

October 13, 2011

Summary of Consolidated Business Results for the First Quarter of Fiscal 2011

For the fiscal year ending May 31, 2012

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Scheduled date of submission of quarterly financial report: October 14, 2011
 Scheduled date of commencement of dividend payments: —
 Preparation of quarterly financial report supplemental explanatory materials: No
 Holding of quarterly financial results briefing: No

Note: Amounts in this report are rounded down.

1. Consolidated Business Results for the First Quarter of Fiscal 2011

(June 1, 2011 – August 31, 2011)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income (Loss)		Net Loss	
1Q FY2011	8,833	(8.6)%	7	(97.0)%	(25)	—	(225)	—
1Q FY2010	9,668	42.5%	258	—	161	—	(172)	—

Note: Comprehensive income 1Q FY2011: (289) million yen (–%) 1Q FY2010: (236) million yen (–%)

	Net Loss per Share (Yen)	Diluted Net Income per Share (Yen)
1Q FY2011	(4.68)	—
1Q FY2010	(3.91)	—

(2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of August 31, 2011	36,860	13,689	37.1%
As of May 31, 2011	36,892	14,268	38.7%

Reference: Shareholders' equity: As of August 31, 2011: 13,689 million yen
 As of May 31, 2011: 14,268 million yen

2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year- End	Annual
FY2010	—	0.00	—	6.00	6.00
FY2011	—	—	—	—	—
FY2011 (Forecast)	—	0.00	—	6.00	6.00

Note: Revisions to the most recently announced dividend forecasts: No

3. Consolidated Performance Forecast for Fiscal 2011

(June 1, 2011 – May 31, 2012)

(In millions of yen, except where noted; Percentage figures show year-on-year increase or decrease for the full fiscal year and increase or decrease compared with the corresponding period (first half) of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First Half	19,000	0.4%	700	8.9%	700	21.8%	300	52.8%	6.57
Full fiscal year	40,800	7.7%	2,600	72.9%	2,600	64.8%	1,300	91.7%	28.48

Note: Revisions to the most recently announced performance forecast: No

4. Other

- (1) Transfers of Major Subsidiaries during the Period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): No
Newly included: – Excluded: –
- (2) Application of Special Accounting Practices for the Preparation of Quarterly Consolidated Financial Statements: No
- (3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements
 - (a) Changes in accounting principles in accordance with revisions to accounting standards and related practices: No
 - (b) Changes in accounting principles other than (a) above: No
 - (c) Changes in accounting estimates: No
 - (d) Retrospective restatements: No
- (4) Shares Outstanding (Common Stock)
 - (a) Number of shares outstanding as of the end of the period (including treasury stock):
August 31, 2011: 48,675,000 shares May 31, 2011: 48,675,000 shares
 - (b) Number of shares of treasury stock as of the end of the period:
August 31, 2011: 454,621 shares May 31, 2011: 452,701 shares
 - (c) Average number of shares for the period (fiscal year-to-date):
1Q FY2011: 48,221,489 shares 1Q FY2010: 44,027,757 shares

Statement regarding the Implementation Status of Quarterly Review Procedures

This quarterly financial report is not subject to quarterly review procedures as prescribed under the Financial Instruments and Exchange Act. As of the date of quarterly financial report disclosure, however, a report on the review of this quarterly financial report has been received.

Disclaimer concerning the Proper Use of Performance Forecast and Other Relevant Specific Items

The consolidated performance forecast presented in this document is based on management's 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 may differ materially from this forecast. For matters relating to this performance forecast please refer to "Qualitative Information regarding Consolidated Performance Forecast" in Accompanying Materials on page 2.

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1. Qualitative Information regarding Quarterly Consolidated Financial Report

(1) Qualitative Information regarding Consolidated Business Results

During the first quarter (June 1, 2011 to August 31, 2011) of fiscal 2011, the fiscal year ending May 31, 2012, the Japanese economy was again unable to cast off the uncertainty surrounding the future. Despite the rallying trend due mainly to the quick recovery in the supply chain and other factors following the Great East Japan Earthquake, this uncertainty was largely attributable to restrictions in the supply of electric power, the slowdown in overseas economies, particularly in the U.S. and Europe, and ongoing appreciation in the value of the yen.

