Panasonic
ideas for life

We will sharpen our on-site capabilities !

Annual Report 2009

For the Year Ended March 31

Panasonic Electric Works Information Systems Co.,Ltd.

Panasonic Electric Works Information Systems at a Glance

Our Business

System Operation

Development of business around solutions

Proposal of Systems
Proposal of Solutions

Solution Sales

Equipment Sales and Installation

Service Solution Business — System Services

1. ASP service
2. Network service
3. Outsourcing service

Service Solution Business — System Solutions

1. Solution proposal
2. Consulting
3. Package software development and sales

System and Communications Equipment Business

1. Sales of computers, servers, and communications equipment
2. Networking, sales and construction

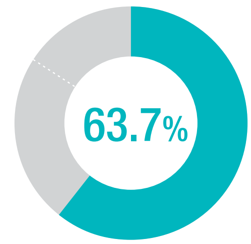
Our Strengths

1. Technical capabilities that have supported Panasonic Electric Works, a leading IT firm, for nearly 50 years
2. Sales force through the channels of the Panasonic Electric Works group
3. Multivendor environment not dependent on a particular manufacturer
4. One-stop provision of solutions
5. Possession of an enormous infrastructure (networks, computers, and IDCs)
6. High productivity

Contents

System Services Division

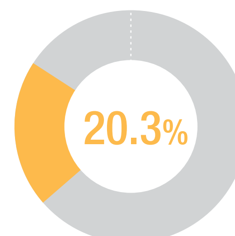
The division is engaged primarily in the business of operating a wide array of information systems, which make full use of our technological capabilities and business solution skills we have nurtured through a variety of system developments over the years, including consigned system operation. In specific terms, the core business of the System Services Division is to operate business application systems such as production, sales, inventory control systems, human resources and accounting systems, and technical information systems. In addition to these enterprise mission-critical systems, it also provides EC/EDI services, network services, outsourcing services, and ASP services.



% of Net Sales (2009)

System Solutions Division

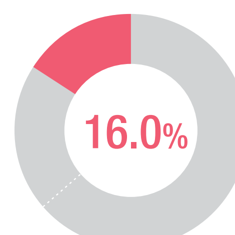
The division's main businesses include the proposals of new information system solutions, consigned system developments, and the provision of originally developed software packages. It utilizes its own experience in information system services to propose solutions that are best suited to customer needs. Specifically, it offers thin-client systems, originally developed software packages, system introduction consulting, and made-to-order system development.



% of Net Sales (2009)

System and Communications Equipment Business

The division is primarily engaged in the business of selecting and providing items that are best suited to customer specifications among a wide variety of hardware and third-party software. It also undertakes construction works in which those systems are utilized. Specifically, the focus of its business is on the sales of system equipment such as personal computers and network-related communications equipment, provision of ancillary services, and telephone/LAN network construction. It is also engaged in the sales of personal computers, servers, printers, communications equipment, and purchased software as well as telephone discount services.



% of Net Sales (2009)

Our Target Markets

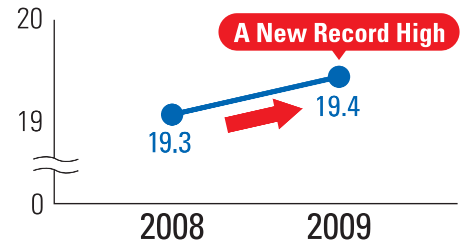
We are targeting small to medium-sized companies as our core market in proposing solutions. We have been focusing on this particular market, because we have become aware that, in spite of the broad range of IT needs, there are no experts within these companies who are able to realize these needs, and more often than not, these companies do not possess the necessary technologies.

There has been a move in the late IT system investment in automation and systematization of manual labor, shifting to "a weapon for surviving fierce competition." To be more precise, IT systems are seen as being indispensable to management and structural reform and to increasing competitiveness. Needs are shifting from simple uses to exhaustive uses, and from ownership to service use. "Value-producing suggestions from on-site" are needed to be able to respond flexibly to these changes. Surely the markets wherein the "on-site capabilities" we have cultivated over the course of 50 years can be put to use are expanding.

Progress in Improving Profitability

The total gross margin for the whole company representing all three business areas improved from 19.3% of the previous year to 19.4%, posting a new record high.

Total Gross Margin (%)



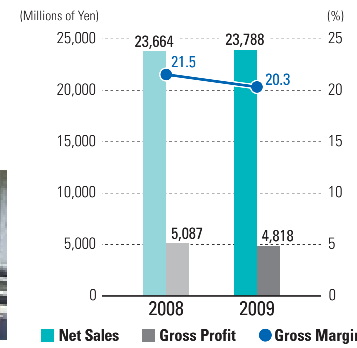
System Services Division

Steadily progressing

Net Sales
Rose 0.5% from the previous year to 23,788 million yen, due to stock business (system operation services, system maintenance services, and so forth) having remained solid throughout the year.

Gross Profit
Fell 5.1% from the previous year to 4,818 million yen due to the impact of the rapid decline in market prices.

Gross Margin
Owing to a speeding up of streamlining measures in the second half, the range of drop over the year was limited to fall 1.2 percentage points from the previous year, maintaining the ratio at 20.3%.



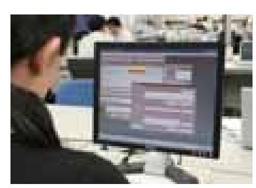
System Solutions Division

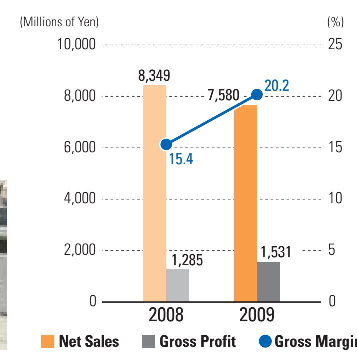
Efficiency in development improved greatly

Net Sales
Due to worsening economic conditions in the fourth quarter, fell 9.2% from the previous year to 7,580 million yen.

Gross Profit
Efficiency in solutions development made a successful progress, and the figure rose 18.9% from the previous year to 1,531 million yen.

Gross Margin
Thanks to progress in upgrading efficiency in solutions development, the figure improved greatly, rising 4.8 percentage points from the previous year.





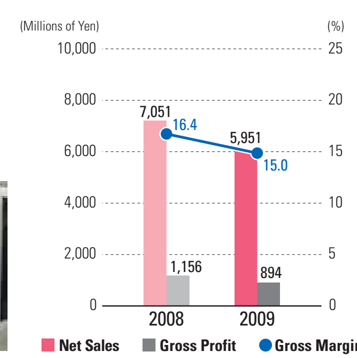
System and Communications Equipment Business

Decline in profitability was kept to a minimum

Net Sales
Sales of system equipment and the software of other companies fell, leading to fall 15.6% from the previous year to 5,951 million yen.

Gross Profit
Fell 22.9% from the previous year to 894 million yen, in line with the drop in net sales.

Gross Margin
The drop was limited to 1.4 percentage points from the previous year, holding at 15.0% thanks to progress in streamlining measures.



Message from the President

Making the most of "on-site capabilities," we contribute to the value our customers create.

Under the management policy of "Challenging the New," Panasonic Electric Works Information Systems took measures in the fiscal year ended March 2009 related to the three themes of "achieving new records," "creating new products," and "change into new personnel," and was able to make progress in creating a strong corporate constitution prepared for the future. First, with respect to "achieving new records," although the setting of new financial performance record was an unattainable goal owing to the worsening business environment from the end of 2008, we were able to maintain and better our high level profitability because of the staff united in further improving management efficiency. Regarding "creating new products," in addition to achieving the release of 30 products over the fiscal year, we were successful at making our strengths visible in the process of placing new products on the market. Finally, with respect to "change into new personnel," we were able to dynamically move forward on taking such measures as actively exchanging human resources in order for each member of our staff to attain further growth. Net sales and profit fell in numeric terms, to be sure, due to the effects of the harsh business environment, but all told, the year was one of enormous qualitative results as discussed above.

