

January 14, 2009

Summary of Business Results for the First Half of Fiscal 2008

For the fiscal year ending May 31, 2009

Toyo Denki Seizo K.K.

Stock Code: 6505

Representative

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Scheduled date of submission of first half financial report: January 14, 2009

Scheduled date of commencement of dividend payments: Yet to be decided

Note: Figures throughout this report are rounded down to the nearest million yen unless otherwise stated.

**1. Consolidated Business Results for the First Half of Fiscal 2008
(June 1, 2008 –November 30, 2008)****1. Consolidated Operating Results**

(Percentage figures indicate the increase or (decrease) from the corresponding period of the previous fiscal year.)

	Net Sales	Operating Income	Ordinary Income	Net Loss
First half, FY2008	16,092 –	802 –	703 –	79 –
First half, FY2007	16,922 4.9%	(43) –	(154) –	(452) –

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First half, /FY2008	1.79	–
First half, FY2007	(9.98)	–

2. Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
As of November 30, 2008	34,775	12,932	37.2	290.79
As of May 31, 2008	35,371	13,729	38.8	308.51

Reference: Shareholders' Equity: As of November 30, 2008: 12,932 million yen

As of May 31, 2008: 13,729 million yen

2. Dividends

(Record Date)	Dividend per Share (Yen)				
	1Q	First Half	3Q	Full Fiscal Year	Annual
FY2007	–	0.00	–	6.00	6.00
FY2008	–				
FY2008 (Planned)					

Note: Revisions to planned dividends during the period under review: None

3. Forecasts of Consolidated Business Results for Fiscal 2008 (June 1, 2008 – May 31, 2009)

(Percentage figures indicate the increase or (decrease) from the corresponding period of the previous fiscal year.)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Full Fiscal Year	35,000 (8.2%)	1,800 29.4%	1,600 33.6%	500 (6.2%)	11.24

Note: Revisions to consolidated business results during the period under review: None

4. Other

- Transfer of major subsidiaries during the period (transfer of specified subsidiaries accompanied by changes in the scope of consolidation):

Yes Number of newly included companies: 1 (TOYO DENKI USA, INC.)

Note: Please refer to Section "4. Other (1)" in Qualitative Information, Financial Statements, and Other below, for details.

- Application of the simplified method of accounting and accounting methods specific to the preparation of quarterly consolidated financial statements:

Yes

Note: Please refer to Section "4. Other (2)" in Qualitative Information, Financial Statements, and Other below, for details.

- Changes in accounting principles, procedures, and methods of presentation relating to the preparation of quarterly consolidated financial statements (recorded under Changes in Important Items Considered Fundamental to the Preparation of Quarterly Consolidated Financial Statements):

(a) Changes in accordance with revisions to accounting standards and related practices: Yes

(b) Changes other than those in (a) above: None

Note: Please refer to Section "4. Other (3)" in Qualitative Information, Financial Statements, and Other below, for details.

- Number of shares issued and outstanding (ordinary shares)

(a) Number of shares issued and outstanding as of the end of the period (including treasury stock):

As of November 30, 2008: 46,575,000 shares

As of May 31, 2008: 46,575,000 shares

(b) Number of shares of treasury stock issued and outstanding as of the end of the period:

As of November 30, 2008: 2,099,793 shares

As of May 31, 2008: 2,072,491 shares

(c) Average number of shares issued and outstanding for the period:

First Half, FY2008: 44,490,833 shares

First Half, FY2007: 45,314,527 shares

Disclaimer concerning the proper use of business results forecasts and other relevant specific items

- Toyo Denki Seizo K.K. has applied the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard No. 12 issued by the Accounting Standards Board of Japan), and the Guidance on Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard Implementation Guidance No. 14 issued by the Accounting Standards Board of Japan) from the fiscal year ending May 31, 2009. Furthermore, the Company prepares quarterly consolidated financial statements in accordance with the Regulations on Quarterly Consolidated Financial Statements.
- The forecasts of business results presented in this document are based on management assumptions and beliefs in light of currently available information. Toyo Denki Seizo K.K. cautions readers that due to a variety of factors actual results could differ materially from forecasts.

