

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

For the fiscal year ending May 31, 2012

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Scheduled date of submission of quarterly financial report: January 13, 2012
 Scheduled date of commencement of dividend payments: —
 Preparation of quarterly financial report supplemental explanatory materials: Yes
 Holding of quarterly financial results briefing: Yes (Analysts)

Note: Amounts in this report are rounded down.

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

(June 1, 2011 – November 30, 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		Net Income	
First half, FY2011	18,830	(0.5)%	515	(19.8)%	525	(8.6)%	303	54.5%
First half, FY2010	18,918	26.8%	642	—	574	—	196	—

Note: Comprehensive income 1H FY2011: 349 million yen (–%) 1H FY2010: 2 million yen (–%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First half, FY2011	6.29	—
First half, FY2010	4.43	—

(2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of November 30, 2011	39,156	14,327	36.6
As of May 31, 2011	36,892	14,268	38.7

Reference: Shareholders' equity As of November 30, 2011: 14,327 million yen
 As of May 31, 2011: 14,268 million yen

2. Dividend Information

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Full fiscal year	40,000	5.6%	1,800	19.7%	1,800	14.1%	750	10.6%	16.43

Note: Revisions to the most recently announced dividend forecasts: Yes

The aforementioned performance forecasts represent a revision of the performance forecast data for the full fiscal year ending May 31, 2012 previously announced on July 12, 2011. Please refer to the press release "Toyo Denki Seizo Announces Details regarding Performance Forecasts for FY2011" issued today for details.

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):
November 30, 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:
November 30, 2011: 455,640 shares May 31, 2011: 452,701 shares
 - (c) Average number of shares for the period (fiscal year-to-date):
First half, FY2011: 48,220,740 shares First half, FY2010: 44,327,195 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 Business Results Forecasts and Other Relevant Specific Items

The forecasts of business results presented in this document are 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 forecasts. For matters relating to performance forecasts please refer to "Qualitative Information regarding Consolidated Performance Forecast" in Accompanying Materials on page 3.

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1. Qualitative Information regarding Quarterly Consolidated Financial Report

(1) Qualitative Information regarding Consolidated Business Results

During the first half (June 1, 2011 to November 30, 2011) of fiscal 2011, the fiscal year ending May 31, 2012, conditions throughout the Japanese economy were unpredictable. Despite a steady recovery due to such factors as the quick restoration of the supply chain following the Great East Japan Earthquake, this need for caution was largely attributable to the growing sense of stagnation resulting from a slowdown in overseas economic activity particularly in Europe and the United States and the impact of a persistently strong yen.

Under these circumstances, the Toyo Denki Group has been working in unison to expand business and improve corporate value in the final year of its “Challenge Up Plan,” the Group’s medium-term management plan that was launched in June 2009. The Toyo Denki Group’s performance in the first half of fiscal 2011 was as follows.

Orders received increased 3.2% compared with the corresponding period of the previous fiscal year to 16,884 million yen. Despite a decrease for the period in the Transportation Systems segment, this overall result reflected the upswing in each of the Industrial Systems and Information Systems segments.

Net sales contracted 0.5% year on year to 18,830 million yen. While net sales in the Industrial Systems segment increased, this overall result reflected the decrease in net sales in the Transportation Systems segment.

From a profit perspective, operating income fell 19.8% compared with the corresponding period of the previous fiscal year to 515 million yen due mainly to the decline in net sales and the deterioration in profitability. Ordinary income also fell 8.6% year on year to 525 million yen. In contrast, net income surged 54.5% compared with the corresponding period of the previous fiscal year to 303 million yen owing to a variety of factors including the decrease in loss on devaluation of investment securities.

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 continued to increase in Japan while decreasing overseas. In overall terms, orders received contracted 13.7% compared with the corresponding period of the previous year to 8,786 million yen. Trends in net sales were the exact opposite of orders received, increasing overseas while decreasing in Japan. Notwithstanding these trends, net sales declined 8.6% year on year to 12,033 million yen. For the period under review, segment income amounted to 1,377 million yen.

