



# 7th Fiscal Business Report

April 1, 2009 ▶ March 31, 2010

**SAXA Holdings, Inc.**

Ticker code: 6675

# NOTICE OF RESOLUTIONS OF THE 7th ORDINARY GENERAL SHAREHOLDERS' MEETING

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June 29, 2010

To All Shareholders

Masao Koshikawa  
President & C.E.O  
**SAXA Holdings, Inc.**  
NBF Platinum Tower, 17-3, Shirokane  
1-chome, Minato-ku, Tokyo

## NOTICE OF RESOLUTIONS OF THE 7th ORDINARY GENERAL SHAREHOLDERS' MEETING

We are pleased to announce that the matters outlined below were reported and resolved at the 7th Ordinary General Shareholders' Meeting of the Company held today.

**Matters reported:**

1. Business Report, Consolidated Financial Statements for the 7th Fiscal Term (from April 1, 2009 to March 31, 2010) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
  2. Non-Consolidated Financial Statements for the 7th Fiscal Term (from April 1, 2009 to March 31, 2010)
- The particulars of the above 1 and 2 were reported.

**Matters resolved:**

- Proposal No. 1:** Partial Amendment to the Articles of Incorporation
- The proposal was approved and adopted as proposed. The number of article of the Ordinance for Enforcement of the Companies Act and related words, quoted under Article 16 of the current Articles of Incorporation, were eliminated in accordance with the enforcement of the Ministerial Ordinance for Partial Amendment of the Ordinance for Enforcement of the Companies Act, Ordinance for Corporate Accounting, etc (Ministry of Justice Ordinance, No. 7, 2009).
- Proposal No. 2:** Introduction (Renewal) of Measures against the Large-scale Purchase of the Company's Shares (Anti-takeover Measures)
- The proposal was approved and adopted as proposed.
- Proposal No. 3:** Election of Seven Directors
- The proposal was approved and adopted as proposed. Masao Koshikawa, Masaki Ohuchi and Naomitsu Murata were re-elected as Directors and assumed office. Additionally, Naoki Matsuo, Hiroshi Kimura, Tomoyuki Shimada and Mutsuo Takematsu were newly elected as Directors and assumed office.

- Proposal No. 4:** Election of Two Substitute Auditors
- The proposal was approved and adopted as proposed. Masaki Sugiyama and Takenari Shimizu were elected as Substitute Auditors.
- Masaki Sugiyama is the substitute for Outside Auditor Masahiko Inohana, and Takenari Shimizu is the substitute for Outside Auditor Takashi Kouno.

Directors and Auditors of the Company as of June 29, 2010 are as follows.

President & C.E.O	Masao Koshikawa	(promoted)
Managing Director	Naoki Matsuo	(newly appointed)
Managing Director	Yuzuru Suzuki	
Managing Director	Masaki Ohuchi	
Director	Naomitsu Murata	
Director	Hiroshi Kimura	(newly appointed)
Director	Tomoyuki Shimada	(newly appointed)
Director	Mutsuo Takematsu	(newly appointed)
Director	(outside)	Toshiya Hatakeyama
Director	(outside)	Naoki Yoshimura
Standing Auditor	Masayuki Fukushima	
Auditor	Toshiharu Shimada	
Auditor	(outside)	Takashi Kouno
Auditor	(outside)	Masahiko Inohana

We truly appreciate your continuing support and cooperation.



Masao Koshikawa  
President & C.E.O.

My name is Masao Koshikawa, and I have been appointed as the new President & C.E.O. In my new job, I am more committed than ever to achieving even greater growth for SAXA Group.

The general business performance of SAXA Group are outlined in the 7th Fiscal Business Report (from April 1, 2009 to March 31, 2010) presented herein.

While some believe that the sharp recession of the Japanese economy triggered by the global financial crisis seems to have bottomed out during the fiscal year under review, the outlook still remains highly uncertain.

In the information and telecommunications network-related market, which constitutes a core market of SAXA Group, offered products are changing from legacy products to new products reflecting the fact that the mainstream form of communication is increasingly shifting from the conventional voice communication to data and image communication as a result of the increased use of broadband technologies, including optical networks. Furthermore, we are seeing major changes in the market as various businesses are emerging, utilizing communication networks that have evolved and diversified.

