



7th Fiscal Midterm Business Report

April 1, 2009 ▶ September 30, 2009

SAXA Holdings, Inc.

Ticker code: 6675



Masanori Yoshioka
President & C.E.O.

The general business performance of SAXA Group is outlined in the 7th Fiscal Midterm Business Report (from April 1, 2009 to September 30, 2009) 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 midterm under review, the outlook still remains highly uncertain.

In the information and telecommunications network-related market, which constitutes a core market of SAXA Group, 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 communication services continue to evolve and diversify and various businesses utilizing communication networks are emerging.

To cope with such a rapidly changing business environment, SAXA Group has been pursuing innovation based on its

capabilities in engineering and product development, and therefore has continued to take various measures to expand business fields and strengthen its management structure.

As for “expanding business fields,” in its core Network Solutions and Security Solutions businesses, SAXA Group has been developing customer-oriented solutions to introduce products that integrate its image technologies.

As for “strengthening our management structure,” the Group has further enhanced its management improvement measures to promote the reduction of total costs, including the reduction of costs for outsourcing and improvement of development efficiency. Meanwhile, SAXA Group has reviewed its organizational structure to optimize the overall functionality of the Group, aiming at enhancing its management efficiency.

The consolidated sales for the midterm period under review were affected by factors such as reduction of capital spending and decreased 20.0% year over year to ¥17,423 million. On the profit front, although it strived to reduce total costs, SAXA Group recorded ordinary loss of ¥54 million for the period under review, while it posted ordinary loss of ¥118 million during the same period of the previous fiscal year. The Group posted net loss of ¥206 million, while it posted net loss of ¥386 million during the same period of the previous 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.

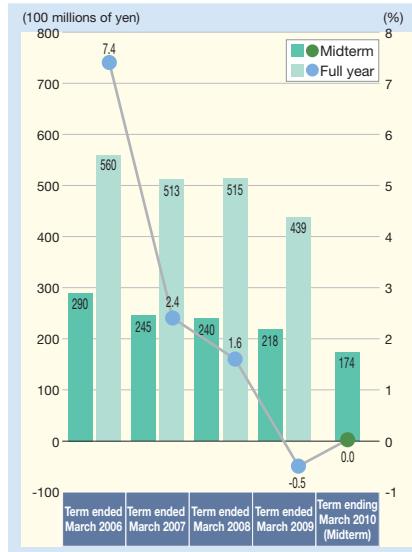
Cautionary Statement

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.

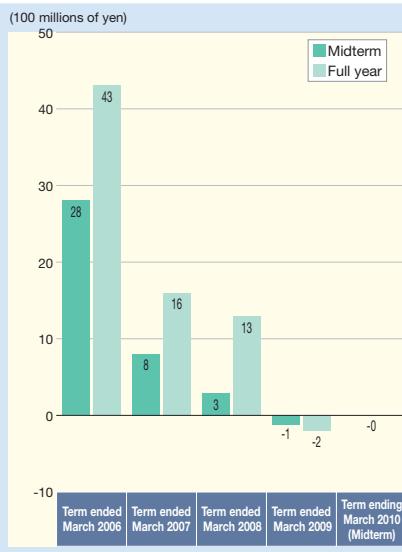
Consolidated Financial Highlight

Net sales (left)

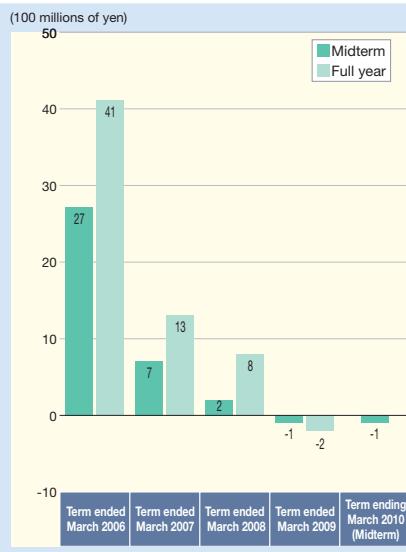
Ratio of ordinary income to net sales (right)



