

Summary of Business Results for the First Three Quarters

For the first three quarters of the fiscal year ending May 31, 2008

Toyo Denki Seizo K.K.

Stock Code: 6505

Representative:

Inquiries:

Stock Exchange: 1st Section of Tokyo and Osaka Stock Exchanges

URL <http://www.toyodenki.co.jp>

Teruyuki Oosawa, President

Kiyoyuki Tsujii, Executive Officer

TEL (03) 3535 – 0632

I. Consolidated Business Results for the First Three Quarters of Fiscal 2007 (June 1, 2007 – February 29, 2008)

1. Consolidated Operating Results

Note: Amounts in financial statements and the supplementary data are rounded down.

(In millions of yen, except where noted; percentage figures show year-on-year growth.)

	Net sales		Operating Income		Ordinary Income		Net Income	
First Three Quarters, FY2007	25,154	5.6%	213	(78.3)%	131	(87.4)%	(256)	–
First Three Quarters, FY2006	23,820	7.5%	980	(49.4)%	1,046	(46.7)%	(505)	–
(Reference) FY2006	36,571	–	1,928	–	1,967	–	(151)	–

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First Three Quarters, FY2007	(5.68)	–
First Three Quarters, FY2006	(11.13)	–
(Reference) FY2006	(3.33)	–

2. Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Total Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
End of Third Quarter, FY2007	35,396	13,070	36.9	292.26
End of Third Quarter, FY2006	38,085	14,899	39.1	327.85
(Reference) FY2006	35,763	14,754	41.3	324.79

II. (Reference) Full Year Consolidated Forecast (June 1, 2007 - May 31, 2008)

(In millions of yen, except where noted; Percentage figures show year-on-year growth)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Full year	39,000	6.6%	1,200	(37.8)%	1,000	(49.2)%	500	–	11.03

IV. Other

- (1) Transfers of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Adoption of the simplified method for accounting: Yes
- (3) Changes in accounting principles since the most recent completed fiscal year: Yes

Note: Please refer to Qualitative Information and Financial Statements, section "4. Other," on page 2 for details.

The forecasts above are based on information available as of the day of the announcement of this material. Actual results may vary materially due to various unknown future factors.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Business Results

Sales grew 5.6% in comparison to the same period of the previous fiscal year, to 25,154 million yen.

In terms of income, the gross profit margin declined due to the continued effect of the soaring costs of raw materials and the fact that the full benefits of ongoing cost-cutting efforts have yet to be realized. Operating income plunged 78.3% year-on-year, to 213 million yen. Ordinary income dropped 87.4% to 131 million yen. There was a net loss of 256 million yen, due to such factors as the change in the first quarter in the treatment of the directors' retirement benefits at Toyo Denki and some of its consolidated subsidiaries to the method of recording a reserve for directors' retirement benefits, booking an extraordinary loss of 125 million yen equivalent to the sum needed to make up for the previous fiscal years.

2. Qualitative Information Regarding Consolidated Financial Position

Total assets at the end of the third quarter were 35,396 million yen, down 367 million yen from the end of the preceding fiscal year. Total net assets were 13,070 million yen, a decline of 1,683 million yen in comparison with the end of the preceding fiscal year. The shareholders' equity ratio fell 4.4 percentage points from 41.3% at the end of last fiscal year to 36.9%.

3. Qualitative Information Regarding Consolidated Results Forecasts

There are no changes from the forecasts released on January 18, 2008.

4. Other

(1) Transfers of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Adoption of the simplified method for accounting:

Simplified accounting procedures have been adopted in part for calculating corporate tax and other items where impacts are minimal.

(3) Changes in accounting principles since the most recent completed fiscal year:

Accounting standard for recording reserve for directors' retirement benefits

Toyo Denki and some of its consolidated subsidiaries had previously treated directors' retirement benefits as an expense at the time of expenditure. Beginning this fiscal year, a new method has been adopted to record the amount estimated to be payable at fiscal year-end, calculated based on internal regulations, as a reserve for directors' retirement benefits. In accordance with the publication of "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws, and Reserve for Retirement Benefits to Directors and Corporate Auditors" (JICPA Audit and Assurance Practice Committee Report No.42), these companies have taken the rational step of allocating directors' retirement benefits expenses at the time of retirement to the terms in which the directors concerned serve, which allows the companies to rationalize income for the terms concerned, and helps to strengthen their financial position.

The 28 million yen expensed during the first three quarter was recorded as selling, general and administrative expenses. The 125 million yen equivalent to the sum needed to make up for the previous fiscal years was posted as an extraordinary loss. In comparison with the previous method, this change resulted in a 28 million yen decline in operating income and ordinary income, and a drop of 154 million yen in net income before taxes for the first three quarters.