Under these circumstances, the Toyo Denki Group has been working in unison to expand businesses and improve corporate value under the “Challenge Up Plan,” the Group’s three-year medium-term management plan that was launched in June 2009.

The Toyo Denki Group’s performance in the first quarter of fiscal 2011, the final fiscal year of the medium-term management plan, was as follows.

Order received contracted 5.6% compared with the corresponding period of the previous fiscal year to 8,548 million yen. Despite an upswing in order received for the period in the Information Systems segment, this overall result reflected the decrease in order received in each of the Transportation Systems and Industrial Systems segments.

Net sales contracted 8.6% year on year to 8,833 million yen. Despite an increase in the Industrial Systems segment, this overall result reflected the decrease in each of the Transportation Systems and Information Systems segments.

From a profit perspective, operating income contracted 97.0% compared with the corresponding period of the previous fiscal year to 7 million yen. This was mainly attributable to the decrease in net sales. Due to a variety of factors including the posting of a loss on foreign currency exchange totaling 81 million yen as a result of further appreciation in the value of the yen, Toyo Denki incurred an ordinary loss of 25 million yen. This represented a negative year-on-year turnaround of 186 million yen. Accounting for these and other factors, the Company reported a net loss of 225 million yen for the period under review.

Looking at the overall nature and structure of the Group’s business activities, sales are generally concentrated in the fourth quarter of each fiscal year. As a result, consolidated operating results are impacted by seasonal factors.

Information by business segment is presented as follows.

(a) Transportation Systems

Orders received increase in Japan while decreasing outside Japan. In overall terms, orders received contracted 2.6% compared with the corresponding period of the previous fiscal year to 5,854 million yen. Net sales in this segment contracted 14.2% year on year to 6,010 million yen. The increase in overseas sales was insufficient to offset the substantial decrease in net sales in Japan. Segment income totaled 582 million yen.

(b) Industrial Systems

Orders received contracted 20.2% compared with the corresponding period of the previous fiscal year to 2,365 million yen owing mainly to the slump in the Japanese economy. Net sales, on the other hand, increased 8.8% year on year to 2,719 million yen. In the period under review, Toyo Denki recorded a loss of 109 million yen in this segment.

(c) Information Systems

Order received in the Information Systems segment increased 289.2% compared with the corresponding period of the previous fiscal year to 327 million yen. This was largely attributable to the upswing in order for IC card-compatible equipment relating particularly to railway station operations. Net sales in this segment, however, contracted 36.5% year on year to 100 million yen due mainly to the absence of large-scale projects. In the first quarter of fiscal 2011, this segment incurred a loss of 29 million.

Note: Net sales data by business segment represents sales to external customers and is exclusive of intersegment sales and transfers.

(2) Qualitative Information regarding Consolidated Financial Position

Total assets as of August 31, 2011 stood at 36,860 million yen, a decrease of 32 million yen compared with the end of the previous fiscal year. Despite an increase in notes and accounts receivable — trade of 1,040 million yen, this decrease was largely attributable to the drop in cash and cash equivalents of 734 million yen and the decline in inventories of 164 million yen.

Total liabilities amounted to 23,171 million yen, an increase of 547 million yen compared with the previous fiscal year-end. While reserve for employees’ bonuses, income taxes payable and notes and accounts payable — trade contracted 457 million yen, 372 million yen and 368 million yen, respectively, short-term borrowings increased 2,299 million yen.

Net assets stood at 13,689 million yen, 579 million yen lower than the balance as of the previous fiscal year-end. Major movements were a 515 million yen decrease in retained earnings and a 70 million yen decrease in differences in evaluation of other marketable securities.

(3) Qualitative Information regarding Consolidated Performance Forecast

There are no changes to the Company’s consolidated performance forecast previously announced on July 12, 2011.

