



19 March 2010

Notice regarding the result of the meetings of the holders (the "Bondholders") of the Series A Convertible Bonds due 2012 (ISIN: XS0334969820) (the "Series A Bonds") and Series B Convertible Bonds due 2012 (ISIN: XS0334972535) (the "Series B Bonds" and together the "Bonds") issued by Harakosan Co., Ltd. (the "Company")

The outcome of the meetings referred to above is as follows:

1. Detail of the Bondholders Meetings:

On 19 March 2010 at 11:00am (London time), the meetings in respect of the Bonds were held and the following resolutions proposed by the Company were duly passed.

- (i) The conversion price (note 1) was lowered to 39.4 yen (calculated by taking the average of the daily closing prices of the Company's common stock listed on the second section of the Osaka Securities Exchange for the 30 consecutive trading days up to and including the trading day immediately preceding the day of the meetings).
- (ii) Should stock acquisition rights under the Bonds be exercised, new stock will be issued on the basis of 15% of the issue price rather than 100%.
- (iii) At maturity, the Company will redeem the Bonds at 15% of their principal amount rather than 100%.

The effective date of the resolutions will be 2 April 2010 (Friday).

<Note 1>

The conversion price before the meetings:

In respect of the Series A Bonds, it was 2,070yen, and in respect of the Series B Bonds it was 2,339.1yen.

2. The effect on the Company's business:

As regards Series A Bonds with an outstanding principal amount of 1.347 billion yen (the issue amount of the Series A Bonds being 2.5 billion yen) and Series B Bonds with an outstanding principal amount of 1.153 billion yen (the issue amount of the Series B Bonds being 2.5 billion yen), the Company has exchanged contracts with certain

Bondholders, pursuant to which the Company will buy back those bonds at 15% (0.375billion yen) of the face value (total face value 2.5billion yen). It was a condition precedent to these buybacks that the resolutions proposed by the Company at the Bondholder's meetings referred to in section 1 above were all passed. Given that those resolutions have now been passed, settlement will be effected accordingly.

As a result, the Company's cash reserves will be reduced by 375million yen. Nonetheless, 2.125billion yen, representing the difference between the face value and the purchase price, will be entered in the Company's accounts as a gain made on redemption. The figure of 2.125billion yen, representing 85% of the face value of 2.5billion yen minus what was agreed under the buyback agreements, is also to be reported as a forgiven debt.

Also, it should be noted that the 2.125billion yen to be written down as a forgiven debt is less than 10% of the Company's total indebtedness as of the end of February 2010. The company will not, therefore, violate the listing standard of the Osaka Securities Exchange by recording the forgiven debt in its accounts.

End.