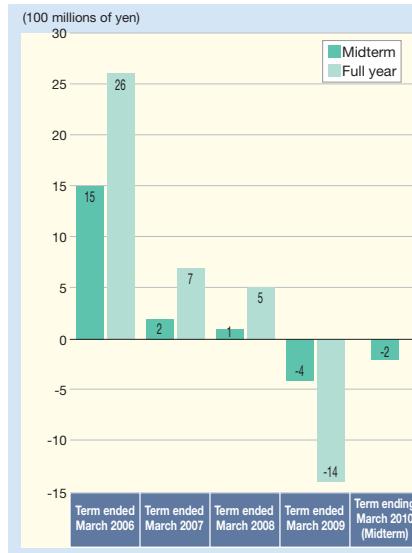
Operating income



Ordinary income



Net income



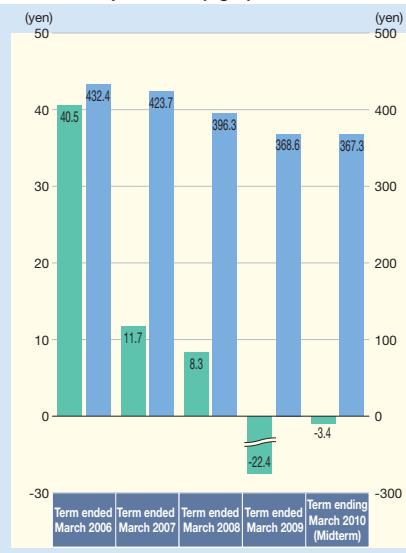
Total assets

Net assets



Net income per share (left)

Net assets per share (right)

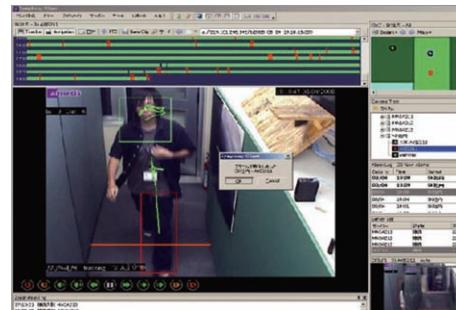


Note: The values shown in the graphs are rounded off.

Introduction of SAXA's Network Camera Systems

Symphony Full featured video analytics for large scale systems

Symphony is a sophisticated networked video recording software application with built-in video analytics functionality. With no limitations on number of servers or hard-disk space, Symphony can also support large-scale systems and needs for long recording times. Symphony can output a wide range of data required for marketing, such as people counts using video analytics. It can also serve as a full-featured security-camera system, providing a one-stop solution for both security and marketing. The license level can be selected individually for each installed camera, enabling customers to build the optimum system without waste.



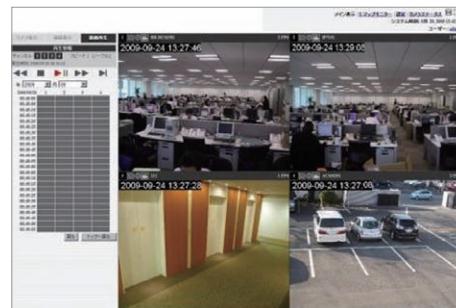
Internet Camera System Camera system designed for remote monitoring and easy access from PCs and mobile phones

Internet Camera System is a remote-monitoring software application that centrally manages a large number of network cameras. The system's emphasis on remote-monitoring features makes it simple to operate, and even first-time users will have no problems getting started. Internet Camera System also features built-in functionality needed for motion-detection recording, image recognition from mobile phones, linking to external devices, and more. Internet Camera System can also be used to build large-scale monitoring systems, because unlike analog camera systems, the recorder does not place any limitations on the number of cameras. The system is also highly scalable, enabling you to respond flexibly to future needs by increasing the recording time or number of monitoring locations. With most ordinary monitoring cameras and recorders, there are severe limitations on camera selection, because in many cases the camera and recorder must be made by the same manufacturer. Internet Camera System supports a wide range of camera manufacturers, giving greater scope of camera selection, and enabling users to select their cameras according to the installation environment.

NVR-116 Low cost, high performance, integrated management of up to 256 cameras

The NVR-116 is a hardware-networked video recorder with excellent cost performance. A single unit can manage 16 networked cameras. System configuration is also highly flexible, enabling a large-scale system architecture (up to 256 cameras) with central management of multiple NVR-116's.

The NVR-116 also has built-in camera-mapping functionality, making it possible to display the positions of the NVR-116's and cameras on a map or layout diagram, and display a camera's image simply by clicking on it. The ability to view images linked with camera positions makes it possible to grasp situations intuitively and respond to them rapidly.