One of the SAXA Group's core businesses is key telephone systems. Massive changes in this market have caused a drop in sales, which was one of the causes of our poor performance. We created our medium-term business strategy with these market changes in mind in order to

quickly recover our performance and return to a growth trajectory, and we have been committed to strengthening our management structure and expanding business fields.

As for "strengthening our management structure," the Group has worked to lower total costs and to increase added value by implementing management improvement measures including the optimization of workforce in order to build a stable revenue structure. We also have consolidated our group companies and production systems, enhanced our systems engineering capabilities, and focused our management resources on key businesses.

As for "expanding business fields," in its Network Solutions and Security Solutions businesses, we worked to develop new products that integrate voice and data with image technologies, and to offer customer-oriented solutions that meet our customers scale, performance, and functionality needs. As part of these efforts, we began offering solutions using Internet camera systems that deliver safety, peace of mind, and comfort.

As a result, although the growth resulting from our business transition is still insignificant, we were able to record a profit by reducing total costs through strengthening our management structure.

The consolidated sales for the fiscal year under review decreased 12.0% year over year to ¥38,638 million, due to the impact of such factors as a reduction of capital spending. On the profit front, our ordinary income improved to ¥591 million, compared with an ordinary loss of ¥209 million in the previous fiscal year, through reductions in total costs and other factors. We had a net income of ¥138 million, compared with a net loss of ¥1,358 million in the previous fiscal year, due to an extraordinary loss from implementing management improvement measures.

Considering that, although the Group turned a profit by reducing total costs through the implementation of management improvement measures, its sales declined and its performance has not recovered to a stable state, SAXA Group, regrettably, has decided not to make dividend payments for this fiscal year.

SAXA Group intends to strive even harder to meet the expectations of its shareholders, and we truly appreciate your continuing support and cooperation for SAXA Group.

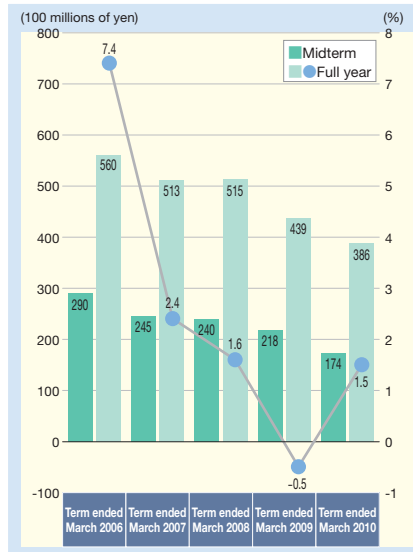
### Cautionary Statement

This business report has been prepared for the sole purpose of understanding of the Company's financial position and operations, and not intended to solicit investments. Investors are advised to make their own judgment when making investment decisions.

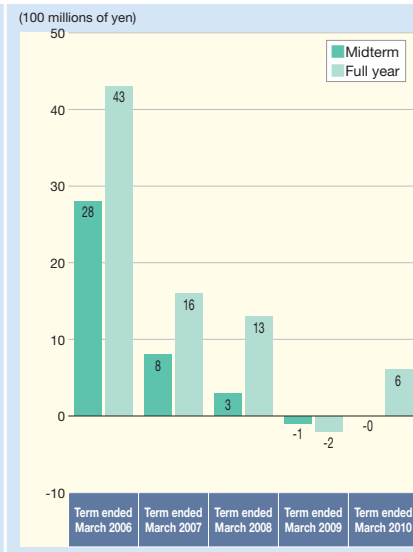
# Consolidated Financial Highlight

## Net sales (left)

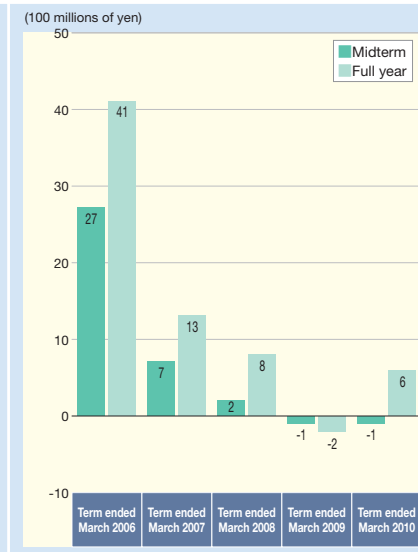
## Ratio of ordinary income to net sales (right)



