

# ALLIED TELESIS HOLDINGS K.K.

## Summary of Year End Financial Results (Fiscal 2009)

February 12, 2010

This summary reflects Company results for the year ending December 31, 2009, and management's projections for sales and earnings performance for the first half and full-year 2010.

Note: For the convenience of readers, dollar figures have been calculated at US\$1=¥92.1, the exchange rate on December 31, which is the end of the 2009 fiscal year.

### ALLIED TELESIS HOLDINGS K.K.

Code Number: 6835  
Shares Listed: Second Section of Tokyo Stock Exchange  
(URL:<http://www.at-global.com>)  
Head Office: Tokyo, Japan  
Representative: Takayoshi Oshima, Chairman and CEO  
Contact: Yoichi Hara, General Manager, Investor Relations Department  
Tel:+81-3-5437-6007

## Consolidated Year End Financial Results for Fiscal 2009 (From January 1, 2009 to December 31, 2009)

### 1. Operating Results

(Rounded down to millions of yen, except per share data)

(Negative figures are shown in parenthesis)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2009 year ended December 31,2009	34,191	(28.9)	525	(82.8)	602	101.5
Fiscal 2008 year ended December 31,2008	48,065	(10.8)	3,063	108.7	299	(59.9)

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2009 year ended December 31,2009	486	8.4	3.16	3.11
Fiscal 2008 year ended December 31,2008	449	911.3	2.86	—

	Return on shareholders equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	(%)	(%)	(%)
Fiscal 2009 year ended December 31,2009	3.5	2.5	1.5
Fiscal 2008 year ended December 31,2008	3.4	1.1	6.4

Notes: Investment gains/losses on equity method:

Year ended December 31,2009	10 million yen
Year ended December 31,2008	5 million yen

#### (1) Results of Operations

Revenue declined as the global economic situation remained challenging in 2009, but Allied Telesis was able to post a third-straight year of annual profit; enabling the Company to remain profitable. This comes on a global economy recovering in part due to economic stimulus measures adopted by countries around the world, but also facing challenges, including a conspicuous decline in corporate earnings, and an employment environment that has yet to improve. Furthermore, corporate capital investments have not rebounded, making 2009 an overall challenging year.

As a networking company, the Allied Telesis Group has faced a difficult climate, as did the networking industry as a whole, as companies did not invest proactively due to the emergence of new technology segments, such as cloud computing and smart grids. As a result, the Company experienced a 28.9% decrease in consolidated net sales to 34,191 million yen.

At the same time, the Company's focused efforts on specific markets enabled it to build strong customer relationships by creating a unified structure through which it offered customers optimal solutions, network monitoring, operating services and support services, rather than merely selling discrete pieces of networking equipment.

#### Consolidated-basis results by geographic region

(Units: ¥million)

	Fiscal 2009	Fiscal 2008	Change (%)
Net Sales	34,191	48,065	(28.9%)
Japan	18,997	25,586	(25.8%)
Europe/Americas	13,294	19,589	(32.1%)
Asia/Oceania	1,899	2,890	(34.3%)
Operating income	525	3,063	(82.8%)
Ordinary income	602	299	101.5%
Net income	486	449	8.4%

(Note: Losses in parentheses)

## (2) Net Sales

### Japan:

As in 2008, the target markets in Japan were the public sector, healthcare, and educational institutions. As a result of the Company's strategic solutions-based offering, it received a large number of orders, particularly from hospitals and similar customers, and maintained market share as the Company was highly regarded in a number of markets for a product lineup offering superior cost performance. Despite this recognition, net sales declined as the Company offered higher-margin products to consumers and shifted its business to enterprise customers. This resulted in net sales which fell to 18,997 million yen compared with 25,586 million yen in 2008.

### Europe and the United States:

In Europe and the U.S. there was a pronounced curtailment of capital investment due to the recession, and as a result demand for networking equipment declined. In this environment the Company was successful in creating a structure of distribution and solution partners. Additionally, the Company focused on building offerings for which there was strong demand, such as IP surveillance solutions, as well as establishing a support services organization. Net sales fell to 13,294 million yen compared with 19,589 million yen in 2008.

### Asia and Oceania:

Sales in Asia and Oceania declined less steeply than in other regions, and there was continued demand for networking equipment in emerging countries. Nevertheless, net sales fell to 1,899 million yen compared with 2,890 million yen in 2008, as the amount of large-volume orders declined.

## (3) Operating income

The gross margin on sales rose 3.3% from the previous year to 52.5%. Additionally, sales, and general and administrative expenses, which include R&D costs, declined 15.2% points from the previous year. The Company posted operating income of 525 million yen compared with 3,063 million yen in 2008.