Further worsening of the business environment for many of the industries where we have corporate customers is expected for the fiscal year ending March 2010, and the possibilities for a dramatic improvement in the appetite for capital investment among our customers are thought to be low. On the other hand, many companies are also expected to position this situation as a time for runup on their next moves and starting in on bold reassessments of their operations and management reforms. There are three kinds of IT needs in such an environment. The first kind is for streamlining and rationalization through structural reform of system operation. The second is for business improvements achieved by improving the efficiency of existing systems. The third is for aggregation through outsourcing system operations and similar measures. In all cases, the IT needs are directed at carrying out on-site reforms at each corporation, and this is an area in which the Company is most specialized. This is because, over approximately 50 years dating back to the time when the Company was the Information System Division of Panasonic Electric Works Co., Ltd., we have amassed in abundance the "on-site capabilities" for building systems that can operate at maximum efficiency on the front lines of business. We will continue to make the most of these "on-site capabilities," and pour our energies into realizing our management vision, "Value designer—Working with customers to envision their future and create value together."

To our shareholders and investors, your continued support is always much appreciated.

Takeyoshi Kawamura

Takeyoshi Kawamura
President

Q&A with the President

Q1 Please tell us about the Company's performance in the fiscal year ended March 2009.

A1 Even though sales and profits fell, we maintained profitability.

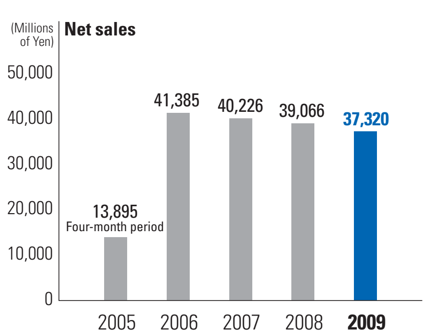
Although the steep appreciation in energy and raw material prices saw a turnaround, the Japanese economy in the fiscal year ended March 2009 drastically worsened because the financial and economic crisis that originated in the U.S. and Europe affected the real economy. With the trend for business enterprises to curtail capital investment strengthened in conjunction with the deterioration of corporate earnings, sluggishness was seen for the first time in the information services industry market, which until recently had remained solid thanks to the continuation of corporate strategic medium- and long-term IT investment. Amid this business environment, the Company adopted "Challenging the New" as its management policy for the fiscal year ended March 2009 and took measures relating to three themes: "achieving new records," "creating new products," and "change into new personnel." Concretely, the Company focused on system operation services, which are less susceptible to fluctuations in the economy. Specific activities included outsourced development such as the construction of backbone systems for Panasonic Electric Works and its group companies. We also worked to expand external sales of new products, services, and solutions from the perspective of streamlining operations and reducing costs. Looking ahead to future growth, we also made active investments and strengthened our workforce while taking measures to improve management constitution by reducing costs and increasing operational efficiency.

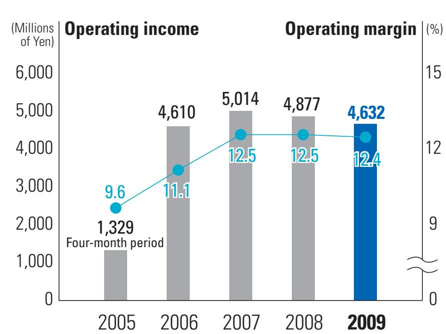
Consequently, consolidated net sales fell 4.5% from the previous year to 37,320 million yen, operating income declined 5.0% to 4,632 million yen, and net income fell 2.1% to 2,783 million yen. However, as a result of our efforts to improve management efficiency, the operating margin remained almost unchanged and the Company was able to improve the net income margin.

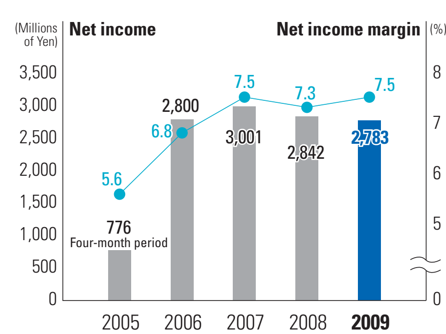
Q2 What progress was made toward fulfilling the Management Vision for 2010?

A2 New value is being produced around a core of creating new products and improving quality.

We have been working since 2007 toward fulfilling our mid-term management vision, "Value Designer—Working with customers to envision their future and create value together," but the upheaval in the business environment since the latter half of 2008 has renewed our awareness of the importance of getting back to the Company's starting point. Our starting point is "on-site," those locations that are the front lines of business. We want to further strengthen our "on-site capabilities" by always getting back into the field to address such questions as what value added are we producing for our customers and how are we of help to them. Our focus is on two points.







Our On-Site Capabilities

- Comprehensive technical and proposal capabilities for constructing systems that can solve worksite problems on the front lines of business and work at maximum efficiency.
- Ability to adopt a close on-site contact relating to internal reforms from the perspective of the worksite and broadly provide optimal IT, regardless of corporate scale, to generate true effects for the customer.

Everything that can potentially serve as the kind of value-added only the Company can provide such as the technological and development capabilities cultivated and on-site know-how accumulated over approximately 50 years going back to the Company's days as the Information System Division of Panasonic Electric Works, our worksite-intensive approach, and our ability to root out issues is our "on-site capabilities."

The first is the "creation of new products and services refined by on-site capabilities." The Company's on-site capabilities in the fields of infrastructure building and server operation were extremely well received by our customers in the fiscal year ended March 2009, and turned into a good opportunity for reaffirming our strengths. In the fiscal year ending March 2010, we will work not only on these items but also at constantly bringing on-site needs to light and creating new products and services that faithfully reflect the Company's brightest points and strengths.

The second focus is on "improving quality." We think the quality of IT lies in "helping and creating value for customers." The quality improvements we have in mind is for evolution that sees system development shift from the developer's perspective to a user-initiated process, and simple operation services turn into more appealing operation services. Furthermore, when considering matters in light of our focus on the Three Realities Principle (go to the actual on-site location, know the actual situation and be realistic), our quest for ever-greater quality in the field is connected also to our customers' creation of value. Last year, the Company achieved the level 3 of the CMMI*, and further consolidated its ability to link those measures taken to improve quality with being a help to its customers. We plan to develop these abilities further in the fiscal year ending March 2010.

*CMMI is a process improvement model for software and system development that was developed by the Software Engineering Institute at Carnegie Mellon University in the U.S. It is used globally as a standard indicator of appraising system development capabilities.

Q3 Please give us a recent concrete example of the Company's on-site capabilities being well received and its strengths reconfirmed.

A3 Proposals that make use of our own experience as an end user are being well received by customers.

The installation consulting and operational support we provide for blade servers, an area that makes use of our own experiences as an end user, can be brought up here. A blade server, simply put, is a server that consolidates multiple servers into a single unit. In addition to improving operational efficiency, these servers can also help save space, lower energy consumption, and reduce the amount of CO_2 emissions. The Company began introducing these servers starting in 2004 to deal with the rapid growth in the number of servers it was operating, and achieved space savings through server consolidation, reduced the number of unneeded standby servers, and managed to both save energy and cut costs. Also, the effort to standardize infrastructure made progress and the roles of development and operations were clarified thanks to server consolidation. At present, we are proposing operational and installation solutions of the optimal blade servers for our customers based on the end-user perspective the Company cultivated in this process, and these efforts are being well received. The very fact that

Q&A with the President

the proposals we offer to customers make use of our own experiences in going through and getting over the issues faced in the field is the reason why the Company's on-site capabilities are rated so highly.

Q4 In February 2009, the Company acquired the business of M • NES, a consolidated subsidiary of Panasonic Electric Works. Please tell us what the purpose for that was.