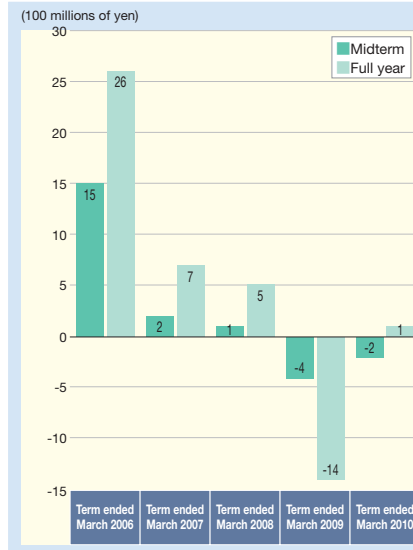
## Operating income



## Ordinary income

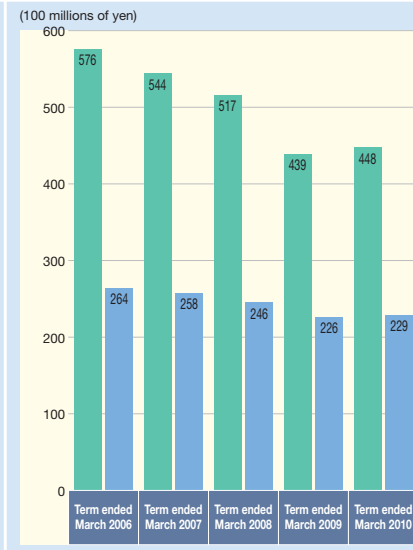


## Net income



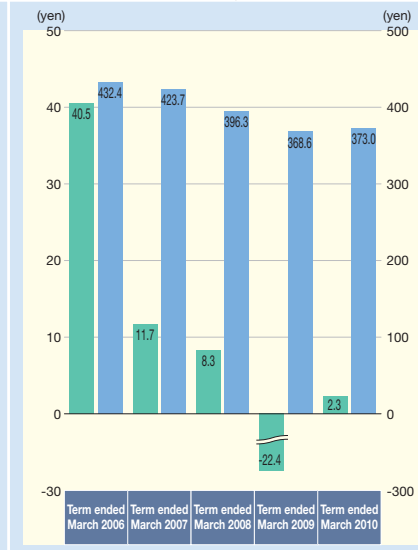
## Total assets

## Net assets



## Net income per share (left)

## Net assets per share (right)



Note: The values shown in the graphs are rounded off.

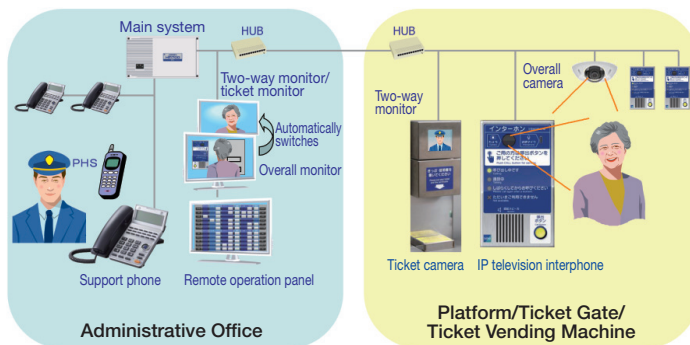
## Sales of IP Television Interphone System for Railway Operators Launched System Introduced by Kanto Railway Co., Ltd., YOKOHAMA NEW TRANSIT Co., Ltd., and More

In February 2010, SAXA, Inc. launched sales of a newly developed IP television interphone system for railway operators.