Qualitative Information, Financial Statements, and Other

1. Qualitative Information regarding Consolidated Operating Results

Throughout the first half of fiscal 2008, the fiscal year ending May 31, 2009, the Japanese economy was confronted by increasingly harsh operating conditions. This was attributable to a variety of factors including the sub-prime loan crisis in the United States, which resulted in a sudden and dramatic downturn in the U.S. economy, and was also exacerbated by the drop in corporate sector sales, prompting a cautious approach toward capital investment.

Against this backdrop, the Toyo Denki Group worked diligently to expand its operations and enhance corporate value, guided by the Innovation 90 Plan, its medium-term management plan. The Group's performance in the first half of the fiscal year under review, the final year of the Innovation 90 Plan, was as follows.

- (a) Orders received amounted to 18,199 million yen, a decrease of 15.8% compared with the corresponding period of the previous fiscal year. This mainly reflected the substantial drop in the Industrial Systems segment.
- (b) Sales were 16,092 million yen, a decline of 4.9% year on year. Despite an increase in the Transportation Business segment, this overall decrease was attributable to significant contraction in Industrial Systems segment sales.
- (c) Notwithstanding this drop in year-on-year sales, the Toyo Denki Group recorded an upswing in its gross profit margin. As a result, operating income climbed 845 million yen compared with the corresponding period of the previous fiscal year to 802 million yen, while ordinary income improved 857 million yen to 703 million yen. Accounting for such factors as the loss on devaluation of investment securities, net income for the period under review was 79 million yen.

Results by business segment are provided as follows.

Transportation Business Segment

Orders received in this segment declined 10.1% compared with the corresponding period of the previous fiscal year to 10,704 million yen. Despite the persistent underlying strength of the domestic market, this decrease was attributable to a slowdown in orders from China following the conclusion of the Beijing Olympic Games. Buoyed by firm results in Japan, segment sales rose 5.7% year on year to 9,453 million yen.

Industrial Systems Segment

Orders received in the Industrial Systems segment amounted to 6,200 million yen. This 27.0% year-on-year decline was mainly attributable to the rapid deterioration in domestic corporate sector capital investment. While overseas segment sales remained steady, results in Japan were also impacted by the aforementioned contraction in capital investment. Mirroring the downturn in orders received, overall segment sales were 5,938 million yen, a drop of 19.2% year on year.

Information Systems Segment

Orders received edged up 4.4% compared with the corresponding period of the previous fiscal year to 1,294 million yen. This favorable result reflected positive contributions from IC card-compatible equipment relating particularly to railway station operations. Segment sales climbed 11.6% year on year to 700 million yen due to the same reasons that prompted an upswing in orders received.

Comments Concerning a Capital and Business Alliance Proposal from Nidec Corporation

On September 16, 2008, Toyo Denki received a proposal letter from Nidec Corporation (listed on the first sections of the Tokyo Stock Exchange and Osaka Securities Exchange; Securities code: 6594) proposing a comprehensive capital and business alliance. Guided by its plan for countermeasures to large-scale acquisitions of its shares, the board of directors of Toyo Denki responded to the proposal in earnest and with sincerity. Despite these endeavors, Nidec Corporation had withdrawn its proposal as of December 15, 2008.

2. Qualitative Information regarding Consolidated Financial Position

Total assets as of November 30, 2008 stood at 34,775 million yen, a decrease of 596 million yen compared with the end of the previous fiscal year. The principal movements were an increase in inventory, a decrease in notes and accounts receivable — trade, and a loss on devaluation of investment securities.

Total liabilities were 21,842 million yen at the end of the period under review. This was 200 million yen higher than May 31, 2008. This was caused by a variety of factors including a decrease in notes and accounts payable — trade and an increase in borrowings.

Total net assets stood at 12,932 million yen as of November 30, 2008, a decrease of 796 million yen compared with the previous fiscal year-end. This was primarily due to the payment of dividends.

3. Qualitative Information regarding Forecasts of Consolidated Business Results

Looking at future trends in the economic environment, the financial crisis is expected to further impact the real economy. As a result, the Toyo Denki Group is forecast to confront increasingly harsh operating conditions. In the context of the Group's overall business activities, the Industrial Systems segment in particular is anticipated to confront intense downward pressure on its operating results.

Under the aforementioned scenario, Toyo Denki has decided to revise its forecasts of consolidated business results for the fiscal year ending May 31, 2009, previously announced on July 14, 2008.