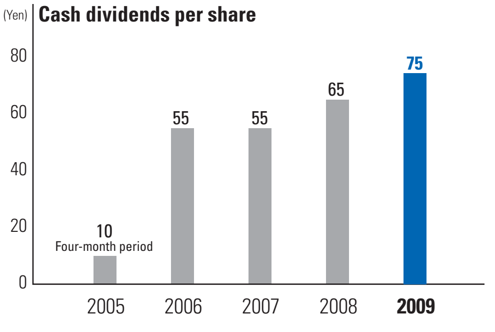
A4 It is part of our plan for strengthening external sales capabilities.

In implementing our plans for future growth, we are making the expansion of sales to companies outside of the Panasonic Electric Works Group (external sales) as one of our top priorities and have been working since the fiscal year ended March 31, 2009 to put together a sales force specializing in external sales and beefing up our sales capabilities. The acquisition of M • NES's business in February 2009 is also a part of our plan for strengthening our external sales capabilities. By making use of their experience and expertise in developing package software and providing system solutions for external sales, and generating synergistic effects among products, customers, and technology, we will work to expand our business to make use of our improved solution proposal capabilities and server operation expertise and strive to further strengthen the external sales capabilities of the group as a whole. The Company has been exhibiting robust achievements, such as the release of a new version of the MajorFlow workflow system in May 2009 followed in September by an optional module for linking the system to Cybozu Garoon 2, an enterprise groupware package popular in Japan.

Q5 Please talk about your policy on distributing profits to shareholders.

A5 Our basic policy is to stably and actively pay dividends based on financial performance.

The company is aware that distributing profits to all of our shareholders is one of the most important issues. While keeping in mind the need to increase internal reserves for reinforcing management foundations and long term growth, our idea is to steadily and actively pay dividends based on financial performance.
At present, our basic policy is to maintain stable dividend payouts of 55 yen per share each year while distributing profits to the greatest extent possible in accordance with our consolidated financial performance, based on comprehensive consideration of our status of fund, financial standing, and payout ratio. As for the allocation of internal reserves, they go first to increasing corporate value, and then to reinforcing financial constitution as well as capital investments with an eye toward future business growth and expansion, research and development of new technologies and new businesses, and human resource development. Based on this policy, the annual dividend for the fiscal year ended March 2009 was 75 yen per share. This consists of a regular dividend of 65 yen per share (the stable dividend of 55 yen, plus a performance-tied dividend of 10 yen) and a 10 yen memorial dividend commemorating the Company's 10th anniversary. The payout ratio per share was 28.7% on a consolidated basis.



Corporate Governance

The Company has created optimal corporate governance structures from the perspectives of “execution” and “supervision” in accordance with the Articles of Incorporation and the internal regulations adopted by the Board of Directors with the objective of maximizing corporate value.

Our corporate governance employs an auditing system. Three auditors, including two outside auditors, hold monthly auditor's meetings and attend board meetings to monitor and supervise the execution of directors' duties.

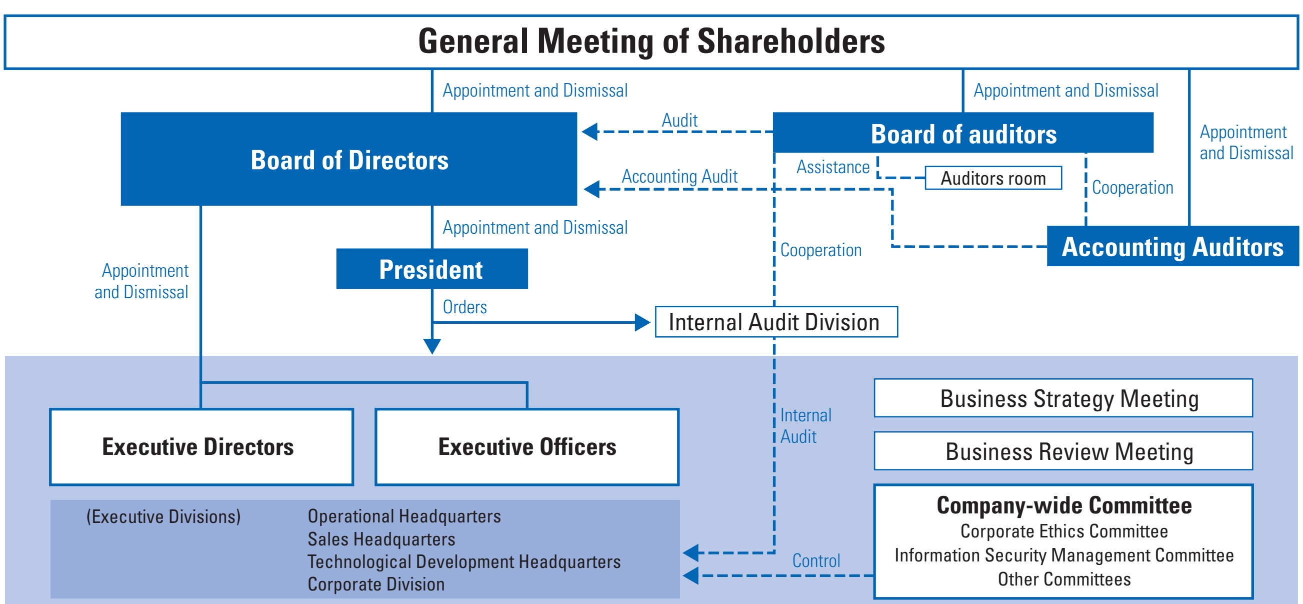
The board of directors meeting, which consists of seven directors including two outside directors, is held regularly every month. At the meeting, directors report on significant operating policies, decisions on substantive matters, and the status of the business and operations of the company, as well as statutory matters. Three auditors, of whom two are outside auditors, also attend.

The Company has one outside director and one auditor appointed by its parent company, but the Board of Directors is able to make management decisions independently from the parent company. To enhance objectivity in management decision making, the Company has one outside director and one outside auditor independent of the parent company.

With regard to compliance, all directors, executive officers and employees perform their work activities fairly and in good faith in accordance with the provisions of the Corporate Ethics Regulations and the basic principles described in the Panasonic Action Guidelines and a brochure entitled Our Code of Ethical Conduct. We also use a corporate ethics reporting hotline for the early detection of legal violations and improper conduct.

The Corporate Ethics Committee, chaired by the president and the director in charge of corporate ethics promote ethics-related activities companywide. In addition, appropriate organizations have been established and persons responsible for ethics have been appointed at business sites, programs such as one for corporate ethics leaders have been established, and other corporate ethics activities are conducted at work sites.

For the year ended March 31, 2009, compensation paid to the directors was 94.000 million yen (including 10.000 million yen paid to the three outside directors). Of this total amount, 79.000 million yen was for base pay (including 10.000 million yen paid to the three outside directors) and 15.000 million yen was for bonuses (no bonuses were paid to outside directors).



Corporate Social Responsibility (CSR)

Environmentally-conscious management leads to the competitiveness of a company and ultimately to the transparency of management and the clarification of responsibility. Transparency of management and the clarification of responsibility lead to the credibility of the company in society, which in turn enhances its corporate value. Based on this idea, we have set out to achieve two objectives on the theme of becoming a company with social significance. The first objective relates to undertaking environmental, social, and economic initiatives within the company with the aim of becoming a sustainable company that contributes to the realization of a sustainable society through a well-balanced business management. Among them, since the Company places special focus on compliance, we are implementing training for every employee using e-learning and promoting the raising of consciousness toward compliance in a grass-roots manner.

The second objective is contribution to the society. We contribute by proposing resource-and energy-conserving plans and system designs, and by offering product services that can significantly assist customers to fulfill their corporate social responsibility (CSR) as an IT company.

