

Consolidated Financial Statements for the First Quarter of the Fiscal year Ended December 31, 2009

May 14, 2009

These financial statements, prepared in accordance with accounting principles generally accepted in Japan, have been translated for reference only from the original Japanese-language document "KESSAN TANSHIN". The entire format is pursuant to the requirements or guidance of Tokyo Stock Exchange. As for the contents, if there are any differences or discrepancies between the original Japanese-language and the English translation, the original Japanese-language supersedes this English translation.

For the convenience of some investors, stated dollar amounts have been calculated at \$US1=¥98.23, the exchange rate as March 31, 2009, the end of the first quarter.

ALLIED TELESIS HOLDINGS K.K.

Code Number: 6835
 Shares Listed: Second Section of Tokyo Stock Exchange
 (URL: <http://www.at-global.com>)
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1. Consolidated Results for the first quarter of Fiscal 2009 (January 1, 2009 - March 31, 2009)

(All amounts are rounded down to the nearest million yen)

(1) Consolidated Operating Results

(% represents changes from the same period of previous year.)

(Negative figures are shown in parenthesis)

	Net sales		Operating income(loss)		Ordinary income(loss)		Net income(loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2009	7,609	(39.4)	(946)	-	(224)	-	(309)	-
Three months ended March 31, 2008	12,566	(4.8)	917	-	(445)	-	(490)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended March 31, 2009	(1.97)	-
Three months ended March 31, 2008	(3.13)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2009	22,507	13,450	59.2	85.02
As of December 31, 2008	24,017	14,115	58.4	89.45

(Reference) Shareholders equity

As of March 31, 2009 13,332 million yen
 As of December 31, 2008 14,027 million yen

2. Dividends

	Dividend per share				
	1 st quarter end	2 nd quarter end	3 rd quarter end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2008	0.00	0.00	0.00	0.00	0.00
FY2009	0.00				
FY 2009 (Forecast)		-	-	-	-

(Note) Revisions to dividend forecast for the current quarter: No

At this point, dividend payment for 2009 is not yet determined.

3. Consolidated Financial Forecasts for Fiscal 2009 (January 1, 2009 to December 31, 2009)

(% represents changes from the same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ended June 30, 2009	17,160	(33.2)	(860)	-	(210)	-	(330)	-	(2.10)
Year ending December 31, 2009	43,550	(9.4)	900	(70.6)	600	-	300	(33.2)	1.91

(Note) Revisions to business forecast for the current quarter: Yes

Forecast of consolidated financial results for fiscal 2009 was revised on May 14, 2009. For more details, refer to the release entitled "Notice of Revisions to Consolidated Financial Forecasts for the first half of the fiscal year ending December 31, 2009"

4. Other Information

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

Excluded subsidiaries: 2

Allied Telesis Networks K.K.

Corega Holdings K.K.

For details, please refer to "(1) in 4. Other" on page 4.

(2) Application of simplified and special accounting treatments for quarterly consolidated financial results: Yes

(3) Changes in accounting principles, procedures method of presentation associated with preparation of the quarterly consolidated financial statements (Changes to important items that form basis for preparing quarterly financial statements)

1) Changes due to revision of accounting standards: Yes

2) Changes other than 1): No

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

1) Number of shares outstanding at end of period (inclusive of treasury stock)

Three months ended March 31, 2009 156,876,421 shares

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

2) Number of shares of treasury stock at end of period

Three months ended March 31, 2009 55,603 shares

Year ended December 31, 2008 55,603 shares

3) Average outstanding number of shares (during the first quarter)

Three months ended March 31, 2009 156,820,818 shares

Three months ended March 31, 2008 156,770,837 shares

*Statement regarding appropriate use of financial forecasts and other notes

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.

Consolidated 1Q Financial Results for Fiscal 2009 (From January 1, 2009 to March 31, 2009)

1. Qualitative Information on Consolidated Operating Results

(Rounded down to the nearest million yen)

(Negative figures are shown in parenthesis)

(% represents changes from the same period of previous year.)