The system enables passengers to speak with the administrative offices of managing stations by installing IP television interphone systems at station platforms and concourses, in order to respond to inquiries by passengers using the station.

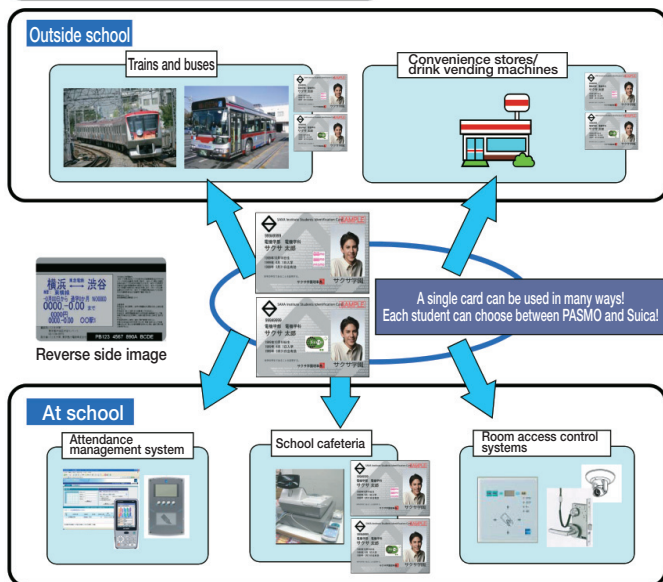
Until now, railway operators were using analog interphone systems to converse with passengers, but background noise from the station and poor audio quality made voices from the interphones difficult to hear. Our new IP television interphone system reduces audio-quality issues, and puts passengers at ease by enabling them to see station workers' faces as they speak. This two-way monitor has been rated highly by railway operators, convincing many to introduce the system.

SAXA will continue to offer a wide range of solutions meeting customer needs and delivering peace of mind, safety, comfort, and convenience to railway operators nationwide that are committed to improving passenger service.



## SAXA Begins Sales of Suica Student (and Employee) IDs and Provision of Relevant Systems Each Student (or Employee) can Choose between Suica and PASMO



### Uses for Suica and PASMO Student IDs



SAXA, Inc. plans to launch sales of Suica student (and employee) IDs, and provision of relevant systems for these cards by around February 2011. These IC cards will be usable as commuter passes, train tickets, etc.

In March 2010, SAXA began sales of PASMO student (and employee) IDs and provision of relevant systems. By adding the new Suica student (and employee) IDs, SAXA will enable a single school (or company) to smoothly introduce and operate these highly-functional cards at a reasonable cost in its internal system.

#### Notes:

- \* Suica is a registered trademark of East Japan Railway Company.
- \* SAXA, Inc. holds JR East Suica Use Permit No. 11.
- \* By issuing this permit, East Japan Railway Company does not endorse the contents or quality of these products or services.
- \* PASMO is a registered trademark of PASMO Co., Ltd.
- \* SAXA, Inc. holds PASMO Trademark Use Permit No. 13
- \* Tokyu Corporation holds PASMO Trademark Use Permit No. 64.
- \* The  PASMO symbol and  logo do not signify that PASMO Co., Ltd. endorses the contents or quality of these products or services.

# Consolidated Financial Statements (Condensed)

## Consolidated Balance Sheets

(Millions of yen)

Account item	6th fiscal term (as of March 31, 2009)	7th fiscal term (as of March 31, 2010)
<b>Assets</b>		
<b>Current assets</b>	<b>22,685</b>	<b>25,439</b>
<b>Fixed assets</b>	<b>21,159</b>	<b>19,324</b>
Property, plant and equipment	12,546	11,764
Intangible fixed assets	5,524	4,402
Investments and other assets	3,088	3,156
<b>Deferred assets</b>	<b>30</b>	<b>49</b>
<b>Total assets</b>	<b>43,875</b>	<b>44,813</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>13,461</b>	<b>11,663</b>
<b>Long-term liabilities</b>	<b>7,788</b>	<b>10,292</b>
<b>Total liabilities</b>	<b>21,250</b>	<b>21,956</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>	<b>22,690</b>	<b>22,827</b>
Common stock	10,836	10,836
Capital surplus	6,331	6,331
Retained earnings	6,610	6,749
Treasury stock	(1,088)	(1,089)
Valuation, translation adjustments and others	(302)	(175)
<b>Minority interests</b>	<b>237</b>	<b>204</b>
<b>Total net assets</b>	<b>22,625</b>	<b>22,857</b>
<b>Total liabilities and net assets</b>	<b>43,875</b>	<b>44,813</b>