In concrete terms, we are offering sales of used PC application software, industrial waste management ASP services, sales of thin-client terminals, and vehicle traffic control services, while working internally on promoting recycling and resource-and energy-conservation.

In addition, as disaster countermeasures, we are contributing to the society by enhancing our disaster recovery system and through such services as the "Mimamori Net," which provides regular information about the condition of elderly people living alone via e-mail and holding pandemic countermeasure solutions seminars for corporations.

Contribute to the society through our products


Environment-conscious data center


Backup center

Environmentally-friendly			
Recycling of personal computers	DeskWave for PC		
Industrial waste management	Industrial waste management system (electronic manifestation)		
Promotion of energy conservation			
Thin client	DeskWave		
Security measures			
Network security	IC card solution	ONMITSU	
	Managed fire wall	Security diagnosis	
Location	Loketan		
Remote facility surveillance service	Push e-mail		
Disaster prevention measures			
Disaster recovery	IDC service	METRONET	Backup center

Management's Discussion and Analysis

Business Conditions

Consolidated net sales for the fiscal year ended March 31, 2009, amounted to 37,320 million yen, down 4.5% from the previous year.

Cost of sales amounted to 30,077 million yen, a 4.7% decrease from the previous year. The cost of sales ratio stood at 80.6%, a 0.1 percentage point improvement from 80.7% the previous year, the result of efforts made to expand external sales of new products, new services, and new solutions from the perspectives of "streamlining" and "cost reduction." Selling, general, and administrative (SG&A) expenses declined 1.4% to 2,611 million yen, but an SG&A ratio rose 0.2 percentage point from 6.8% to 7.0% owing to active investments and personnel increases aimed at future business expansion. As a result, consolidated operating income fell 5.0% to 4,632 million yen. The operating margin fell 0.1 percentage point to 12.4%, but still remained at a high level.

Turning to other income (expense) - net, the Group posted a 102 million yen income, versus the previous year's 30 million yen expense. This is due to the fact that write-downs of investment securities which we saw during the previous year did not occur this year, and the interest income rose compared with the previous year. As a result, income before income taxes and minority interests fell 2.3% to 4,734 million yen.

As a result of the above-mentioned factors, the Group recorded a consolidated net income of 2,783 million yen, a 2.1% decrease compared with the previous year. The ratio of net income to net sales rose 0.2 percentage point to 7.5%.

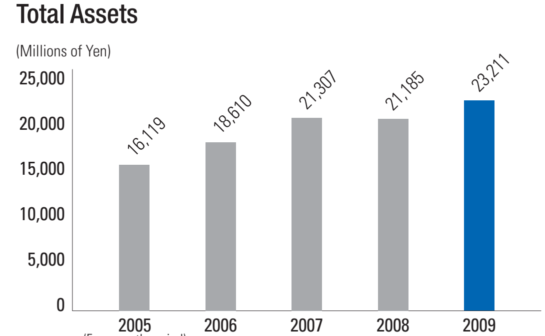
Net income per share for the fiscal year just ended fell in tandem with the decrease in net income for that period, declining 2.1% (5.65 yen) compared with the previous year to 261.13 yen. Return on equity (ROE) declined 2.9 percentage points to 16.8%.

Status by Division

The Group engages in the information service businesses, with specific activities including the provision of system development, system operation, and communication services, along with sales of system equipment. Business-specific segment information is not offered as the Group engages in a single area of business.

Business results by product segments for the fiscal year ended March 31, 2009, are as follows.

Total Assets



Management's Discussion and Analysis

Service Solutions Division

(a) System Services Division

Owing to bullish conditions throughout the fiscal year in system operations and system maintenance service businesses, net sales rose 0.5% from the previous year to 23,788 million yen while the gross margin fell 1.2 percentage points to 20.3%.

(b) System Solutions Division

System development in conjunction with the name change by Panasonic Electric Works and its group companies in October 2008 was one factor behind the increase in sales. However, external system development experienced sluggish growth in the first half, and the recovery net sales staged in the second half did not bring net sales up to the level of the previous year. Furthermore, orders for system construction and other projects from Panasonic Electric Works and its group companies fell in the fourth quarter, with the result that net sales declined 9.2% from the previous year to 7,580 million yen, while the gross margin rose 4.8 percentage points to 20.2%.

System and Communications Equipment Division

Due to the sluggishness in the sales of system equipment installed in conjunction with system construction and in the sales of software of other companies, net sales fell 15.6% from the previous year to 5,951 million yen and the gross margin fell 1.4 percentage points to 15.0%.

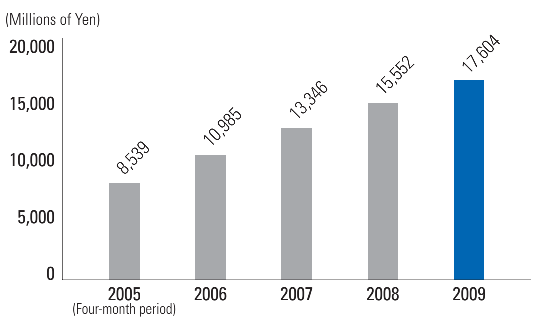
Financial Position

As of the end of the fiscal year ended March 31, 2009, totals assets rose 2,026 million yen compared with the end of the previous year to 23,211 million yen. This was mainly due to an increase in property and equipment.

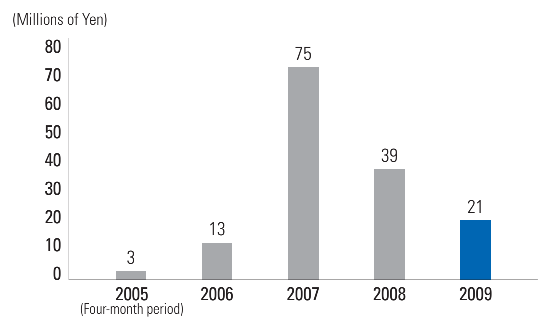
Current assets decreased by 117 million yen to 18,635 million yen. The primary factors behind this were a 256 million yen decrease in cash and deposits and a 1,042 million yen decrease in accounts receivable-trade, even though deposits paid increased by 1,126 million yen.

Property and equipment amounted to 2,643 million yen, an increase of 1,504 million yen. This was due to increases of 648 million yen in

Equity



Research and Development Costs



buildings, 1,014 million yen in tools, furniture and fixtures, and 301 million yen for construction in progress.

Total liabilities decreased 26 million yen to 5,607 million yen. The main factors behind this were a 106 million yen increase in accounts payable-other, a 108 million yen decrease in accounts payable-trade, and a 214 million yen decrease in reserves for bonuses.

Total equity as of the end of the fiscal year amounted to 17,604 million yen, a 2,052 million yen increase from the previous year. This was mainly due to a 2,089 million yen increase in retained earnings owing to appropriations of net income on the fiscal year. As a result, the equity ratio stood at 75.7%, up 2.4 points from the 73.3% recorded the previous year.

Cash Flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year ended March 31, 2009, decreased by 711 million yen from the end of the previous year to 3,968 million yen.

Cash Flows from Operating Activities

Funds generated from operating activities increased 1,014 million yen to 3,864 million yen from the end of the previous year. This was due to factors including a 1,035 million yen decrease in accounts receivable, an 889 million yen increase in depreciation and amortization, and a 109 million yen decrease in accounts payable.

Cash Flows from Investing Activities

Funds used in investing activities amounted to 3,866 million yen. This was due to factors including increases in deposits paid totaling 6,700 million yen, purchases of property and equipment totaling 1,577 million yen, and payment for business acquisition totaling 215 million yen.