(b) Industrial Systems

Orders received climbed 20.7% compared with the corresponding period of the previous fiscal year to 6,574 million yen on the back of growth in capital investment activity both in Japan and overseas. Net sales also improved 19.1% year on year to 6,326 million yen for the same reason. On the earnings front, Toyo Denki reported segment income of 52 million yen.

(c) Information Systems

Orders received in the Information Systems segment jumped 107.9% compared with the corresponding period of the previous fiscal year to 1,518 million yen, reflecting a significant increase in orders for IC card-compatible equipment relating particularly to railway station operations. Net sales in this segment increased 6.2% year on year to 465 million yen. In the first half of fiscal 2011, this segment recorded income of 39 million yen.

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 November 30, 2011 stood at 39,156 million yen, an increase of 2,264 million yen compared with the end of the previous fiscal year. Despite decreases in cash and cash equivalents of 581 million yen and inventories of 597 million yen, this increase was largely attributable to the upswing in notes and accounts receivable — trade of 2,456 million yen.

Total liabilities amounted to 24,829 million yen, an increase of 2,205 million yen compared with the previous fiscal year-end. While notes and accounts payable — trade, long-term borrowings and accrued expenses contracted 849 million yen, 370 million yen and 301 million yen, respectively, short-term borrowings climbed 4,599 million yen.

Net assets stood at 14,327 million yen, 58 million yen higher than the balance as of May 31, 2011. Major movements were a decrease in deferred gains or losses on hedges of 7 million yen and increases in differences in evaluation of other marketable securities and retained earnings of 53 million yen and 13 million yen, respectively.

(3) Qualitative Information regarding Consolidated Performance Forecast

The consolidated performance forecast for the full fiscal year ending May 31, 2012, has been revised. Please refer to the press release “Toyo Denki Seizo Announces Details regarding Performance Forecasts for FY2011” issued today for details.

2. Items regarding Summary Information (Other Matters)

(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 Half of Fiscal 2011 (November 30, 2011)
Assets		
Current assets		
Cash and cash equivalents	2,410	1,829
Notes and accounts receivable — trade	10,332	12,789
Products and finished goods	2,565	2,478
Work in process	3,389	3,291
Raw materials and stored goods	2,224	1,810
Other	740	759
Allowance for doubtful accounts	(40)	(28)
Total current assets	21,621	22,930
Fixed assets		
Tangible fixed assets		
Buildings and structures	6,295	6,261
Accumulated depreciation	(3,710)	(3,784)
Buildings and structures (net)	2,584	2,477
Machinery and equipment	6,291	6,176
Accumulated depreciation	(4,933)	(4,942)
Machinery and equipment (net)	1,357	1,234
Land	289	289
Construction work in progress	48	247
Other	2,429	2,661
Accumulated depreciation	(2,033)	(2,128)
Other (net)	395	533
Total tangible fixed assets	4,675	4,781
Intangible fixed assets		
Software	209	268
Other	179	59
Total intangible fixed assets	389	328
Investments and other fixed assets		
Investment securities	7,618	8,634
Other	2,603	2,498
Allowance for doubtful accounts	(16)	(16)
Total investments and other fixed assets	10,204	11,116
Total fixed assets	15,270	16,226
Total assets	36,892	39,156

(Millions of yen)