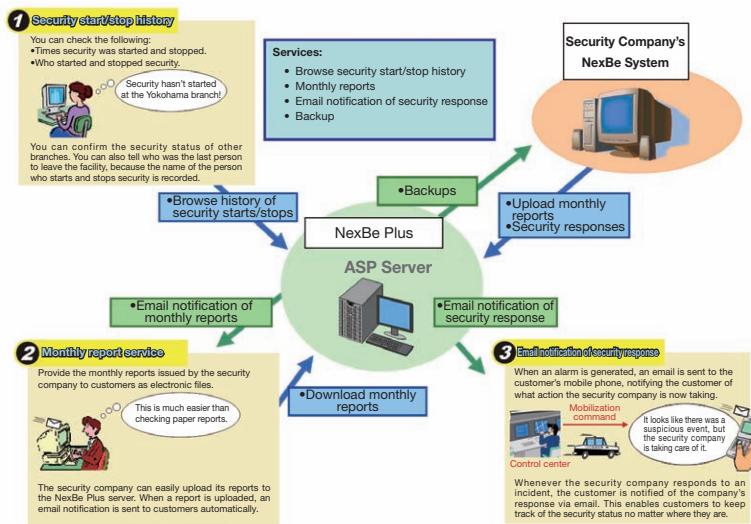


NexBe Plus internet accessible security information service now available

SAXA, Inc. has developed NexBe Plus, an ASP service for security companies. The service became available in May 2009.

The NexBe Plus security system, which has been sold to security companies, already has a proven track record of performance. This remote-monitoring system for automated security supports not only small to medium-sized companies but also large-sized companies, enabling flexible system architecture. The newly available NexBe Plus ASP service links to a NexBe security system to provide such functionality as starting and stopping of security, browsing and downloading of monthly reports via the Internet, and more.

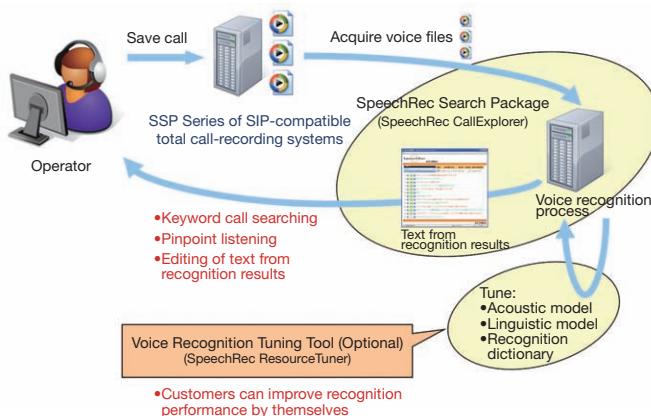
SAXA, Inc. provides, manages, and operates the servers for the NexBe Plus service, enabling security companies to provide a valuable service to their customers while avoiding large capital investments. The elimination of the need to send monthly reports also reduces costs and streamlines operations.



SAXA and NTT IT launch sales of integrated call-search package linked to VoIP call-recording system

In February 2010, SAXA, Inc. and NTT IT Corporation will launch sales of SpeechRec CallExplorer / IPIlog, an integrated call-search package for contact centers linked to a VoIP call-recording system.

This integrated package links NTT IT's SpeechRec Search Package (SpeechRec CallExplorer), a voice-recognition solution for call searching*1, with SAXA's SSP Series of SIP-compatible total call recording systems for VoIP calls*2.



Introducing the SpeechRec CallExplorer / IPIlog integrated package will enable contact centers, etc. to leverage customer feedback even more rapidly. The package stores customer calls in a VoIP call-recording system, and enables Voice of Customer (VOC) to be utilized rapidly via keyword call searches using voice recognition and pinpoint listening. The speech-recognition tuning tool also greatly reduces the time and expense of improving recognition accuracy.

*1 SpeechRec Search Package (SpeechRec CallExplorer)
SpeechRec CallExplorer is a solution package that utilizes highly accurate speech recognition to convert voice calls recorded by a call center or other location into text, and enables that text to be searched, checked, and edited easily from a browser. It has built-in speech-recognition software developed by NTT Cyber Space Laboratories, which enables highly accurate recognition of free utterances.

*2 SSP Series of SIP-compatible total call recording systems
The SSP Series are VoIP call-recording systems made by SAXA, Inc. These recording systems offer excellent cost performance, with functionality for SIP signaling, RTP packet extraction, and total call recording on a VoIP network. (Up to 384 channels can be recorded simultaneously.)