	Net sales		Operating income(loss)		Ordinary income(loss)		Net income(loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31,2009	7,609	(39.4)	(946)	-	(224)	-	(309)	-
Three months ended March 31,2008	12,566	(4.8)	917	-	(445)	-	(490)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended March 31,2009	(1.97)	-
Three months ended March 31,2008	(3.13)	-

Throughout the first quarter of 2009 (January–March), both domestic and global economies were affected by a severe downturn. The overall operating environment remained challenging for the Allied Telesis Group also as the sharp cutbacks or postponements of capital expenditures in the networking industry, our principal area of operations, seriously affected the Group's business. Despite these challenges, the Allied Telesis Group continued to conduct promotional activities from a long-term perspective. We supplied network solutions to companies, utilities, medical institutions, academic institutions, military facilities and regional communication carriers.

As a result, consolidated net sales were 7,609 million yen, 39.4% below the 2008 first quarter. By region, sales were 4,070 million yen in Japan, 3,117 million yen in Europe and the United States, and 421 million yen in Asia and Oceania. The operating loss was 946 million yen compared with operating income of 917 million yen one year earlier. The ordinary loss decreased from 445 million yen at the previous first quarter to 224 million yen.

Consequently, the net loss was 309 million yen compared with a 490 million yen loss one year earlier.

With a sense of uncertainty about economic trends in the second half, we expect the operating environment to stay challenging. However, the pace of the current economic downturn could improve as certain sectors like exports and public-sector investment are showing signs of a pickup. In addition, the economic stimulus programs of countries worldwide are expected to include substantial investments to rebuild communications infrastructures. We feel that these investments will mean light at the end of the tunnel for the network industry. The Allied Telesis Group intends to capture many orders by continuing to introduce competitively priced products that offer outstanding performance.

2. Qualitative Information on Consolidated Financial Position

(Rounded down to the nearest million yen)

	Total assets	Net assets	Shareholders equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31,2009	22,507	13,450	59.2	85.02
As of December 31,2008	24,017	14,115	58.4	89.45

(Reference) Shareholders equity

As of March 31, 2009 13,332 million yen

As of December 31, 2008 14,027 million yen

(1) Assets, Liabilities, and Net assets position at the end of the first quarter of the fiscal 2009 were as follows:

Assets:

Total assets were 22,507 million yen at the end of the first quarter, a decrease of 1,510 million yen from the end of 2008. This was mainly the net result of a decrease in notes and accounts receivable and an increase in cash and

deposits.

Liabilities:

Liabilities decreased 846 million yen to 9,056 million yen, mainly because of a decrease in notes and accounts payable.

Net Assets:

Net assets decreased 664 million yen to 13,450 million yen. As a result, the equity ratio was 59.2%, an increase of 0.8 point from the end of 2008.

(2) Cash flows

In the first quarter, cash and cash equivalents were 3,823 million yen, an increase of 531 million yen from the end of 2008.

A summary of cash flows and major components are as follows;

Operating activities

Net cash provided by operating activities was 591 million yen, reflecting a pretax loss of 271 million yen, a FOREX gain of 880 million yen and depreciation of 139 million yen. In addition, major sources of cash were a decrease of 2,563 million yen in accounts receivable and a 265 million yen reduction in inventories. Cash in the amount of 1,281 million yen was used to reduce the accounts payable.

Investing activities:

Net cash used in investing activities was 126 million yen. Cash was used mainly for capital expenditures of 105 million yen.

Financing activities:

Net cash provided by financing activities was 7 million yen, the net result of proceeds of 15 million yen from short-term borrowings and the repayment of 7 million yen of long-term loans.

3. Consolidated Financial Forecasts for Fiscal 2009 (January 1, 2009 to December 31, 2009)

Forecast of consolidated financial results for fiscal 2009 was revised on May 14, 2009. For more details, refer to the release entitled "Notice of Revisions to Consolidated Financial Forecasts for the first half of the fiscal year ending December 31, 2009".