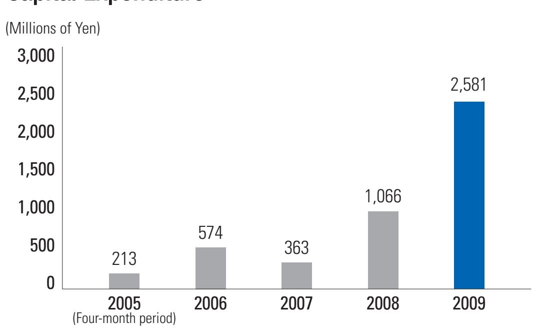
Cash Flows from Financing Activities

Funds used in financing activities amounted to 710 million yen owing to the dividend payment, which amounted to 693 million yen.

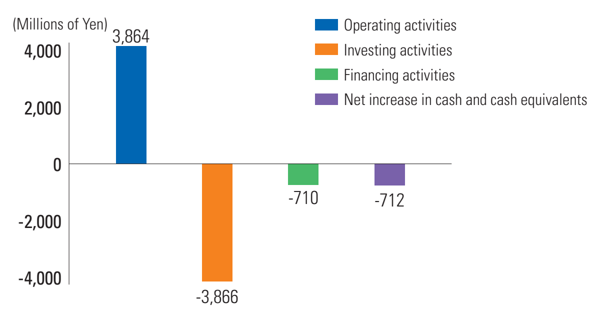
Free Cash Flows

Due to the aforementioned operating and investing activities, free cash flows amounted to a cash outflow of 1 million yen, compared with inflow of 927 million yen the previous year.

Capital Expenditure



Cash Flows 2009



Management's Discussion and Analysis

Risk Factors

(1) Risks Related to Economic Conditions

(a) Fluctuations in the Economic Environment

Demand for the Group's products and services may be affected by general economic trends mainly in Japan. Economic downturns and resulting declines in demand in the Japanese market may thus adversely affect the Group's financial condition, operating results, and cash flows.

(b) Interest Rate Fluctuations

Interest rate fluctuations may affect operating expense, interest expense, and interest income, as well as the value of financial assets and liabilities, and may have an adverse impact on the Group's business, performance, and financial position.

(c) Stock Price Falls

The Group holds Japanese stocks as investment securities, and decreases in their market value may necessitate the recognition of valuation losses in these stocks. Furthermore, a decline in the valuation difference on available-for-sale securities may reduce net assets.

(2) Risks Related to the Group's Business Activities

(a) Competitive Environment

The Group faces different types of competitors in the information services industry, ranging from large international companies to relatively small, rapidly growing companies. The Group actively makes investments and takes initiatives in strategic products and services. However, investments or sales initiatives for a particular product or service may fail in comparison to competitors in terms of quantity, quality, and speed. Furthermore, competitors may have greater financial, technological, and marketing resources than the Group.

(b) Price Competition

The Group is subject to intense price competition in the information services industry, and this may make it difficult for the Group to determine prices for products and services to secure adequate profits. This downward pressure on prices may have a serious effect on securing the Group's profits, and may become especially noticeable in cases of decreased demand for products and services. Prices of many of the Group's products and services are expected to continue declining in the fiscal year ending March 31, 2010.

(c) Competition in New Technologies

The Group may lose the ability to compete in new markets if it fails to correctly predict and develop the new technologies, new products, and new services for meeting future market needs.

(d) Securing Capable Human Resources

The Group's future success depends largely on its ability to retain skilled employees in the technical and management fields. The Group expects that it will be necessary to hire more personnel in the information services business field, but industry demand for skilled employees in the field in question exceeds the supply, making competition for attracting and retaining these employees intense. Because of this severe competition for skilled employees, the Group may be unable to retain its existing personnel or attract additional employees. If this should happen, the Group's business, performance, and financial position could be adversely affected.

(e) Business Alliances with Other Companies, etc.

The Group develops its business by forming alliances with or strategic investments in other companies, and the strategic importance of partnering with third parties is increasing. In some cases, such partnerships are crucial to achieve the Group's goal of introducing new products and services, but the Group may not be able to successfully collaborate or achieve expected synergies with its partners. In addition, these partners may change their business strategies and it may become difficult for the Group to maintain these business partnerships. If any of the foregoing should happen, the Group's businesses, performance, and financial status could be adversely affected.

(f) Procurement of Raw Materials, etc., and Purchase Prices

The Group's operations depend on obtaining high-quality products, services, and the like in a timely manner and in the necessary quantity, and we therefore select reliable suppliers. However, it may be difficult to change or increase suppliers, or switch to other products, services, and the like if the supply from suppliers is interrupted or industry demand increases. This may adversely affect the Group's businesses. Moreover, although the Group and suppliers decide purchase prices by contract, purchase prices may increase significantly due to changes in demand or for other reasons. Furthermore, some products and services are only available from a limited number of suppliers. If the Group is unable to procure such products and services, its businesses, performance, and financial status may be adversely affected.

(g) Capital Status and Financial Conditions of Customers

Some of the Group's customers purchase products and services from the Group on payment terms that do not provide for immediate payment. If customers for whom the Group has substantial accounts receivable encounter financial difficulties and are unable to make payments on time, the Group's businesses, performance, and financial status may be adversely affected.

(3) Risks Related to Future Plans, etc.

On April 23, 2009, the Group announced its earnings forecasts and details of key measures for the fiscal year ending March 31, 2010. However, the Group may fail to achieve all of the goals announced and/or the expected results.

(4) Risks Related to Legal Restrictions and Litigation

(a) Direct or Indirect Costs Related to Product Liability or Warranty Claims Due to Defects in Products or Services

The Group pays due attention to ensuring the quality of its products and services. However, the occurrence of defects in products or services could make the Group liable for damages, including indirect damages, caused by the defect not completely covered by liability insurance and the Group could incur significant expenses. Moreover, negative publicity concerning these problems could impair the Group's corporate image, and the Group's businesses, performance, and financial status may be adversely affected.

(b) Intellectual Property Right Protection

The Group works to secure a competitive edge for its businesses by protecting intellectual property rights (IPR) related to the technologies, products, and services it develops. However, rights may not be granted to provide adequate protection based on IPR.

Furthermore, the Group may be unable to use or be forced to use on disadvantageous terms the technologies, products, and services of third parties protected by IPR when needed. As of March 31, 2009, the Group was using the IPR of third parties under license from third parties for some of its products and services. However, in the future the Group may not be able to obtain the necessary licenses from third parties or may be able to obtain licenses only under disadvantageous terms.

Litigation may also be necessary to defend the Group against IPR infringement claims brought by third parties or to enforce the Group's IPR. The Group may incur significant expenses and use significant management resources for such lawsuits. Furthermore, if third party's claims that the Group infringed on IPR are upheld, the Group may cease to be able to use specific technologies, products, and/or services, or be able to supply specific technologies, products, and/or services, and may be liable for significant damages.

(c) Changes in Account Standards and Tax Systems

The Group's business, performance, and financial status may be adversely affected by the unforeseen application of new accounting standards and tax systems. Furthermore, differences in views with tax authorities on the Group's tax returns could result in the Group being liable for more taxes than expected.

(d) Information Leaks

In the normal course of business, the Group obtains information (including personal information) about customers and the like relating to privacy and credit worthiness. The Group pays due attention to safeguarding the confidentiality of this information and has implemented the greatest possible measures to prevent information leaks. However, the Group cannot rule out the possibility that such information may be leaked due to an accident or other inevitable cause. Such a leakage of information may result in the Group being held liable for damages to affected parties and may impair the Group's corporate image. Moreover, there is a risk that the Group's trade secrets may be misused by external parties. In such a case, the Group's businesses, performance, and financial status may be adversely affected.

(e) Losses Due to Other Legal Restrictions, etc.

The Group is subject to governmental regulations in Japan and other countries and regions in which it conducts its business. These include government approvals required for conducting business and investments, laws and regulations governing national security, and export/import laws and regulations, as well as commercial, antitrust, intellectual property, financial transactions, worker protection, subcontractor protection, and business taxation laws and regulations. Tighter laws and regulations or stricter interpretations of them than in the past by authorities could place restrictions on the Group's businesses or result in increased expenses for complying with them.