2. Items regarding Summary Information (Other)

(1) Transfer of Major Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Practices for the Preparation of Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	End of Fiscal 2010 (May 31, 2011)	End of the First Quarter of Fiscal 2011 (August 31, 2011)
Assets		
Current assets		
Cash and cash equivalents	2,410	1,675
Notes and accounts receivable — trade	10,332	11,372
Products and finished goods	2,565	2,672
Work in process	3,389	3,337
Raw materials and stored goods	2,224	2,004
Other	740	676
Allowance for doubtful accounts	(40)	(28)
Total current assets	21,621	21,710
Fixed assets		
Tangible fixed assets		
Buildings and structures	6,295	6,249
Accumulated depreciation	(3,710)	(3,724)
Buildings and structures (net)	2,584	2,524
Machinery and equipment	6,291	6,348
Accumulated depreciation	(4,933)	(5,053)
Machinery and equipment (net)	1,357	1,295
Land	289	289
Construction work in progress	48	52
Other	2,429	2,608
Accumulated depreciation	(2,033)	(2,081)
Other (net)	395	527
Total tangible fixed assets	4,675	4,690
Intangible fixed assets		
Software	209	275
Other	179	54
Total intangible fixed assets	389	330
Investments and other fixed assets		
Investment securities	7,618	7,530
Other	2,603	2,615
Allowance for doubtful accounts	(16)	(16)
Total investments and other fixed assets	10,204	10,128
Total fixed assets	15,270	15,149
Total assets	36,892	36,860

(Millions of yen)

	End of Fiscal 2010 (May 31, 2011)	End of the First Quarter of Fiscal 2011 (August 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable — trade	5,683	5,315
Short-term borrowings	4,420	6,719
Current portion of corporate bonds	200	200
Income taxes payable	463	90
Consumption and other taxes payable	117	27
Accrued expenses	3,859	3,592
Advances received	677	598
Deposits received	210	281
Reserve for employees' bonuses	933	476
Reserve for directors' bonuses	42	11
Reserve for order losses	148	185
Allowance for environmental development	89	—
Other	273	434
Total current liabilities	17,119	17,932
Long-term liabilities		
Corporate bonds	280	280
Long-term borrowings	1,635	1,470
Reserve for employees' retirement benefits	3,208	3,153
Allowance for environmental development	43	43
Long-term payables	301	255
Other	36	36
Total long-term liabilities	5,504	5,238
Total liabilities	22,623	23,171
Net assets		
Shareholders' equity		
Common stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	6,226	5,710
Treasury stock	(160)	(161)
Total shareholders' equity	14,241	13,725
Evaluation and foreign currency translation adjustments		
Differences in evaluation of other marketable securities	124	54
Deferred gains or losses on hedges	(97)	(90)
Total evaluation and foreign currency translation adjustments	27	(36)
Total net assets	14,268	13,689
Total net assets and liabilities	36,892	36,860

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income for the First Quarter of Fiscal 2011

(Millions of yen)

	1Q FY2010 (June 1, 2010 to August 31, 2010)	1Q FY2011 (June 1, 2011 to August 31, 2011)
Net sales	9,668	8,833
Cost of sales	7,713	7,111
Gross profit	1,954	1,722
Selling, general and administrative expenses	1,696	1,714
Operating income	258	7
Non-operating income		
Interest received	0	0
Dividends received	56	66
Equity in earnings of equity-method investments	13	3
Miscellaneous income	10	15
Total non-operating income	81	85
Non-operating expenses		
Interest expenses	35	32
Loss on disposal of fixed assets	0	1
Loss on foreign currency exchange	139	81
Miscellaneous expenses	3	3
Total non-operating expenses	177	119
Ordinary income (loss)	161	(25)
Extraordinary loss		
Loss on devaluation of investment securities	94	-
Impact of adopting the Accounting Standard for Asset Retirement Obligations	38	-
Loss on disasters	-	3
Total extraordinary loss	132	3
Net income (loss) before taxes	28	(28)
Corporate, local and enterprise taxes	24	13
Corporate tax adjustments, etc.	176	183
Total taxes	200	196
Loss before minority interests	(172)	(225)
Net loss	(172)	(225)

Consolidated Statements of Comprehensive Income for the First Quarter of Fiscal 2011

(Millions of yen)

	1Q FY2010 (June 1, 2010 to August 31, 2010)	1Q FY2011 (June 1, 2011 to August 31, 2011)
Loss before minority interests	(172)	(225)
Other comprehensive income		
Differences in evaluation of other marketable securities	(48)	(70)
Deferred gains or losses on hedges	(11)	(4)
Share of other comprehensive income of affiliates to which the equity method is applied	(4)	11
Total other comprehensive income	(64)	(63)
Comprehensive income	(236)	(289)
Breakdown		
Comprehensive income attributable to owners of the parent	(236)	(289)
Comprehensive income attributable to minority interests	-	-

(3) Notes on Going Concern Assumptions

Not applicable.