Furthermore, in accounting for the impairment of its securities holdings, the Company has adopted the quarterly reversal method. On this basis, Toyo Denki may or may not post an extraordinary loss for the fiscal year ending May 31, 2009, the amount of which, if posted, may vary depending on the market value of securities as of the last day of the fiscal year.

Revised Forecasts of Consolidated Business Results for Fiscal 2008 (June 1, 2008 – May 31, 2009)

(Millions of yen unless otherwise stated)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous Forecast (A)	40,000	2,000	1,800	900	20.22
Revised Forecast (B)	35,000	1,800	1,600	500	11.24
Net Change (B – A)	(5,000)	(200)	(200)	(400)	–
Net Change (%)	(12.5)	(10.0)	(11.1)	(44.4)	–
(Reference) Fiscal 2007	38,130	1,391	1,197	532	11.84

4. Other

- (1) Transfer of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation)

Number of consolidated subsidiary companies: Six

TOYO DENKI USA, INC. was included in the Company's scope of consolidation from the first quarter of the fiscal year ending May 31, 2009 due to its growing importance.

- (2) Application of the simplified method of accounting and accounting methods specific to the preparation of quarterly consolidated financial statements:

Application of the simplified method of accounting

(The method for calculating corporate, local and enterprise taxes, deferred tax assets and deferred tax liabilities)

In computing the amount of corporate, local, and enterprise taxes payable, the Company undertook certain

additions and subtractions in conjunction with tax deductions with regard to important items only.

In determining the collectability of deferred tax assets, the same forecasts of results as well as the tax planning method used in the previous fiscal year are applied in the event that no significant change in operating and other conditions as well as temporary differences are confirmed since the end of the previous fiscal year.

- (3) Changes in accounting principles, procedures, and methods of presentation relating to the preparation of quarterly consolidated financial statements:

Changes in accordance with revisions to accounting standards and related practices

(Application of the Accounting Standard for Quarterly Financial Reporting and related Guidance)

Effective from the the fiscal year ending May 31, 2009, Toyo Denki Seizo K.K. has applied the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard No. 12 issued by the Accounting Standards Board of Japan on March 14, 2007). The Company has also applied the Guidance on the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard Implementation Guidance No. 14 issued by the Accounting Standards Board of Japan on March 14, 2007). Furthermore, the Company prepares quarterly consolidated financial statements in accordance with the Regulations on Quarterly Consolidated Financial Statements.

(Application of the Accounting Standard for the Measurement of Inventories)

Effective from the fiscal year ending May 31, 2009, Toyo Denki Seizo K.K. has applied the Accounting Standard for the Measurement of Inventories (Financial Accounting Standard No. 9 issued by the Accounting Standards Board of Japan on July 5, 2006). Accordingly, the Company has changed the valuation basis for inventories from the previously used cost method to the cost method which writes down the book value of inventories based on the deterioration in profitability.

Compared with the previous method applied in the measurement of inventories, the application of this standard has resulted in a 32 million yen decrease in operating income, ordinary income and net income before taxes.

(Application of the Accounting Standard for Lease Transactions and related Guidance)

Effective from the fiscal year ending May 31, 2009, Toyo Denki Seizo K.K. implemented the early adoption of the Accounting Standard for lease Transactions (Financial Accounting Standard No. 13 issued by the Accounting Standards Board of Japan on June 17, 1993 and last amended on March 30, 2007) and the Guidance on the Accounting Standard for lease Transactions (Financial Accounting Standard Implementation Guidance No. 16 issued by the Accounting Standards Board of Japan on January 18, 1994 and last amended on March 30, 2007). Previously, finance lease transactions that did not transfer ownership had historically been accounted for as operating leases. As a result of the change in accounting standard, finance lease transactions that do not transfer ownership are now treated as sales and purchase transactions.

In addition, lease assets are depreciated on a straight-line basis with the lease periods as their useful lives and no residual value.

With regard to finance lease transactions that do not transfer ownership that occurred prior to the beginning of the fiscal year to which they are applied, the accounting treatment applicable to operating lease transactions will continue to apply.

Taking the aforementioned into consideration, the impact on operating income, ordinary income and net income before taxes is immaterial.