The Group has taken measures to ensure it is ready to handle a compliance violation or other emergency such as establishing an emergency contact network and organizational bodies responsible for responses. However, the Group's corporate image could be impaired and the Group's businesses, performance, and financial status could be adversely affected if its response is inadequate.

(5) Risks Related to Disasters or Unpredictable Events

(a) Effects of Disasters or Unpredictable Events

The headquarters and major bases of the Group are located in Japan. The occurrence of a natural disaster such as an earthquake, flood, some other unexpected event such as a fire, war or terrorist attack, infectious disease outbreak, industrial accident, malicious computer virus, a breakdown or malfunction in the Group's information system or communications network as a result of such events may result in serious damage to Group facilities, and the Group may have to stop operations at certain facilities and delay the provision of products and services. The Group may incur considerable expenses for restoring damaged facilities, which could adversely affect the Group's businesses, performance, and financial position.

(6) Other Risks

(a) Pension Liabilities

The Group has contributory, funded benefit pension plans covering substantially all employees in Japan who meet eligibility requirements. Revisions to experience assumptions and pension asset performance could result in an increase in unrecognized actuarial losses, leading to an increase in future net periodic benefit costs of these pension plans.

(b) Fixed Asset Impairment

The Group has many fixed assets, such as property and equipment. All Group companies periodically review the recorded value of fixed assets on the balance sheet to determine if future cash flows to be derived from these assets will be sufficient to recover the residual values in accordance with accounting standards governing the impairment of fixed assets. If these assets cannot generate sufficient cash flows, impairment losses may have to be recognized.

Consolidated Balance Sheets

March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2009**	2008	**2009**
CURRENT ASSETS:			
Cash and deposits (Note 3)	**¥ 516**	¥ 773	**$ 5,265**
Accounts receivable - Trade (Note 13)	**6,769**	7,810	**69,071**
Inventories (Note 4)	**619**	525	**6,316**
Deposits paid (Notes 3 and 13)	**10,165**	9,039	**103,724**
Deferred tax assets (Note 10)	**272**	349	**2,776**
Other current assets (Note 13)	**295**	258	**3,012**
Allowance for doubtful receivables	**(1)**		**(10)**
Total current assets	**18,635**	18,754	**190,154**
PROPERTY AND EQUIPMENT:			
Buildings	**888**	240	**9,061**
Tools, furniture and fixtures	**2,711**	1,697	**27,663**
Lease assets	**132**		**1,347**
Construction in progress	**465**	164	**4,745**
Total	**4,196**	2,101	**42,816**
Accumulated depreciation	**(1,553)**	(962)	**(15,847)**
Net property and equipment	**2,643**	1,139	**26,969**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 5)	**251**	205	**2,561**
Goodwill (Note 6)	**77**	4	**786**
Software	**501**	337	**5,112**
Long-term deposits paid	**221**	147	**2,255**
Prepaid pension cost (Note 8)	**358**	125	**3,653**
Deferred tax assets (Note 10)	**345**	385	**3,520**
Other assets	**207**	109	**2,113**
Allowance for doubtful receivables	**(27)**	(20)	**(276)**
Total investments and other assets	**1,933**	1,292	**19,724**
TOTAL	**¥ 23,211**	¥ 21,185	**$ 236,847**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
CURRENT LIABILITIES:			
Accounts payable - Trade (Note 13)	¥ **2,091**	¥ 2,199	$ **21,337**
Accounts payable - Other (Note 13)	**1,818**	1,711	**18,551**
Income taxes payable	**842**	901	**8,592**
Consumption taxes payable	**21**	50	**214**
Deposits received (Note 7)	**2**	3	**20**
Other current liabilities	**696**	674	**7,102**
Total current liabilities	**5,470**	5,538	**55,816**
LONG-TERM LIABILITIES:			
Deposits received (Note 7)	**50**	40	**510**
Other	**87**	55	**888**
Total long-term liabilities	**137**	95	**1,398**
COMMITMENTS (Note 12)			
EQUITY (Notes 9 and 14):			
Common stock			
authorized 40,000,000 shares; issued 10,656,000 shares	**1,040**	1,040	**10,612**
Capital surplus	**871**	871	**8,888**
Retained earnings	**15,704**	13,614	**160,245**
Unrealized loss on available-for-sale securities	**(42)**	(3)	**(428)**
Treasury stock - at cost 63 shares in 2009 and 2008	**(0)**	(0)	**(0)**
Total	**17,573**	15,522	**179,317**
Minority interests	**31**	30	**316**
Total equity	**17,604**	15,552	**179,633**
TOTAL	¥ **23,211**	¥ 21,185	$ **236,847**

Consolidated Statements of Income

Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
NET SALES (Note 13)	**¥ 37,320**	¥ 39,066	**$ 380,816**
COST OF SALES (Notes 11 and 13)	**30,077**	31,543	**306,908**
Gross profit	**7,243**	7,523	**73,908**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 11 and 13)	**2,611**	2,646	**26,643**
Operating income	**4,632**	4,877	**47,265**
OTHER INCOME (EXPENSES):			
Interest income	**93**	69	**949**
Interest expense	**(6)**	(3)	**(61)**
Receipt of cancellation fee of operating system		54	
Write-down of investment securities		(153)	
Other - net	**15**	3	**153**
Other income (expense) - net	**102**	(30)	**1,041**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**4,734**	4,847	**48,306**
INCOME TAXES (Note 10):			
Current	**1,755**	1,898	**17,908**
Deferred	**195**	101	**1,990**
Total income taxes	**1,950**	1,999	**19,898**
MINORITY INTERESTS IN NET INCOME	**1**	6	**10**
NET INCOME	**¥ 2,783**	¥ 2,842	**$ 28,398**

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.m and 14):			
Basic net income	**¥ 261.13**	¥ 266.78	**$ 2.66**
Cash dividends	**75.00**	65.00	**0.77**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Years Ended March 31, 2009 and 2008

		Millions of Yen							
	Number of Shares of Common Stock Issued	Common Stock	Capital Surplus	Retained Earnings	Unrealized Loss on Available-for-sale Securities	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2007	**10,656,000**	**¥ 1,040**	**¥ 871**	**¥ 11,411**			**¥ 13,322**	**¥ 24**	**¥ 13,346**
Net income				2,842			2,842		2,842
Cash dividends, ¥60 per share				(639)			(639)		(639)
Purchase of treasury stock						¥ (0)	(0)		(0)
Net changes in the year					¥ (3)		(3)	6	3
BALANCE, MARCH 31, 2008	**10,656,000**	**1,040**	**871**	**13,614**	**(3)**	**(0)**	**15,522**	**30**	**15,552**
Net income				**2,783**			**2,783**		**2,783**
Cash dividends, ¥65 per share				**(693)**			**(693)**		**(693)**
Net changes in the year					**(39)**		**(39)**	**1**	**(38)**
BALANCE, MARCH 31, 2009	**10,656,000**	**¥ 1,040**	**¥ 871**	**¥ 15,704**	**¥ (42)**	**¥ (0)**	**¥ 17,573**	**¥ 31**	**¥ 17,604**

	Thousands of U.S. Dollars (Note 1)							
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Loss on Available-for-sale Securities	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2008	**$ 10,612**	**$ 8,888**	**$ 138,918**	**$ (31)**	**$ (0)**	**$ 158,387**	**$ 306**	**$ 158,693**
Net income			**28,398**			**28,398**		**28,398**
Cash dividends, ¥65 per share			**(7,071)**			**(7,071)**		**(7,071)**
Net changes in the year				**(397)**		**(397)**	**10**	**(387)**
BALANCE, MARCH 31, 2009	**$ 10,612**	**$ 8,888**	**$ 160,245**	**$ (428)**	**$ (0)**	**$ 179,317**	**$ 316**	**$ 179,633**