## Consolidated Statements of Income

(Millions of yen)

Account item	6th fiscal term (as of March 31, 2009)	7th fiscal term (as of March 31, 2010)
<b>Net sales</b>	<b>43,923</b>	<b>38,638</b>
<b>Cost of goods sold</b>	<b>32,140</b>	<b>26,892</b>
<b>Gross profit</b>	<b>11,782</b>	<b>11,746</b>
Selling, general and administrative expenses	11,943	11,142
<b>Operating income (loss)</b>	<b>(161)</b>	<b>603</b>
Nonoperating income	498	477
Nonoperating expenses	546	489
<b>Ordinary income (loss)</b>	<b>(209)</b>	<b>591</b>
Special profits	7	93
Special losses	1,117	447
<b>Income (Loss) before income taxes</b>	<b>(1,318)</b>	<b>237</b>
Income taxes-current	48	69
Income taxes-deferred	(20)	20
Minority interest in income	11	9
<b>Net income (loss)</b>	<b>(1,358)</b>	<b>138</b>

## Consolidated Statements of Cash Flows

(Millions of yen)

Account item	6th fiscal term (as of March 31, 2009)	7th fiscal term (as of March 31, 2010)
<b>Cash flows from operating activities</b>	<b>6,207</b>	<b>4,100</b>
<b>Cash flows from investing activities</b>	<b>(2,484)</b>	<b>(904)</b>
<b>Cash flows from financing activities</b>	<b>(3,465)</b>	<b>310</b>
Effect of exchange rate changes on cash and cash equivalents	3	2
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>259</b>	<b>3,509</b>
Cash and cash equivalents at the beginning of the term	4,856	5,116
Cash and cash equivalents at the end of the term	5,116	8,626

## Consolidated Statement of Changes in Shareholders' Equity, etc.

(From April 1, 2009 to March 31, 2010)

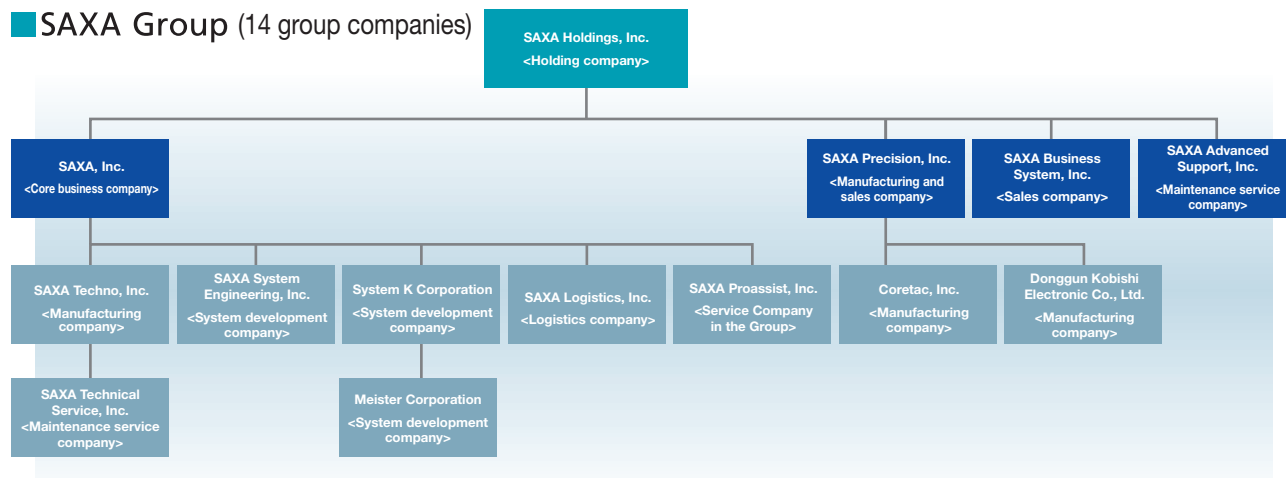
(Millions of yen)