5. First Half Consolidated Financial Accounts

(1) Consolidated Balance Sheets

	(Millions of yen)	
	End of the first half FY2008 (As of November 30, 2008)	End of the previous fiscal year FY2007 (As of May 31, 2008)
(Assets)		
Current assets		
Cash and cash equivalents	2,602	2,230
Notes and accounts receivable — trade	10,317	11,968
Inventory	8,137	6,530
Other	931	1,025
Allowance for doubtful accounts	(61)	(49)
Total current assets	21,927	21,705
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,580	4,542
Accumulated depreciation	(3,283)	(3,225)
Buildings and structures (net)	1,297	1,317
Machinery and equipment	5,609	5,521
Accumulated depreciation	(4,122)	(3,990)
Machinery and equipment (net)	1,486	1,531
Land	289	289
Construction work in progress	101	124
Other	2,152	2,086
Accumulated depreciation	(1,686)	(1,632)
Other (net)	465	453
Total tangible fixed assets	3,640	3,716
Intangible fixed assets		
Software	186	131
Other	45	35
Total intangible fixed assets	232	166
Investments and other fixed assets		
Investment securities	6,690	7,754
Other	2,311	2,055
Allowance for doubtful accounts	(26)	(26)
Total investments and other fixed assets	8,974	9,782
Total fixed assets	12,847	13,665
Total assets	34,775	35,371

	End of the first half FY2008 (As of November 30, 2008)	End of the previous fiscal year FY2007 (As of May 31, 2008)
(Liabilities)		
Current liabilities		
Notes and accounts payable — trade	5,390	6,382
Short-term borrowings	6,159	4,460
Current portion of corporate bonds	80	130
Income taxes payable	363	244
Consumption and other taxes payable	99	244
Accrued expenses	3,255	3,638
Advances received	406	336
Deposits received	244	212
Reserve for employees' bonuses	840	886
Reserve for directors' bonuses	17	12
Reserve for order losses	196	127
Other	544	520
Total current liabilities	17,598	17,196
Long-term liabilities		
Corporate bonds	240	280
Long-term borrowings	505	635
Reserve for employees' retirement benefits	2,949	2,884
Reserve for directors' retirement benefits	119	182
Accrued liabilities at the time of transfer to a defined contribution pension plan	281	316
Long-term payables	147	147
Total long-term liabilities	4,243	4,445
Total liabilities	21,842	21,641
(Net assets)		
Shareholders' equity		
Common stock	4,482	4,482
Capital surplus	2,661	2,661
Retained earnings	5,638	5,910
Treasury stock	(697)	(685)
Total shareholders' equity	12,086	12,369
Evaluation and foreign currency translation adjustments		
Differences in evaluation of other marketable securities	873	1,359
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment account	(27)	—
Total evaluation and foreign currency translation adjustments	846	1,360
Total net assets	12,932	13,729
Total net assets and liabilities	34,775	35,371

(2) Consolidated Statement of Income

	(Millions of yen)
	First half, FY2008
	(June 1, 2008 to November 30, 2008)
Net sales	16,092
Cost of sales	12,081
Gross profit	4,010
Selling, general and administrative expenses	3,207
Operating income	802
Non-operating income	
Interest received	1
Dividends received	61
Miscellaneous income	29
Total non-operating income	92
Non-operating expenses	
Interest expenses	64
Loss on disposal of fixed assets	11
Loss on foreign currency exchange	97
Miscellaneous expenses	17
Total non-operating expenses	191
Ordinary income	703
Extraordinary losses	
Loss of devaluation of investment securities	265
Extraordinary expenses	46
Total extraordinary expenses	311
Net income before taxes	391
Corporate, local and enterprise taxes	333
Corporate tax adjustments, etc.	(21)
Total taxes	312
Net income	79