Consolidated Financial Statements (Condensed)

● Consolidated Balance Sheets

(Millions of yen)

Account item	7th fiscal midterm (as of September 30, 2009)	6th fiscal term (as of March 31, 2009)
Assets		
Current assets	23,187	22,685
Fixed assets	20,531	21,159
Property, plant and equipment	12,343	12,546
Intangible fixed assets	4,968	5,524
Investments and other assets	3,219	3,088
Deferred assets	59	30
Total assets	43,777	43,875
Liabilities		
Current liabilities	12,657	13,461
Long-term liabilities	8,622	7,788
Total liabilities	21,280	21,250
Net assets		
Shareholders' equity	22,483	22,690
Common stock	10,836	10,836
Capital surplus	6,331	6,331
Retained earnings	6,404	6,610
Treasury stock	(1,088)	(1,088)
Valuation, translation adjustments and others	(175)	(302)
Minority interests	190	237
Total net assets	22,497	22,625
Total liabilities and net assets	43,777	43,875

● Consolidated Statements of Income

(Millions of yen)

Account item	6th fiscal midterm (as of September 30, 2008)	7th fiscal midterm (as of September 30, 2009)
Net sales	21,775	17,423
Cost of goods sold	15,768	11,884
Gross profit	6,007	5,538
Selling, general and administrative expenses	6,137	5,558
Operating income (loss)	(130)	(20)
Nonoperating income	289	206
Nonoperating expenses	277	240
Ordinary income (loss)	(118)	(54)
Special profits	8	14
Special losses	771	248
Income (Loss) before income taxes	(881)	(287)
Income taxes-current	49	47
Income taxes-deferred	(542)	(124)
Minority interest in income (loss)	(1)	(4)
Net income (loss)	(386)	(206)

● Consolidated Statements of Cash Flows

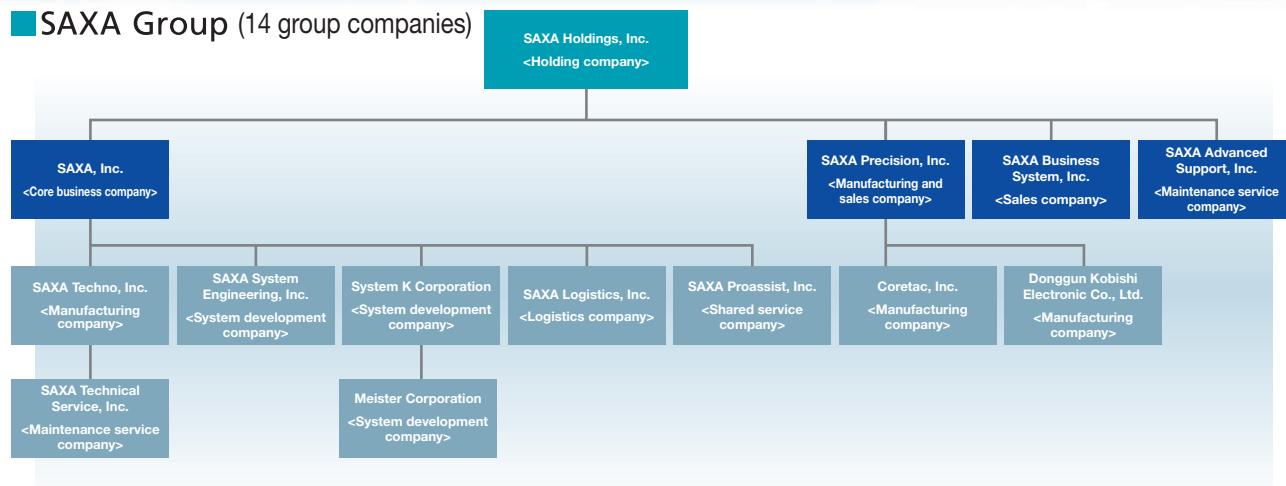
(Millions of yen)

Account item	6th fiscal midterm (as of September 30, 2008)	7th fiscal midterm (as of September 30, 2009)
Cash flows from operating activities	4,177	1,666
Cash flows from investing activities	(1,442)	(648)
Cash flows from financing activities	(2,130)	362
Effect of exchange rate changes on cash and cash equivalents	(4)	(1)
Net increase (decrease) in cash and cash equivalents	600	1,379
Cash and cash equivalents at the beginning of the term	4,856	5,116
Cash and cash equivalents at the end of the midterm	5,457	6,496

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

Group Companies (As of September 30, 2009)

SAXA Group (14 group companies)



SAXA Holdings, Inc.

