

ALLIED TELESIS HOLDINGS K.K.

Summary of 1H Financial Results (Fiscal 2008)

August 19,2008

This document is a partial English translation of the Japanese Financial Statement (Kessan Tanshin) which was filed at stock exchanges in Japan on August 19,2008.

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,Cairman and CEO
Contact: Yoichi Hara,General Manager, Investor Relations Department
Tel:+81-3-5437-6007

1. Consolidated 1H Financial Results for Fiscal 2008 (From January 1,2008 to June 30,2008)

	(Rounded down to millions of yen,except per share data)					
	Net sales		Operating income		Ordinary income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2008 1H ended June 30,2008	24,422	(8.1)	892	—	(56)	—
Fiscal 2007 1H ended June 30,2007	26,565	(3.4)	(225)	—	93	—
Fiscal 2007 year ended December 31,2007	53,899	(2.2)	1,453	—	745	—

	Net income		Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2008 1H ended June 30,2008	7	—	0.05	0.05
Fiscal 2007 1H ended June 30,2007	(566)	—	(4.21)	—
Fiscal 2007 year ended December 31,2007	44	—	0.30	0.30

Notes: Investment gains/losses on equity method:

6 months ended June 30,2008: (0) million yen

6 months ended June 30,2007: (1) million yen

Year ended December 31,2007 (4) million yen

(2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(yen)
Fiscal 2008 1H ended June 30,2008	26,026	13,311	50.1	83.07
Fiscal 2007 1H ended June 30,2007	31,683	11,664	36.6	76.02
Fiscal 2007 year ended December 31,2007	28,040	12,991	45.4	81.23

(3) 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 2008 1H ended June 30,2008	3,470	(192)	(3,314)	2,311
Fiscal 2007 1H ended June 30,2007	3,578	(1,723)	(1,612)	2,563
Fiscal 2007 year ended December 31,2007	5,361	(683)	(5,704)	2,662

2. Dividends

	Interim dividend per share	Year-end dividend per share	Dividend per share for the year
	(yen)	(yen)	(yen)
Year ended December 31,2007	—	—	—
Year ended December 31,2008	—	—	—
Year ended December 31,2008(Forecast)	—	—	—

3. Projection for Fiscal 2008 (January 1,2008 to December 31,2008)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2008 ending December 31,2008	50,400	(6.5)	1,920	32.1	780	4.7

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2008 ending December 31,2008	480	—	3.06

Notes:

1. Change in the scope of consolidation and application of the equity method: No

2. Change in accounting policy during the term: Yes

3. Number of shares issued and outstanding at the end of the term (consolidated):

6 months ended June 30,2008: 156,876,421 shares

6 months ended June 30,2007: 152,626,421 shares

Year ended December 31,2007: 156,826,421 shares

1. Operating results

(1) Analysis of operating results

1. Operating results for the interim period under review

Net sales

In Japan, the company has been proactive in offering giga network solutions like the Switch Blade x908 core switch that we unveiled last year. Our systems business remained steady when compared with the prior year. However, sales in Japan totaled 12,789 million yen, down from 13,651 million yen a year earlier. With Japanese companies restraining their capital spending, sales in Japan failed to grow as expected. We have introduced the Switch Blade x908 in order to boost sales this fiscal year, and we began shipping this product in the second quarter. A large number of system projects are slated for the second half, and this should contribute to sales.

The economic situation in Europe and the Americas -- particularly the US -- had been expected to deteriorate, but local currency-basis sales rose about 10% from a year earlier. Sales in Europe already rose last year, so they were roughly flat when compared with the same period a year earlier, but they are nevertheless continuing to grow steadily. In the network equipment segment, as in Japan, we have begun running promotions mainly for the Switch Blade x908, and this should contribute to future sales.

In the IP triple play segment, margins are improving and we are steadily increasing sales. Because of the stronger Japanese currency, yen-basis sales declined to 10,208 million yen from 11,311 million yen a year earlier.

The volume of sales in Asia/Oceania is smaller than our sales in other regions, but local currency-basis sales grew about 2% thanks to continued demand for networking equipment in emerging countries including China. As in Europe/Americas, yen-basis sales declined, falling to 1,423 million yen from 1,602 million yen a year earlier.

Operating income

Operating income swung to a positive 892 million yen (compared to a loss of 225 million yen a year earlier). Our gross margin on sales improved by 2.1 percentage points to 46.7% and we also worked to reduce selling, general and administrative expenses.

Ordinary income

At the ordinary income level, we recorded a loss of 56 million yen (compared to a profit of 93 million yen a year earlier). The yen strengthened to 106.42 yen/dollar from 114.15 yen/dollar at the prior year-end, resulting in a foreign exchange loss of 737 million yen.