4. Other

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in change in the scope of consolidation)

On January 1, 2009, consolidated subsidiary Allied Telesis K.K. merged with consolidated subsidiary Allied Telesis Networks K.K. and consolidated subsidiary Corega K.K. merged with consolidated subsidiary Corega Holdings K.K.. As a result, the number of consolidated subsidiaries decreased to 37.

(2) Use of simplified method for accounting procedures and application of accounting procedures specific to the consolidated quarterly financial statements

1) For assets depreciated using the declining balance method, quarterly depreciation expenses are calculated by using the proportional amount of annual depreciation expenses.

2) Income taxes are calculated by using only significant additions and deductions and significant tax deductions. For consolidated subsidiaries that do not have a material effect on the consolidated financial statements, if there has been no significant change in the operating environment, quarterly income taxes are calculated by using the tax rate, after adjustment for tax-effect accounting, for quarterly income before income taxes in the previous fiscal year's income statement.

(3) Changes in accounting principles and procedures, presentation methods and other items in the preparation of the quarterly consolidated financial statements

1) Beginning with the current fiscal year, Accounting Standards for Quarterly Financial Reporting (Accounting Standards Board of Japan (ASBJ) Statement No.12) and Implementation Guidance for the Accounting Standards for Quarterly Financial Statements (ASBJ Guidance No.14) have been applied. In addition, the quarterly consolidated financial statements are prepared in accordance with Rules for Quarterly Consolidated Financial Statements.

- 2) For ordinary inventories held for sale, beginning with the current fiscal year, Accounting Standards for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006) has been applied and the method of measurement of inventories was changed from the cost method determined primarily by the average method to the cost method (in which book value is reduced when the contribution of inventories to earnings declines), where cost is determined primarily by the average method. This change did not have a material effect on earnings.
- 3) Beginning with the current fiscal year, Practical Solution for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force No. 18, May 17, 2006), and the necessary revisions have been made to the consolidated financial statements. This change did not have a material effect on earnings.

5. Consolidated Quarterly Financial Statements

(1) Consolidated Balance Sheet

(Yen in thousands)

	FY 2009 1Q (As of March 31, 2009)	FY 2008 (As of December 31, 2008) Summary
Assets		
Current Assets		
Cash and Deposits	4,085,532	3,557,382
Notes and Accounts receivable	6,748,770	9,038,209
Merchandise and finished products	5,434,229	5,161,803
Work in process	251,221	341,887
Raw materials and supplies	1,190,507	1,268,542
Prepaid expenses	649,063	626,064
Other	1,201,771	1,284,362
Allowance for doubtful accounts	(405,588)	(550,811)
Total Current Assets	19,155,508	20,727,439
Fixed Assets		
Tangible assets	2,302,024	2,262,659
Intangible assets		
Other	194,553	191,723
Total intangible assets	194,553	191,723
Investments and other assets		
Other	879,512	856,145
Allowance for doubtful accounts	(24,338)	(20,066)
Total investments and other assets	855,174	836,079
Total Fixed Assets	3,351,752	3,290,462
Total Assets	22,507,261	24,017,902
Liabilities		
Current Liabilities		
Notes and accounts payable	3,103,692	4,132,966
Short-term borrowings	694,093	641,018
Accrued expenses	1,225,489	1,127,207
Accounts payable-other	670,471	845,674
Income tax payable	173,327	364,176
Allowance for bonus payable	387,281	236,002
Unearned revenue	1,369,389	1,274,585
Other reserves	224,097	173,181
Other	354,715	254,170
Total Current Liabilities	8,202,558	9,048,983
Long-term Liabilities		
Long-term borrowings	105,146	108,199
Accrued pension and liability for retirement benefits	640,372	641,089
Other reserves	35,955	35,828
Other	72,560	68,699
Total Long-term Liabilities	854,034	853,815
Total Liabilities	9,056,592	9,902,799
Net Assets		
Shareholders' equity		
Capital	9,807,675	9,807,675
Capital surplus	11,938,053	11,938,053
Retained earnings	(8,982,786)	(8,673,732)
Treasury stock	(12,085)	(12,085)
Total shareholders' equity	12,750,856	13,059,910
Net unrealized gain(loss) and translation adjustments		
Net unrealized gain(loss) on available-for-sale securities	(2,393)	(589)
Foreign currency translation adjustments	583,934	967,896