	Shareholders' equity					Valuation, translation adjustments and others			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains or losses on available-for-sale securities	Equity adjustment from foreign currency translation	Total valuation, translation adjustments and others		
Balance as of March 31, 2009	10,836	6,331	6,610	(1,088)	22,690	(310)	7	(302)	237	22,625
Change in FY2009										
Cash dividends paid										—
Net income			138		138					138
Purchases of treasury stock				(0)	(0)					(0)
Net change in items other from those in shareholders' equity						127		127	(32)	94
Total of changes in FY2009	—	—	138	(0)	137	127	—	127	(32)	231
Balance as of March 31, 2010	10,836	6,331	6,749	(1,089)	22,827	(182)	7	(175)	204	22,857

Note: The figures in page 5 are rounded down to the nearest million yen.

# Group Companies (As of March 31, 2010)

## SAXA Group (14 group companies)



## SAXA Holdings, Inc.

Established February 2, 2004  
 Capital Stock ¥10,836,678,400  
 Number of Employees 1,418 (Consolidated)  
 15 (Nonconsolidated)  
 Head Office NBF Platinum Tower, 17-3, Shirokane 1-chome, Minato-ku, Tokyo  
 Business Management consultation for its subsidiaries that engage in the development, manufacture and sales of information communication system equipment and components

### ● Directors and Auditors (as of June 29, 2010)

President & C.E.O.	Masao Koshikawa	Director	Mutsuo Takematsu
Managing Director	Naoki Matsuo	Director	Toshiya Hatakeyama
Managing Director	Yuzuru Suzuki	Director	Naoki Yoshimura
Managing Director	Masaki Ohuchi	Standing Auditor	Masayuki Fukushima
Director	Naomitsu Murata	Auditor	Toshiharu Shimada
Director	Hiroshi Kimura	Auditor	Takashi Kouno
Director	Tomoyuki Shimada	Auditor	Masahiko Inohana

Notes: 1. Toshiya Hatakeyama and Naoki Yoshimura are outside directors.  
 2. Takashi Kouno and Masahiko Inohana are outside auditors.

## SAXA, Inc.

Established April 1, 2004  
 Capital Stock ¥10,700,000,000  
 Number of Employees 606  
 Business Development, manufacture and sales of information communication system equipment and components, as well as the supply of services incidental to these activities

### ● Directors and Auditors (as of June 24, 2010)

President & C.E.O.	Masao Koshikawa	Director	Tomoyuki Shimada
Director	Naoki Matsuo	Director	Mutsuo Takematsu
Director	Yuzuru Suzuki	Standing Auditor	Toshiharu Shimada
Director	Masaki Ohuchi	Auditor	Masayuki Fukushima
Director	Naomitsu Murata	Auditor	Takashi Kouno
Director	Hiroshi Kimura		

Note: Takashi Kouno is an outside auditor.

### ● Executive Officers (as of June 24, 2010)

President & C.E.O.	Masao Koshikawa	Executive Officer	Katsuhiko Hatori
Senior Executive Officer	Naoki Matsuo	Executive Officer	Noriaki Itoh
Senior Executive Officer	Yuzuru Suzuki	Executive Officer	Jun Ishida
Senior Executive Officer	Naomitsu Murata	Executive Officer	Mitsugu Osaka
Senior Executive Officer	Hiroshi Kimura	Executive Officer	Koji Nakamura
Senior Executive Officer	Tomoyuki Shimada	Executive Officer	Yoichi Inoue
Senior Executive Officer	Mutsuo Takematsu	Executive Officer	Atsushi Sogabe
Senior Executive Officer	Tadashi Minagawa		