(4) Segment Information

(a) The First Quarter of Fiscal 2010 (June 1, 2010 to August 31, 2010)
Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Others ¹	Total	Adjustment Amount ²	Amount Recorded on Quarterly Consolidated Statement of Income ³
	Transportation Systems	Industrial Systems	Information Systems				
Net sales							
Sales to external customers	7,008	2,499	157	1	9,668	-	9,668
Intersegment sales and transfers	4	0	-	211	215	(215)	-
Total	7,012	2,500	157	212	9,883	(215)	9,668
Segment income (loss)	706	10	(37)	14	693	(435)	258

Notes:

- The "Others" segment includes operations not included in reporting segments such as core corporate system administration and the dispatch of temporary staff.
- The segment income (loss) adjustment amount is a loss of 435 million yen. This is comprised of an elimination of intersegment sales and transfer amount of 0 million yen and corporate expenditure (a loss of 436 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative as well as research and development expenses that are not allocated to each reporting segment.
- Segment income (loss) has been adjusted with operating income recorded under the quarterly consolidated statement of income.

(b) The First Quarter of Fiscal 2011 (June 1, 2011 to August 31, 2011)
Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Others ¹	Total	Adjustment Amount ²	Amount Recorded on Quarterly Consolidated Statement of Income ³
	Transportation Systems	Industrial Systems	Information Systems				
Net sales							
Sales to external customers	6,010	2,719	100	3	8,833	-	8,833
Intersegment sales and transfers	2	0	-	189	191	(191)	-
Total	6,012	2,719	100	192	9,025	(191)	8,833
Segment income (loss)	582	(109)	(29)	8	451	(444)	7

Notes:

- The "Others" segment includes operations not included in reporting segments such as core corporate system administration and the dispatch of temporary staff.
- The segment income (loss) adjustment amount is a loss of 444 million yen. This is comprised of an elimination of intersegment sales and transfer amount of 2 million yen and corporate expenditure (a loss of 441 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative as well as research and development expenses that are not allocated to each reporting segment.
- Segment income (loss) has been adjusted with operating income recorded under the quarterly consolidated statement of income.

(5) Notes on Significant Fluctuations in Shareholders' Equity

Not applicable.

4. Supporting Materials

(1) The Status of Production, Orders, and Sales

(a) Production Performance

Business segment	1Q FY2010 (June 1, 2010 to August 31, 2010)		1Q FY2011 (June 1, 2011 to August 31, 2011)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	7,006	74.9	6,017	70.4
Industrial Systems	2,234	23.9	2,452	28.7
Information Systems	117	1.2	78	0.9
Other	–	–	–	–
Total	9,358	100.0	8,548	100.0

Notes:

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

(b) Status of Orders Received

Business segment	1Q FY2010 (June 1, 2010 to August 31, 2010)		1Q FY2011 (June 1, 2011 to August 31, 2011)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	6,008	23,825	5,854	20,769
Industrial Systems	2,964	4,238	2,365	4,313
Information Systems	84	96	327	368
Other	–	–	–	–
Total	9,057	28,160	8,548	25,451

Notes:

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

(c) Sales Performance

Business segment	1Q FY2010 (June 1, 2010 to August 31, 2010)		1Q FY2011 (June 1, 2011 to August 31, 2011)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	7,008	72.5	6,010	68.0
Industrial Systems	2,499	25.9	2,719	30.8
Information Systems	157	1.6	100	1.1
Other	1	0.0	3	0.0
Total	9,668	100.0	8,833	100.0

Notes:

1. Amounts are exclusive of consumption and other taxes.
2. Looking at the overall nature and structure of the Group business activities, sales are generally concentrated in the fourth quarter of each fiscal year. As a result, consolidated operating results are impacted by seasonal factors.

Acknowledgement: This is a translation of the Japanese original of the Summary of Consolidated Business Results for the First Quarter of Fiscal 2011 issued by Toyo Denki Seizo K.K. on October 13, 2011.