(Yen in thousands)

	FY 2009 1Q (As of March 31, 2009)	FY 2008 (As of December 31, 2008) Summary
Total Net unrealized gain(loss) and translation adjustments	581,541	967,306
Stock acquisition rights	118,271	87,886
Total Net Assets	13,450,669	14,115,102
Total	22,507,261	24,017,902

(2) Consolidated Profit and Loss Statement

(Yen in thousands)

	FY 2009 1Q (January 1, 2009 – March 31, 2009)
Net Sales	7,609,974
Cost of Sales	4,042,824
Gross Profit	3,567,149
Selling, General Administrative Expenses	4,513,958
Operating loss	(946,809)
Non-operating Income	
Interest income	6,554
Investment profit on equity method	4,468
Foreign currency exchange gain	720,014
Other	8,735
Total non-operating income	739,772
Non-operating Expenses	
Interest expense	14,841
Other	2,675
Total non-operating expenses	17,516
Ordinary Loss	(224,553)
Extraordinary Income	
Gain on sales of fixed assets	450
Reversal of allowance for doubtful receivables	1,623
Reversal of stock acquisitions rights	1,502
Total extraordinary income	3,575
Extraordinary Loss	
Loss on sales of fixed assets	384
Loss on retirement of fixed assets	1,733
Loss on reorganization	48,737
Other	19
Total extraordinary loss	50,873
Loss before Income Taxes	(271,851)
Corporate tax, Residence tax, Business tax	37,201
Total Income Taxes	37,201
Net Loss	(309,053)

(3) Consolidated Cash Flow Statement

(Yen in thousands)

FY 2009 1Q
(January 1, 2009 – March 31, 2009)

Cash Flow from Operating Activities

Net loss before tax adjustment	(271,851)
Depreciation expense	139,127
Increase (decrease) in allowance for doubtful debts	(6,752)
Increase (decrease) in allowance for bonus payable	147,560
Increase (decrease) in allowance for retirement	(3,743)
Interest and dividend received	(6,554)
Interest paid	14,841
Foreign exchange gain (loss)	(880,675)
Investment loss (profit) on equity method	(4,468)
Loss (Gain) on sale of fixed assets	(66)
Loss on retirement of fixed assets	1,733
Increase (decrease) in accrued expenses	42,385
Decrease (increase) in account receivable	2,563,953
Decrease (increase) in inventory assets	265,118
Increase (decrease) in account payable	(1,281,055)
Loss on reorganization	48,737
Other	25,569
Total	793,857
Interest/dividends received	6,554
Interest paid	(14,170)
Corporate and other tax paid	(192,151)
Reorganization expense	(2,237)
Net cash provided by operating activities	591,852

Cash Flow from Investment Activities

Purchase of tangible fixed assets	(105,321)
Proceeds from sale of tangible fixed assets	702
Purchase of intangible fixed assets	(25,846)
Purchase of investment securities	(148)
Collection of loan receivable	5,999
Other	(2,073)
Net cash used in investment activities	(126,687)

Cash Flow from Financing Activities

Net increase (decrease) in short-term loans	15,647
Repayment of long-term borrowings	(7,668)
Net cash provided by financing activities	7,978
Effects of exchange rate changes on cash and cash equivalents	57,962
Increase (decrease) in cash and cash equivalent	531,105
Cash and cash equivalents at the beginning of the year	3,292,853
Cash and cash equivalents as of March 31, 2009	3,823,959

Beginning with the current fiscal year, Accounting Standards for Quarterly Financial Reporting (Accounting Standards Board of Japan (ASBJ) Statement No.12) and Implementation Guidance for the Accounting Standards for Quarterly Financial Statements (ASBJ Guidance No.14) have been applied. In addition, the quarterly consolidated financial statements are prepared in accordance with Rules for Quarterly Consolidated Financial Statements.