Consolidated Statements of Cash Flows

Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 4,734**	¥ 4,847	**$ 48,306**
Adjustments for:			
Depreciation and amortization	**889**	614	**9,071**
Increase in allowance for doubtful receivables	**7**		**71**
Decrease in liability for retirement benefits		(113)	
Interest income	**(96)**	(69)	**(980)**
Interest expense	**6**	3	**61**
Write-down of investment securities		153	
Changes in assets and liabilities:			
Decrease in accounts receivable	**1,035**	1,793	**10,561**
Decrease (increase) in inventories	**(51)**	24	**(520)**
Increase in other current assets	**(8)**	(37)	**(82)**
Increase in prepaid pension cost	**(233)**	(125)	**(2,378)**
Decrease in accounts payable	**(109)**	(1,399)	**(1,112)**
Decrease in other current liabilities	**(563)**	(653)	**(5,745)**
Increase (decrease) in other long-term liabilities	**(32)**	1	**(327)**
Other - net	**23**	12	**237**
Total adjustments	**868**	204	**8,857**
Interest received	**106**	60	**1,082**
Interest paid	**(6)**	(3)	**(61)**
Income taxes paid	**(1,838)**	(2,260)	**(18,755)**
Net cash provided by operating activities	**3,864**	2,848	**39,429**
INVESTING ACTIVITIES:			
Increase in deposits paid	**(6,700)**	(6,000)	**(68,367)**
Decrease in deposits paid	**5,100**	5,100	**52,041**
Purchases of property and equipment	**(1,577)**	(713)	**(16,092)**
Purchases of software	**(277)**	(175)	**(2,827)**
Purchases of investment securities	**(121)**	(52)	**(1,235)**
Payment for purchase of V-internet Operations, Inc. net of cash acquired		(49)	
Payment for business acquisition	**(215)**		**(2,194)**
Other - net	**(76)**	(32)	**(775)**
Net cash used in investing activities	**(3,866)**	(1,921)	**(39,449)**
FINANCING ACTIVITIES:			
Repayment of lease obligations	**(17)**		**(174)**
Dividends paid	**(693)**	(639)	**(7,071)**
Net cash used in financing activities	**(710)**	(639)	**(7,245)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(712)**	288	**(7,265)**
CASH AND CASH EQUIVALENTS NEWLY CONSOLIDATED SUBSIDIARY, BEGINNING OF YEAR	**1**		**10**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**4,679**	4,391	**47,745**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	**¥ 3,968**	¥ 4,679	**$ 40,490**
ADDITIONAL CASH FLOWS INFORMATION:			
Assets acquired and liabilities assumed in acquisition:			
Assets acquired	**¥ 137**	¥ 190	**$ 1,398**
Liabilities assumed	**51**	61	**520**
Cash paid for the capital		133	
Goodwill		4	

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2009 and 2008

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Panasonic Electric Works Information Systems Co., Ltd. (the "Company") was incorporated on February 22, 1999 as a subsidiary of Panasonic Electric Works Co., Ltd. (the "Parent"). The Company is 64% owned by the Parent at March 31, 2009 and 2008, respectively. The principle business of the Company is to provide integration service for information systems; maintenance of computer systems; design, development, sales, lease, rental of computer software; information network service and sales of related equipment.

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.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which 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 ¥98 to $1, the approximate rate of exchange at March 31, 2009. 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, 2009 include the accounts of the Company and its 3 subsidiaries (2 subsidiaries in 2008) (together, the "Group").

Under the control or influence concept, the Company consolidates entities that it, directly or indirectly, is able to exercise control over operations.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition and is being amortized on a straight-line basis over five years.

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 deposits paid, all of which mature or become due within three months of the date of acquisition.

c. ***Inventories*** - Prior to April 1, 2008, merchandise and supplies are stated at the lower of cost, determined by the moving-average method, or market. Work in process inventories are stated at cost determined by the specific identification method.

In July 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price. The standard was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this new accounting standard for measurement of inventories effective April 1, 2008. There was no effect of this change on income.

d. ***Investment Securities*** - Available-for-sale securities, which are not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

e. ***Property and Equipment*** - Property and equipment are stated at cost. Depreciation of property and equipment of the Group are computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings and lease assets. The range of useful lives is from 8 to 15 years for buildings and from 3 to 10 years for tools, furniture and fixtures.

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 is 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 is 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. ***Software*** - Software to be sold is amortized by the straight-line method over the estimated economic life of the software, 3 years. Software for internal use is amortized by the straight-line method over its useful life, 5 years.

h. ***Retirement Benefits*** - The Company has a non-contributory, funded pension plan together with the Parent and certain other domestic consolidated subsidiaries of the Parent covering substantially all of their employees. The liability for retirement benefits is accounted for based on projected benefit obligations and plan assets at the balance sheet date.

i. ***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 was 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 deemed to transfer ownership of the leased property to the lessee were 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 be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue 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. The effect of this change to income was immaterial.

All other leases are accounted for as operating leases.

j. ***Bonuses to Directors and Corporate Auditors*** - Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

k. ***Software Revenue Recognition*** - On March 30, 2006, the ASBJ issued Practical Issues Task Force ("PITF") No. 17, "Practical Solution on Revenue Recognition of Software". The Group adopted this task force in the year ended March 31, 2007.

l. ***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.

m. ***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 year.

Diluted net income per share is not presented as no securities with a dilutive effect have been issued.

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

The weighted-average number of common shares used in the basis net income per share computation was 10,655,937 shares for 2009 and 2008, respectively.

n. ***New Accounting Pronouncements***
Construction Contracts - Under the current Japanese GAAP, either the completed-contract method or the percentage-of-completion method is permitted to account for construction contracts. In December 2007, the ASBJ issued a new accounting standard 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 shall be applied. When it is probable that total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for 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 with early adoption permitted for fiscal years beginning on or before March 31, 2009 but after December 27, 2007.

3. RECONCILIATION TO CASH AND CASH EQUIVALENTS

The reconciliation of cash and deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Cash and deposits	**¥ 516**	¥ 773	**$ 5,265**
Deposits paid with original maturities of within 3 months	**3,462**	3,916	**35,327**
Time deposits over 3 months	**(10)**	(10)	**(102)**
Cash and cash equivalents	**¥ 3,968**	¥ 4,679	**$ 40,490**

4. INVENTORIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Merchandise	**¥ 160**	¥ 226	**$ 1,633**
Work in process	**457**	297	**4,663**
Supplies	**2**	2	**20**
Total	**¥ 619**	¥ 525	**$ 6,316**

5. INVESTMENT SECURITIES

Investment securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Non-current:			
Marketable equity securities	**¥ 251**	¥ 196	**$ 2,561**
Unquoted equity securities		8	
Investment in unconsolidated subsidiary		1	
Total	**¥ 251**	¥ 205	**$ 2,561**

The carrying amounts and aggregate fair values of investment securities at March 31, 2009 and 2008 were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Cost	Unrealized Losses	Fair Value	Cost	Unrealized Losses	Fair Value
March 31, 2009						
Securities classified as:						
Available-for-sale:						
Equity securities	**¥ 321**	**¥ (70)**	**¥ 251**	**$ 3,276**	**$ (715)**	**$ 2,561**
March 31, 2008						
Securities classified as:						
Available-for-sale:						
Equity securities	¥ 200	¥ (4)	¥ 196			

6. GOODWILL

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

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Goodwill on business acquisition	**¥ 74**		**$ 755**
Consolidation goodwill	**3**	¥ 4	**31**
Total	**¥ 77**	¥ 4	**$ 786**

Goodwill on business acquisition and consolidation goodwill are being amortized on a straight-line basis over five years.