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First half, FY2008 (June 1, 2008 to November 30, 2008)
Cash flows from operating activities	
Net income before taxes	391
Depreciation expenses	443
Increase (decrease) in allowance for doubtful accounts	12
Increase (decrease) in reserve for employees' bonuses	(46)
Increase (decrease) in reserve for employees' retirement benefits	65
Increase (decrease) in reserve for directors' retirement benefits	(62)
Interest and dividend income	(63)
Interest expenses	64
Loss on devaluation of investment securities	265
Decrease (increase) in notes and accounts receivable — trade	1,680
Decrease (increase) in inventory	(1,605)
Increase (decrease) in notes and accounts payable — trade	(994)
Increase (decrease) in accrued liabilities at time of transfer to defined contribution pension plan	(34)
Increase (decrease) in reserve for order losses	68
Other	(268)
Subtotal	(83)
Interest and dividend income received	63
Interest paid	(68)
Payments for corporate and other taxes	(216)
Net cash used in operating activities	(304)
Cash flows from investing activities	
Funds used for the purchase of tangible fixed assets	(399)
Funds used for the purchase of investment securities	(140)
Other	(63)
Net cash used in investing activities	(603)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	1,799
Repayments of long-term borrowings	(230)
Redemption of bonds	(90)
Payment for the acquisition of treasury stock	(11)
Cash dividends paid	(268)
Net cash provided by financing activities	1,200
Effect of exchange rate changes on cash and cash equivalents	2
Increase (decrease) in cash and cash equivalents	294
Balance of cash and cash equivalents at the beginning of the period	2,230
Increase (decrease) in cash and cash equivalents due to changes in the scope of consolidation	76
Balance of cash and cash equivalents at the end of the period	2,602

Toyo Denki Seizo K.K. has applied the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard No. 12) and the Guidance on the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard Implementation Guidance No. 14) effective from the fiscal year ending May 31, 2009. Furthermore, the Company also prepares quarterly consolidated financial statements in accordance with the Regulations on Quarterly Consolidated Financial Statements.

(4) Notes on Assumptions as a Going Concern

None

(5) Notes on Dramatic Fluctuations in Shareholders' Equity

None

(6) Segment Information

(Segment information by business type)

The Toyo Denki Group is primarily engaged in the manufacture and sale of electrical equipment. Segment information by business type has been omitted because the amounts of sales and operating income of one segment account for over 90 percent of the total sales and operating income of all segments. Furthermore, there are no other segments that fall under disclosure standard requirements.

(Segment information by geographic area)

Segment information by geographic area has been omitted because the amounts of sales and operating income in Japan account for over 90 percent of the total sales and operating income of all segments.

(Overseas sales)

The first half of FY2008 (June 1, 2008 to November 30, 2008)

(Millions of yen)

	Asia	Other	Total
1. Overseas sales	2,276	428	2,705
2. Consolidated net sales	–		16,092
3. The ratio of overseas sales to consolidated net sales (%)	14.1	2.7	16.8

Notes:

1. Countries and regions are classified according to geographical proximity.
2. The countries and regions outside of Japan included in each segment are as follows:
 - (1) Asia: China, Korea, Pakistan
 - (2) Elsewhere: Europe, North America, Latin America and other areas
3. Overseas sales are sales to customers outside of Japan by the Company and its consolidated subsidiaries.

6. The Status of Production, Orders, and Sales

(1) Production

Business segment	First half, FY2008 (June 1, 2008 to November 30, 2008)		Previous fiscal year (June 1, 2007 to May 31, 2008)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Business	9,854	61.0	19,983	55.0
Industrial Systems	5,626	34.8	13,932	38.3
Information Systems	682	4.2	2,436	6.7
Total	16,163	100.0	36,352	100.0

Notes:

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.

(2) Orders

Business segment	First half, FY2008 (June 1, 2008 to November 30, 2008)		Previous fiscal year (June 1, 2007 to May 31, 2008)	
	Order amount Millions of yen	Order amount Millions of yen	Order amount Millions of yen	Order amount Millions of yen
Transportation Business	10,704	17,907	21,932	16,656
Industrial Systems	6,200	6,134	14,623	5,871
Information Systems	1,294	1,073	2,318	479
Total	18,199	25,114	38,873	23,007

Notes:

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.

(3) Sales

Business segment	First half, FY2008 (June 1, 2008 to November 30, 2008)		Previous fiscal year (June 1, 2007 to May 31, 2008)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Business	9,453	58.7	19,781	51.9
Industrial Systems	5,938	36.9	15,901	41.7
Information Systems	700	4.4	2,447	6.4
Total	16,092	100.0	38,130	100.0

Notes:

1. Amounts are exclusive of consumption and other taxes.
2. The Toyo Denki Group's quarterly business results are affected by seasonal factors. In connection with the Group's overall business segment composition, sales are generally concentrated in the fourth quarter.