(4) Note concerning going concern premise
None

(5) Segment information

Business segment information

FY2009 First Quarter (January 1, 2009 to March 31, 2009)

No business segment information is shown because the Allied Telesis Group is engaged only in the communications and networking business.

Geographic segment information

FY2009 First Quarter (January 1, 2009 to March 31, 2009)

(Yen in thousands)

	Japan	Europe/ America	Asia/ Oceania	Total	Elimination or corporate	Consolidated
Net Sales :						
External customers	4,070,450	3,117,909	421,614	7,609,974	—	7,609,974
Inter- segment	144,445	14,148	2,009,684	2,168,278	(2,168,278)	—
Total	4,214,895	3,132,057	2,431,298	9,778,252	(2,168,278)	7,609,974
Operating income (loss)	(690,037)	(39,998)	(23,145)	(753,181)	(193,627)	(946,809)

Notes: 1. Country and area classifications are based on geographic proximity.

2. Major countries and areas included in each geographic segment are as follows;

Europe/America: United States, Canada, United Kingdom, France, Germany, Netherlands, Italy

Asia/Oceania: Singapore, China, Australia, New Zealand, South Korea

Overseas Sales

FY2009 First Quarter (January 1, 2009 to March 31, 2009)

	North America	Europe	Asia/Oceania	Total
I. Overseas Sales (Yen in thousands)	1,248,864	1,791,447	421,614	3,461,926
II. Net Sales (Yen in thousands)	—	—	—	7,609,974
III. Overseas Sales/Net Sales (%)	16.4	23.5	5.5	45.5

Notes: 1. Country and area classifications are based on geographic proximity.

2. Major countries and areas included in each geographic segment are as follows;

North America: United States, Canada

Europe/America: United Kingdom, France, Germany, Netherlands, Italy

Asia/Oceania: Singapore, China, Australia, New Zealand, South Korea

3. Overseas sales are those of the Company and its subsidiaries in countries and areas other than Japan.

(6) Notes regarding to significant changes in the amount of shareholders' equity
Not applicable

For Reference

Consolidated Financial Statements for the same period of the previous year

(1) Consolidated Statements of Income (Summary)

(January 1, 2008 to March 31, 2008)

	FY2008 1Q (Three month ended March 31,2008) (Yen in thousands)
Net Sales	12,566,817
Cost of Sales	6,507,371
Gross profit	6,059,446
Selling, General and Administrative Expenses	5,142,087
Operating Income	917,358
Non-operating Income	21,178
Interest income	12,806
Dividend income	102
Investment profit on equity method	3,185
Other	5,084
Non-operating Expenses	1,383,965
Interest expense	120,401
Foreign currency exchange loss	1,261,098
Other	2,465
Ordinary loss	445,428
Extraordinary income	1,318
Gain on sales of fixed assets	1,278
Reversal of allowance for doubtful receivables	40
Extraordinary loss	7,200
Loss on sales of fixed assets	18
Loss on retirements of fixed assets	1,313
Other	5,868
Loss before income taxes	451,310
Income taxes	39,537
Net loss	490,848

(2) Segment information

Business segment information

FY2008 First Quarter (January 1, 2008 to March 31, 2008)

No business segment information is shown because the Allied Telesis Group is engaged only in the communications and networking business.

Geographic segment information

FY2008 First Quarter (January 1, 2008 to March 31, 2008)

	Japan (Yen in thousands)	Europe/America (Yen in thousands)	Asia/Oceania (Yen in thousands)	Consolidated Total (Yen in thousands)	Exchange rate to be applied (1 US dollar)
Net Sales	6,929,104	4,993,300	644,412	12,566,817	106.60

Notes: 1. Country and area classifications are based on geographic proximity.

2. Major countries and areas included in each geographic segment are as follows;

Europe/America: United States, Canada, United Kingdom, France, Germany, Netherlands, Italy

Asia/Oceania: Singapore, China, Australia, New Zealand, South Korea