# Stock Information (As of March 31, 2010)

## Shares

- Total number of shares authorized to be issued ..... 240,000,000
- Total number of shares issued and outstanding ..... 62,449,621
- Number of shareholders ..... 8,078

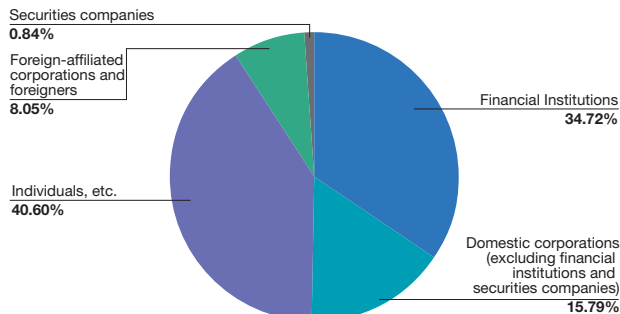
## Major Shareholders

Shareholder name	Number of shares held (thousand)	Shareholding ratio (%)
Oki Electric Industry Co., Ltd.	6,060	9.9
NEC Corporation	6,060	9.9
Mizuho Bank, Ltd.	2,339	3.8
Japan Trustee Services Bank, Ltd. (trust account)	1,881	3.0
Sumitomo Mitsui Banking Corporation	1,767	2.9
Bank of Tokyo-Mitsubishi UFJ, Ltd.	959	1.5
CBNY DFA International Cap Value Portfolio	958	1.5
The Master Trust & Bank of Japan, Ltd. (trust account)	952	1.5
Mizuho Trust & Banking Co., Ltd.	900	1.4
Mitsui Sumitomo Insurance Co., Ltd.	773	1.2

### Notes:

- Although the Company holds 1,721,822 shares of treasury stock, it is not listed in the Major Shareholders above.
- Shareholding ratio is calculated by deducting the number of shares of treasury stock from the total number of shares issued.
- The number of shares held by Oki Electric Industry Co., Ltd., includes the Company's 6,059,800 shares, which are contributed by Oki Electric Industry Co., Ltd., as the trust estate of the retirement benefit trust. (They are recorded in the name of "Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (Oki Electric Industry Account) for the Re-trust by the Trustee of Trust & Custody Services Bank, Ltd." on the register of shareholders.)
- The number of shares held by Mizuho Bank, Ltd., includes the Company's 1,778,000 shares, which are contributed by Mizuho Bank, Ltd., as the trust estate of the retirement benefit trust. (They are recorded in the name of "Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (Mizuho Bank Account) for the Re-trust by the Trustee of Trust & Custody Services Bank, Ltd." on the register of shareholders.)

## Distribution of Shareholders by Category



## Shareholder Information

Fiscal Year	April 1 to March 31
Payment of Dividends	March 31
Ordinary General Shareholders' Meeting	June
Record Date	March 31 If necessary, another day may be designated as the record date with public notice.
URL for Public Announcements	<a href="http://www.saxa.co.jp">http://www.saxa.co.jp</a> Note: We provide public announcement by electronic means. However, when accidents or other unavoidable reasons prevent us from using the method of electronic announcement, we will make announcements in the <i>Nihon Keizai Shimbun</i> (daily newspaper).
Custodian of the Register of Shareholders	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo
Handling Office	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo
Mailing Address	8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507
Telephone Referral	0120-288-324 (Toll-free call)
Dedicated Web Site	<a href="http://www.mizuho-tb.co.jp/daikou/">http://www.mizuho-tb.co.jp/daikou/</a>
Special account handling organization	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo
Agencies	Mizuho Trust & Banking Co., Ltd.: Head office and all branches nationwide Mizuho Investors Securities Co., Ltd.: Head office and all branches nationwide

### Share-Related Procedures, Notification and Inquiries

Inquiries and notifications regarding share-related procedures (request for purchase of less-than-unit ("tangen") shares, change of address or name reported, etc.) should be directed to either of the following depending on whether or not an account is held with a securities company.

#### [Shareholders holding an account with a securities company]

.....To their securities company.

#### [Shareholders not holding an account with a securities company]

.....To Mizuho Trust & Banking Co., Ltd.