Net income

Our net income for the period under review was 7 million yen (compared to a loss of 566 million yen a year earlier). We recorded a 34 million yen negative adjustment of prior year earnings as an extraordinary loss, but we also received tax refunds totaling 98 million yen.

Consolidated-basis results by geographic region for the interim period under review

(Units: ¥ million)

		Consolidated	Year earlier	Relative to year earlier
Net sales		24,422	26,565	91.9%
	Japan	12,789	13,651	93.7%
	Europe/Americas	10,208	11,311	90.2%
	Asia/Oceania	1,423	1,602	88.9%
Operating income		892	(225)	---
Ordinary income		(56)	93	---
Net income		7	(566)	---

Note: losses in parentheses

Guidance for the fiscal year ending December 2008

As shown by the fact that we have recorded profits at the operating level since the third quarter of last fiscal year, we are steadily becoming profitable.

In the second half of the year we will be proactive in offering giga network solutions like the Switch Blade x908 globally. We will work to secure even more orders through sales campaign targeting major companies, such as the medical market, the educational market and the public sector market.

We aim to secure even more sales by providing technical assistance to partner companies and collaborating with them in marketing. In the IP triple play segment we will continue to focus our marketing efforts primarily on higher margin transactions.

Our guidance for the year is based on an assumed foreign exchange rate of 105 yen/dollar.

Consolidated-basis guidance for the year ending December 2008

(Units: ¥ million)

	Net sales	Operating income	Ordinary income	Net income
Year ending December 2008	50,400	1,920	780	480
Year ended December 2007	53,899	1,453	745	44
Change (yen)	(3,499)	467	35	436
Change (%)	(6.5)	32.1	4.7	—

Note: losses in parentheses

(2) Cash flow

In the interim period under review, consolidated-basis cash flow from operating activities totaled 3,470 million yen, down from 3,578 million yen a year earlier. Net income before taxes and other adjustments improved from a year earlier, but accounts payable decreased.

Consolidated-basis cash flow used in investing activities totaled 192 million yen, down from 1,723 million yen a year earlier. We cancelled term deposits and we largely completed the capital investments associated with triple play services provided to the US air base at Yokota.

Consolidated-basis cash flow used in financing activities totaled 3,314 million yen, down from 1,612 million yen a year earlier. This was mainly due to a decline in short-term borrowing.

As a result, consolidated-basis cash and cash equivalents at the end of the interim period under review declined 251 million yen from a year earlier to 2,311 million yen.

Additional Information: Cash flow indicators

	June 2006	December 2006	June 2007	December 2007	June 2008
Shareholders' equity ratio (%)	27.7	25.2	36.6	45.4	50.1
Market value basis equity ratio (%)	64.5	43.4	36.1	25.1	41.0
Debt to cash flow ratio (%)	—	4.87	0.84	1.01	0.30
Interest coverage ratio (x)	—	5.8	30.5	4.7	14.4

Shareholders' equity ratio: shareholders' equity ÷ total assets

Market value basis equity ratio: market capitalization ÷ total assets

Debt to cash flow ratio (%): interest-bearing liabilities ÷ cash flow

(For interim periods, operating cash flow is annualized by multiplying actual figure by 2.)

Interest coverage ratio: operating cash flow ÷ interest paid

Note 1. All figures calculated using consolidated-basis financial data

Note 2. Market capitalization calculated based on number of outstanding shares after subtracting shares held by the company.

Note 3. Operating cash flow used for cash flow.

Note 4. Interest-bearing liabilities include all liabilities on which interest is paid as presented in the interim consolidated statement of financial condition.

(3) Basic policy concerning the distribution of profits and dividend distributions for the current fiscal year

We recognize that returning profits to shareholders is an important management issue. Therefore, it is our aim to maintain steady dividends while bearing in mind our business results along with the need to strengthen the foundation of our business and reinforce our financial position.

Due to poor business results, our dividends have been suspended since the year ended December 2005.

We have not yet made any determination regarding a dividend for the current fiscal year.

2. The Allied Telesis group

There have been no material changes in the information that was presented in Organizational Chart and the Affiliates sections of our most recent annual securities report (submitted March 28, 2008). Therefore, this information is not presented here.

3. Management policies

(1) Basic management policies

(2) Management indicators

(3) Medium-to-long-term business strategy

(4) Issues requiring attention

There have been no material changes in the information that was presented in our earnings release for the year ended December 2007 (released on February 2008). Therefore, this information is not presented here.

To see the earnings release, please visit the following URL.

Allied Telesis website

<http://ir.at-global.com/ja/library.html>

Tokyo Stock Exchange website (search function for listed company information)

<http://www.tse.or.jp/listing/compsearch/index.html>