## (4) Ordinary income

The exchange rate at the end of the previous year was 91.03 yen to the U.S. dollar, while the rate at the end of 2009 was 92.1 yen to the dollar, resulting in a foreign exchange gain of 174 million yen. Consequently, the Company posted ordinary income of 602 million yen compared with 299 million yen in 2008.

## (5) Net income

The Company posted extraordinary income of 300 million yen, which included a business tax refund, and it posted extraordinary losses of 216 million yen, including business restructuring costs. After posting corporate and other taxes, net income amounted to 486 million yen compared with 449 million yen in 2008.

## 2. Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2009 year ended December 31, 2009	24,725	14,076	56.1	95.93
Fiscal 2008 year ended December 31, 2008	24,017	14,115	58.4	89.45

Notes: Shareholder's equity

Year ended December 31, 2009	13,877 million
Year ended December 31, 2008	14,027 million

## Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and Cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Fiscal 2009 year ended December 31, 2009	2,542	(229)	1,491	7,146
Fiscal 2008 year ended December 31, 2008	4,879	302	(4,520)	3,292

## (1) Financial Condition – Assets, Liabilities, Net Assets

### Assets:

At the end of 2009, total assets amounted to 24,725 million yen, an increase of 707 million yen from the end of 2008. Current assets increased 610 million yen from a year earlier to 21,338 million yen. This is primarily attributable to a decrease of 1,121 million yen in trade notes and accounts receivable and 2,097 million yen in inventory assets offset by an increase of 3,689 million yen in cash and deposits. Fixed assets increased 96 million yen from a year earlier to 3,387 million yen.

### Liabilities:

At the end of 2009 total liabilities amounted to 10,648 million yen, up 745 million yen from a year earlier. Current liabilities increased 552 million yen to 9,601 million yen. While notes and accounts payable decreased 1,237 million yen, short-term borrowings increased 1,756 million yen and unearned income increased 450 million yen. Long-term liabilities increased 192 million yen from a year earlier to 1,046 million yen. This was primarily due to a 248 million yen increase in corporate bonds.

### Net Assets:

At the end of 2009, net assets amounted to 14,076 million yen, down 38 million yen from a year earlier. The capital surplus decreased 8,227 million yen due to a decrease in additional paid-in capital and earned reserves, and the disposition of capital surplus. Retained earnings increased 8,714 million yen after a deficit disposition of the same amount was recorded in addition to the net income for the period. There was also a 656 million yen increase in treasury shares (reducing net assets). As a result, shareholders' equity ratio declined 2.3 points from a year earlier to 56.1%.

## (2) Cash flows

Cash and cash equivalents at the end of 2009 totaled 7,146 million yen, an increase of 3,853 million yen from a year earlier. The key reasons for the various cash flows changes during 2009 are presented below.

### Operating activities:

Cash flow provided by operating activities in 2009 amounted to 2,542 million yen, 2,336 million yen less than in the previous year. Inventory assets decreased 2,442 million yen, while the amount paid with respect to trade payables increased 1,359 million yen, and the amount of trade receivables collected decreased to 539 million yen, and the deferred income accrual decreased to 891 million yen.

### Investing activities:

Cash flow used in investing activities during 2009 amounted to 229 million yen, 532 million yen more than in the previous year. While outlays for the acquisition of production facilities and development/testing equipment declined slightly, there were no inflows from the sale of idle assets in 2009, as was the case in 2008.

### Financing activities:

Cash flow provided by financing activities in 2009 amounted to 1,491 million yen, an increase of 6,011 million yen versus the previous year. While outlays for the acquisition of treasury stock increased to 656 million yen, inflows from an increase in short-term borrowing grew 4,734 million yen, outlays for the repayment of long-term borrowing decreased 1,078 million yen, and inflows from the issuance of corporate bonds increased to 483 million yen.

### Reference: Cash flow indicators

	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Shareholders' equity ratio (%)	27.6	25.2	45.4	58.4	56.1
Market value basis equity ratio (%)	174.0	43.4	25.1	26.1	31.0
Debt to cash flow ratio (%)	—	4.87	1.01	0.15	1.16
Interest coverage ratio (%)	—	5.8	4.7	13.2	34.8

Equity ratio: Shareholders' equity/Total assets

Equity ratio using market cap: Market capitalization/Total assets

Cash flows to interest-bearing liabilities ratio: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Operating cash flows/Interest expenses

Notes: 1. All indicators are calculated using consolidated figures.

2. Market capitalization is calculated by multiplying the closing price of company stock at the end of the year by the number of shares issued at the end of the year (after deducting treasury stock).

3. Cash flows are the operating cash flows shown in the consolidated statements of cash flows. Interest-bearing liabilities are the sum of all liabilities on the consolidated balance sheets on which interest must be paid. Interest expenses are the interest payments shown in the consolidated statements of cash flows.