5. Summary of Consolidated Financial Statements for the First Three Quarters of Fiscal 2007
 (1) Summary of Consolidated Balance Sheets as of the End of the Third Quarter of Fiscal 2007

(In millions of yen, %)

Category	End of third quarter, FY2006 (As of Feb. 28, 2007)	End of third quarter, FY2007 (As of Feb. 29, 2007)	Increase (Decrease)		Reference: End of FY2006 (As of May 31, 2007)
	Amount	Amount	Amount	%	Amount
(Assets)					
I. Current assets					
Cash and cash equivalents	1,821	1,825	4		2,806
Notes and accounts receivable - trade	9,511	9,310	(200)		9,840
Inventory	9,588	9,149	(438)		7,319
Deferred tax assets	719	517	(202)		538
Other	648	607	(41)		351
Allowance for doubtful accounts	(40)	(60)	(20)		(20)
Total current assets	22,249	21,349	(899)	(4)	20,837
II. Fixed assets					
Tangible fixed assets	3,653	3,756	102		3,677
Intangible fixed assets	156	162	5		155
Investment and other fixed assets	12,060	10,161	(1,898)		11,127
Allowance for doubtful accounts	(34)	(33)	1		(34)
Total fixed assets	15,835	14,046	(1,789)	(11.3)	14,926
III. Deferred assets					
	0	—	(0)	—	—
Total assets	38,085	35,396	(2,689)	(7.1)	35,763
(Liabilities)					
I. Current liabilities					
Notes and accounts payable - trade	8,839	9,225	386		6,713
Short-term borrowings	4,325	4,460	135		3,300
Accrued expenses	967	773	(193)		3,231
Reserve for employees' bonuses	490	488	(1)		940
Other	2,980	1,786	(1,194)		1,856
Total current liabilities	17,602	16,733	(868)	(4.9)	16,041
II. Long-term liabilities					
Corporate bonds	100	320	220		50
Long-term borrowings	1,575	1,840	265		1,375
Reserve for employees' retirement benefits	2,674	2,779	105		2,679
Reserve for directors' retirement benefits	15	169	154		18
Deferred tax liabilities	516	—	(516)		12
Other	701	482	(218)		830
Total fixed assets	5,582	5,592	9	(0.2)	4,967
Total liabilities	23,185	22,325	(859)	(3.7)	21,009
(Net Assets)					
I. Shareholders' equity					
Common stock	4,482	4,482	—		4,482
Capital surplus	2,661	2,661	—		2,661
Retained earnings	5,295	5,120	(174)		5,649
Treasury stock	(373)	(629)	(256)		(376)
Total shareholders' equity	12,066	11,635	(430)	(3.6)	12,418
II. Evaluation and foreign currency translation adjustments					
Differences in evaluation of other marketable securities	2,833	1,434	(1,398)		2,333
Deferred gains or losses on hedges	—	—	—		2
Total valuation and translation adjustments	2,833	1,434	(1,398)	(49.4)	2,335
Total net assets	14,899	13,070	(1,829)	(12.3)	14,754
Total net assets and liabilities	38,085	35,396	(2,689)	(7.1)	35,763

(2) Summary of Consolidated Statements of Income for the First Three Quarters of Fiscal 2007

(In millions of yen, %)

Category	First three quarters, FY2006 (Jun. 1, 2006 to Feb. 28, 2007)	First three quarters, FY2007 (Jun. 1, 2007 to Feb. 29, 2008)	Increase (Decrease)		Reference: FY2006 (Jun. 1, 2006 to May 31, 2007)
	Amount	Amount	Amount	%	Amount
I. Net sales	23,820	25,154	1,334	5.6	36,571
II. Cost of sales	18,090	20,104	2,014	11.1	28,184
Gross profit	5,730	5,050	(679)	(11.9)	8,387
III. Selling, general and administrative expenses	4,750	4,837	87	1.8	6,458
Operating income	980	213	(767)	(78.3)	1,928
IV. Non-operating income					
Interest and dividends received	89	96	6		89
Miscellaneous income	78	40	(38)		141
Total non-operating income	168	136	(31)	(18.8)	231
V. Non-operating expenses					
Interest expenses	61	85	24		118
Miscellaneous expenses	40	132	92		74
Total non-operating expenses	101	218	116	114.7	193
Ordinary income	1,046	131	(915)	(87.4)	1,967
VI. Extraordinary income	80	6	(73)	(92.0)	80
V. Extraordinary losses	2,132	125	(2,006)	(94.1)	2,176
Net income (loss) before taxes	(1,004)	12	1,017	—	(128)
Corporate tax, local and enterprise taxes	268	267	(0)	(0.2)	705
Corporate tax adjustments, etc.	(767)	1	768	(100.1)	(682)
Net income (loss)	(505)	(256)	248	—	(151)