Established February 2, 2004
 Capital Stock ¥10,836,678,400
 Number of Employees 1,487 (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

President & C.E.O.	Masanori Yoshioka	Director	Naomitsu Murata
Representative Director and Vice President	Masao Koshikawa	Director	Toshiya Hatakeyama
Managing Director	Shin Murakami	Director	Naoki Yoshimura
Managing Director	Shuji Matsuyama	Standing Auditor	Masayuki Fukushima
Managing Director	Yuzuru Suzuki	Auditor	Toshiharu Shimada
Managing Director	Masaki Ohuchi	Auditor	Takashi Kouno
Director	Toshio Adachi	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 629
 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

Chairman & C.E.O.	Masanori Yoshioka	Director	Toshio Adachi
President & C.O.O.	Masao Koshikawa	Director	Naomitsu Murata
Director	Shin Murakami	Director	Toshio Yamada
Director	Shuji Matsuyama	Standing Auditor	Toshiharu Shimada
Director	Yuzuru Suzuki	Auditor	Masayuki Fukushima
Director	Masaki Ohuchi	Auditor	Takashi Kouno

Note: Takashi Kouno is an outside auditor.

● Executive Officers

Chairman & C.E.O.	Masanori Yoshioka	Senior Executive Officer	Toshiyuki Ogawa
President & C.O.O.	Masao Koshikawa	Senior Executive Officer	Tadashi Minagawa
Senior Executive Officer	Shin Murakami	Senior Executive Officer	Mutsuo Takematsu
Senior Executive Officer	Shuji Matsuyama	Executive Officer	Katsuhiko Hatori
Senior Executive Officer	Yuzuru Suzuki	Executive Officer	Noriaki Itoh
Senior Executive Officer	Masaki Ohuchi	Executive Officer	Jun Ishida
Senior Executive Officer	Toshio Adachi	Executive Officer	Mitsugu Osaka
Senior Executive Officer	Naomitsu Murata	Executive Officer	Kohei Sugai
Senior Executive Officer	Toshio Yamada	Executive Officer	Koji Nakamura

Stock Information (As of September 30, 2009)

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 8,186

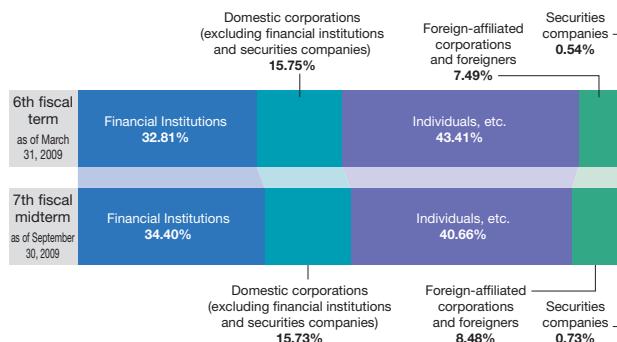
Major Shareholders

Shareholder name	Number of shares held (thousand)
Oki Electric Industry Co., Ltd.	6,060
NEC Corporation	6,060
Mizuho Bank, Ltd.	2,339
Japan Trustee Services Bank, Ltd. (trust account)	1,811
Sumitomo Mitsui Banking Corporation	1,767
CBNY DFA International Cap Value Portfolio	1,056
Bank of Tokyo-Mitsubishi UFJ, Ltd.	959
Mizuho Trust & Banking Co., Ltd.	900
The Master Trust & Bank of Japan, Ltd. (trust account)	820
Mitsui Sumitomo Insurance Co., Ltd.	773

Notes:

- Although the Company holds 1,718,286 shares of treasury stock, it is not listed in the Major Shareholders above.
- 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	http://www.saxa.co.jp 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	Stock Transfer Agency Department, Head 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	http://www.mizuho-tb.co.jp/daikou/
Special account handling organization	Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo
Agencies	Agencies for the special account handling organization Mizuho Trust & Banking Co., Ltd.: All branches nationwide Mizuho Investors Securities Co., Ltd.: Head office and all branches nationwide, as well as Planet Booths

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.