4. The cash flows to interest-bearing liabilities ratio and interest coverage ratio are not shown in years when operating cash flows were negative.

### 3. Dividends

	1Q dividend per share (yen)	2Q dividend per share (yen)	3Q dividend per share (yen)	Year –end dividend per share (yen)	Dividend per share for the year (yen)
Year ended December 31,2008	—	0.0	—	0.0	0.0
Year ended December 31,2009	—	0.0	—	2.0	2.0
Year ended December 31,2010(Forecast)	—	0.0	—	2.0	2.0

	Total amount of dividend for the year (Millions of yen)	Dividend payout ratio (Consolidated) (%)	Net assets dividend rate (Consolidated) (%)
Year ended December 31,2008	0	0.0	0.0
Year ended December 31,2009	289	63.3	2.2
Year ended December 31,2010(Forecast)	—	44.2	—

#### Fundamental policy for dividends, and dividends in current and next year:

Allied Telesis recognizes returning profits to shareholders is an important priority for management. The Company seeks to maintain steady dividends while bearing in mind the need to strengthen the foundation of its business and its financial position, as well as to achieve improved business results.

Based on the results for 2009, the Company will distribute a year-end dividend of 2 yen per share.

With respect to future dividends, the Company seeks to maintain dividends over the medium- to longer-term. Allied Telesis will consider and distribute dividends based on the general trend of business results, its financial condition, and future business/investment plans while also balancing internal reserves.

### 4. Consolidated Forecast for Fiscal 2010 (January 1, 2010 to December 31, 2010)

	Net sales (Millions of yen)	% change (%)	Operating income (Millions of yen)	% change (%)	Ordinary income (Millions of yen)	% change (%)
Fiscal 2010 2Q ending June 30,2010	17,680	16.3	150	—	100	—
Fiscal 2010 ending December 31,2010	39,360	15.1	1,360	159.1	1,060	77.6

	Net income (Millions of yen)	% change (%)	Net income per share (yen)
Fiscal 2010 2Q ending June 30,2010	60	—	0.42
Fiscal 2010 ending December 31,2010	640	31.7	4.53

Note: Forecasts regarding future performance are based on judgments made in accordance with information available at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors.

## Outlook for year ending December 2010

As the global economy gradually recovers, the Allied Telesis Group expects the demand for networking equipment to steadily increase across markets and geographies. Specifically, the Company expects to see an increased demand in the following markets: healthcare, which is turning to electronic medical records; telecommunications, which has a need to offer a diverse customer base (consumer and enterprise) an array of broadband services; educational institutions (university and K-12), which are adopting information and communication technologies (ICT); university research institutes; and municipalities, which provide local services, such as ensuring reliable communications access for public safety officials. The Allied Telesis Group believes its offerings are cost-competitive and it can provide the necessary solutions to match the various requirements across the networking environment. The Company is confident it can make significant strides, in both technical and business development efforts, as global demand and need for enhanced networking equipment and solutions grow.

In Japan, the Company will pursue community-oriented sales efforts by clarifying its target markets and increasing its number of sales locations. In doing so, the Company expects to increase sales by building stronger relationships – built on trust - with its customers.

In Europe and the Americas, the Company will continue to provide a solutions-based sales approach, focused on key markets such as IP surveillance and monitoring solutions. Opportunities to capitalize on specific market can be achieved by collaborating with key industry partners and major systems integrators.

In Asia and Oceania, there continues to be stable demand for networking equipment and solutions in emerging countries, and the Company has secured a number of government and public infrastructure projects. In 2010, the Company will continue to pursue sales initiatives aimed at major projects.

The Company will continue to dedicate resources to R&D to support new product launches and grow its offerings to address changing client and market needs.

The Allied Telesis Group is focused on enhancing shareholder value through greater profitability by growing sales over the medium to longer terms, improving operational efficiencies, lowering the cost of sales, and implementing key corporate initiatives.

The company has assumed a foreign exchange rate of 90 yen to the dollar for 2009.

## 5. Other Information

(1) Changes in significant subsidiary during the period (Changes in specified subsidiary accompanying changes in the scope of consolidation): Yes

Excluded subsidiaries: 3

Allied Telesis Networks K.K.

Corega Holdings K.K.

Corega K.K.

(2) Changes of significant accounting principles, procedures and descriptions for the financial results report (Described in “Changes in the accounting method” in “Important accounting policies”

1. Changes caused by revision of accounting standard: Yes

2. Others: None

(3) The number of shares outstanding (Common shares)

### 1. The number of shares outstanding (inclusive of treasury stock)

Year ended December 31,2009	156,876,421 shares
Year ended December 31,2008	156,876,421 shares

### 2. The number of treasury stock

Year ended December 31,2009	12,207,903 shares
Year ended December 31,2008	55,603 shares