7. DEPOSITS RECEIVED

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

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Welfare pension	**¥ 50**	¥ 40	**$ 510**
Other	**2**	3	**20**
Total	**52**	43	**530**
Less current portion	**(2)**	(3)	**(20)**
Long-term debt, less current portion	**¥ 50**	¥ 40	**$ 510**

Interest rates applicable to the welfare pension were 6.7% and 6.5% at March 31, 2009 and 2008, respectively.

Annual maturities of deposits received at March 31, 2009, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 2	$ 20
2011	2	20
2012	2	20
2013	2	20
2014	2	20
2015 and thereafter	42	430
Total	¥ 52	$ 530

8. RETIREMENT BENEFITS

The Company has severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on principally accumulated points allocated to them each year according to their age and job evaluation and interest points over the accumulated points. Such retirement benefits are made in the form of annuity payments from the non-contributory funded defined benefit pension plan. 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, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Projected benefit obligation	**¥ 3,379**	¥ 3,256	**$ 34,480**
Fair value of plan assets	**(2,336)**	(2,556)	**(23,837)**
Unfunded benefit obligations	**1,043**	700	**10,643**
Unrecognized actuarial gain	**(1,568)**	(1,010)	**(16,000)**
Unrecognized prior service cost	**167**	185	**1,704**
Net liability (asset)	**¥ (358)**	¥ (125)	**$ (3,653)**

The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Service cost	**¥ 197**	¥ 185	**$ 2,010**
Interest cost	**81**	75	**827**
Expected return on plan assets	**(77)**	(74)	**(786)**
Amortization of prior service cost	**(18)**	(18)	**(184)**
Recognized actuarial loss	**85**	55	**868**
Net periodic benefit costs	**¥ 268**	¥ 223	**$ 2,735**

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
Discount rate	**2.5%**	2.5%
Expected rate of return on plan assets	**3.0%**	3.0%
Amortization period of prior service cost	**7years**	7years
Recognition period of actuarial gain/loss	**15years**	15years

9. EQUITY

Since May 1, 2006, Japanese companies have been 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 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 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 normal effective statutory tax rates of approximately 40.4% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences, which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Deferred tax assets:			
Accrued enterprise taxes	**¥ 64**	¥ 69	**$ 653**
Depreciation	**333**	339	**3,398**
Accrued bonus to employees	**83**	175	**847**
Others	**282**	202	**2,878**
Total	**¥ 762**	¥ 785	**$ 7,776**
Deferred tax liabilities:			
Prepaid pension cost	**¥ 145**	¥ 51	**$ 1,480**
Net deferred tax assets	**¥ 617**	¥ 734	**$ 6,296**

Because the differences between the normal effective statutory tax rates and the actual effective tax rates for the years ended March 31, 2009 and 2008 are not material, the tax reconciliations are not disclosed.

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in cost of sales and selling, general and administrative expenses were ¥21 million ($214 thousand) and ¥39 million for the years ended March 31, 2009 and 2008, respectively.

12. LEASES

As discussed in Note 2.i, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense, on a "as if capitalized" basis for the year ended March 31, 2009 was as follows.

The Group leases certain computer equipment and other assets.

Total lease payments under finance leases for the years ended March 31, 2009 and 2008 were ¥1,280 million ($13,061 thousand) and ¥1,968 million, respectively.

Pro forma information of leased property under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 was as follows:

	Millions of Yen					
	2009			2008		
	Tools, Furniture and Fixtures	**Software**	**Total**	Tools, Furniture and Fixtures	Software	Total
Acquisition cost	**¥ 3,296**	**¥ 25**	**¥ 3,321**	¥ 5,057	¥ 53	¥ 5,110
Accumulated depreciation	**(2,128)**	**(17)**	**(2,145)**	¥ (2,642)	¥ (35)	¥ (2,677)
Net leased property	**¥ 1,168**	**¥ 8**	**¥ 1,176**	¥ 2,415	¥ 18	¥ 2,433

	Thousands of U.S. Dollars		
	2009		
	Tools, Furniture and Fixtures	**Software**	**Total**
Acquisition cost	**$ 33,633**	**$ 255**	**$ 33,888**
Accumulated depreciation	**(21,715)**	**(173)**	**(21,888)**
Net leased property	**$ 11,918**	**$ 82**	**$ 12,000**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Due within one year	**¥ 722**	¥ 1,298	**$ 7,367**
Due after one year	**543**	1,270	**5,541**
Total	**¥ 1,265**	¥ 2,568	**$ 12,908**

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Depreciation expense	**¥ 1,187**	¥ 1,851	**$ 12,112**
Interest expense	**44**	42	**449**
Total	**¥ 1,231**	¥ 1,893	**$ 12,561**

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

The minimum rental commitments under noncancellable operating leases at March 31, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 242	$ 2,469
Due after one year	505	5,153
Total	¥ 747	$ 7,622

13. RELATED PARTY TRANSACTIONS

Balances at March 31, 2009 and 2008 and transactions for the years ended March 31, 2009 and 2008 with the Parent, its consolidated subsidiaries and its associated companies were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Sales	**¥ 24,184**	¥ 25,323	**$ 246,776**
Purchases	**101**	14	**1,031**
Lease and rental expense	**641**	849	**6,541**

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Accounts receivable	**¥ 4,102**	¥ 5,378	**$ 41,857**
Other current assets	**34**	24	**347**
Accounts payable	**153**	132	**1,561**
Deposits paid	**9,991**	8,983	**101,949**

14. SUBSEQUENT EVENT

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2009 was resolved at the Board of Directors meeting held on May 21, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥42.50 ($0.43) per share	¥ 453	$ 4,622

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Panasonic Electric Works Information Systems Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Panasonic Electric Works Information Systems Co., Ltd. (formerly, Matsushita Electric Works Information Systems Co., Ltd.) and subsidiaries as of March 31, 2009 and 2008, 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 Panasonic Electric Works Information Systems Co., Ltd. and subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

June 17, 2009

Member of
Deloitte Touche Tohmatsu

Corporate Data

The Company and Consolidated Subsidiaries As of March 31, 2009

Panasonic Electric Works Information Systems Co., Ltd.

Head office: 19-19, Chayamachi, Kita-ku,
Osaka 530-0013, JAPAN
Telephone: +81-6-6906-2801
Facsimile: +81-6-6377-0833
URL: http://panasonic-denkois.co.jp/english/

Establishment: February 22, 1999

Paid-in capital: 1,040 million yen

Number of employees: 611(consolidated)

Stock listing: Tokyo Stock Exchange, First Section

Shares of common stock issued and outstanding: 10,656,000 shares

Number of shareholders: 5,949

Major Shareholders

Shareholder	Number of shares (thousands)	Percentage of voting rights (%)
Panasonic Electric Works, Ltd.	6,787	63.69
Japan Trustee Services Bank, Ltd. (Trust Account)	256	2.40
Employee Stock Ownership Association	222	2.08
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	200	1.88
The Master Trust Bank of Japan, Ltd. (Trust Account)	117	1.10
FUJITSU LIMITED	36	0.33
IBM Japan, Ltd.	36	0.33
Oki Electric Industry Co., Ltd.	36	0.33
Meiji Yasuda Life Insurance Company Account 51	33	0.31
BNY FOR GCM CLIENT ACCOUNTS JP REC ITIC	29	0.27

Board of Directors, Auditors and Officers

As of June 17,2009

President:
Takeyoshi Kawamura

Vice President:
Kazuhiro Maegawa

Directors:
Akira Hisano
Hisashi Kurono
Hiroyuki Maruoka
Shinichi Hasegawa *1
Tamaki Fujimoto *1

Auditors:
Takayuki Takeda *2
Kuniaki Watanabe *2
Makoto Ishii

Executive Officers:
Keisuke Tanaka
Hajime Onishi
Takashi Maeda
Mitsuru Maekawa

*1 outside director
*2 external auditor

Disclaimer

Panasonic Electric Works Information Systems Co.,Ltd.

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