95,427)
Changes of items during the period		
Net changes of items other than	(76,506)	(10,824)
Total changes of items during the period	(76,506)	(10,824)
Balance as of Mar.31, 2009	(95,427)	(106,251)
Total valuation and translation adjustments		
Balance as of Mar.31, 2008	(18,920)	(95,427)
Changes of items during the period		
Net changes of items other than	(76,506)	(10,824)
Total changes of items during the period	(76,506)	(10,824)
Balance as of Mar.31, 2009	(95,427)	(106,251)
Net assets		
Balance as of Mar.31, 2008	2,318,471	2,131,183
Changes of items during the period		
Dividends from surplus	(52,375)	(39,281)
Net loss	(58,384)	(437,995)
Purchase of treasury stock	(20)	(30)
Net changes of items other than shareholders'	(76,506)	(10,824)
Total changes of items during the period	(187,287)	(488,132)
Balance as of Mar.31, 2009	2,131,183	1,643,051

#### (4) Statements of Cash Flows

(Thousands of yen)

	FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)
Cash flows from operating activities		
Net loss before income taxes	(70,019)	(398,232)
Depreciation and amortization	32,137	35,335
Amortization of goodwill	16,727	16,727
Impairment loss	—	16,727
Increase (decrease) in allowance for doubtful accounts	(75,628)	14,926
Increase (decrease) in provision for bonuses	3,670	(11,800)
Increase (decrease) in provision for product warranties	13,441	2,249
Increase (decrease) in provision for loss on order received	—	4,232
Increase (decrease) in provision for retirement benefits	(2,571)	(28,444)
Increase (decrease) in provision for directors' retirement benefits	16,187	(28,167)
Interest and dividends income	(20,668)	(15,990)
Loss (gain) on investments in partnership	2,884	2,735
Foreign exchange losses (gains)	612	67
Special retirement expenses	—	46,862
Insurance income	(719)	—
Loss on retirement of noncurrent assets	397	5,246
Loss (gain) on valuation of investment securities	742	33,630
Loss (gain) on sales of investment securities	(650)	(359)
Loss (gain) on sales of property, plant and equipment	—	(246)
Decrease (increase) in notes and accounts receivable-trade	208,656	144,701
Decrease (increase) in inventories	28,493	15,125
Increase (decrease) in notes and accounts payable-trade	(14,569)	13,405
Decrease (increase) in other assets	49,859	(5,720)
Increase (decrease) in other liabilities	(4,274)	13,322
Increase (decrease) in accrued consumption taxes	(9,921)	(7,896)
Subtotal	174,786	(131,563)
Interest and dividends income received	20,846	16,076
Proceeds from insurance income	719	—
Income taxes paid	(2,745)	(5,056)
Net cash used in operating activities	193,605	(120,542)



(Thousands of yen)

	FY2007 (Apr. 1, 2007 – Mar. 31, 2008)	FY2008 (Apr. 1, 2008 – Mar. 31, 2009)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,882)	(22,365)
Purchase of intangible assets	(21,189)	(4,105)
Proceeds from sales of property, plant and equipment	—	929
Purchase of investment securities	(100,700)	(298,692)
Proceeds from sales of investment securities	101,850	30,453
Collection of long-term loans receivable	941	508
Collection of claims provable in bankruptcy, claims provable in rehabilitation	75,628	—
Proceeds from collection of lease and guarantee deposits	—	19,027
Payments for lease and guarantee deposits	—	(6,042)
Other, net	(2,811)	—
Net cash provided by investing activities	51,837	(280,286)
Cash flows from financing activities		
Purchase of treasury stock	(20)	(30)
Cash dividends paid	(52,370)	(39,255)
Net cash used in financing activities	(52,391)	(39,286)
Effect of exchange rate change on cash and cash equivalents	(612)	(67)
Increase (decrease) in cash and cash equivalents	192,439	(440,183)
Cash and cash equivalents at beginning of period	966,508	1,158,947
Cash and cash equivalents at end of period	1,158,947	718,764