	End of Fiscal 2010 (May 31, 2011)	End of the First Half of Fiscal 2011 (November 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable — trade	5,683	4,834
Short-term borrowings	4,420	9,019
Current portion of corporate bonds	200	200
Income taxes payable	463	204
Consumption and other taxes payable	117	4
Accrued expenses	3,859	3,557
Advances received	677	480
Deposits received	210	212
Reserve for employees' bonuses	933	911
Reserve for directors' bonuses	42	22
Reserve for order losses	148	165
Allowance for environmental development	89	-
Other	273	305
Total current liabilities	17,119	19,919
Long-term liabilities		
Corporate bonds	280	180
Long-term borrowings	1,635	1,265
Reserve for employees' retirement benefits	3,208	3,130
Allowance for environmental development	43	43
Long-term payables	301	253
Other	36	36
Total long-term liabilities	5,504	4,909
Total liabilities	22,623	24,829
Net assets		
Shareholders' equity		
Common stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	6,226	6,240
Treasury stock	(160)	(161)
Total shareholders' equity	14,241	14,254
Accumulated other comprehensive income		
Differences in evaluation of other marketable securities	124	178
Deferred gains or losses on hedges	(97)	(105)
Total accumulated other comprehensive income	27	73
Total net assets	14,268	14,327
Total net assets and liabilities	36,892	39,156

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income for the First Half of Fiscal 2011

	(Millions of yen)	
	1H FY2010 (June 1, 2010 to November 30, 2010)	1H FY2011 (June 1, 2011 to November 30, 2011)
Net sales	18,918	18,830
Cost of sales	14,679	14,703
Gross profit	4,239	4,126
Selling, general and administrative expenses	3,597	3,611
Operating income	642	515
Non-operating income		
Interest received	0	0
Dividends received	62	68
Equity in earnings of equity-method investments	36	10
Life insurance dividend income	36	45
Miscellaneous income	17	13
Total non-operating income	154	138
Non-operating expenses		
Interest expenses	69	72
Loss on disposal of fixed assets	6	3
Loss on foreign currency exchange	140	40
Miscellaneous expenses	5	11
Total non-operating expenses	221	128
Ordinary income	574	525
Extraordinary loss		
Loss on devaluation of investment securities	94	21
Impact of adopting the Accounting Standard for Asset Retirement Obligations	38	-
Loss on devaluation of golf club memberships	5	-
Loss on disasters	-	7
Total extraordinary loss	139	28
Net income before taxes	435	496
Corporate, local and enterprise taxes	223	116
Corporate tax adjustments, etc.	15	77
Total taxes	239	193
Income before minority interests	196	303
Net income	196	303

Consolidated Statements of Comprehensive Income

(Millions of yen)

	1H FY2010 (June 1, 2010 to November 30, 2010)	1H FY2011 (June 1, 2011 to November 30, 2011)
Income before minority interests	196	303
Other comprehensive income		
Differences in evaluation of other marketable securities	(153)	53
Deferred gains or losses on hedges	(21)	(12)
Share of other comprehensive income of affiliates to which the equity method is applied	(17)	4
Total other comprehensive income	(193)	46
Comprehensive income	2	349
Breakdown		
Comprehensive income attributable to owners of the parent	2	349
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	1H FY2010 (June 1, 2010 to November 30, 2010)	1H FY2011 (June 1, 2011 to November 30, 2011)
Cash flows from operating activities		
Net income before taxes	435	496
Depreciation expenses	551	532
Increase (decrease) in allowance for doubtful accounts	(1)	(12)
Increase (decrease) in reserve for employees' bonuses	42	(22)
Increase (decrease) in reserve for employees' retirement benefits	116	(77)
Increase (decrease) in reserve for directors' retirement benefits	(163)	–
Interest and dividend income	(62)	(68)
Interest expenses	69	72
Loss (gain) on devaluation of investment securities	94	21
Decrease (increase) in notes and accounts receivable — trade	(1,243)	(2,465)
Decrease (increase) in inventory	(204)	597
Increase (decrease) in notes and accounts payable — trade	706	(839)
Increase (decrease) in reserve for order losses	(118)	16
Increase (decrease) in advances received	66	(194)
Increase (decrease) in accrued expenses	784	(301)
Increase (decrease) in allowance for environmental development	–	(89)
Other	430	(189)
Subtotal	1,504	(2,521)
Interest and dividend income received	62	86
Interest paid	(72)	(75)
Payments for corporate and other taxes	(260)	(360)
Net cash provided by (used in) operating activities	1,234	(2,870)
Cash flows from investing activities		
Funds used for the purchase of tangible fixed assets	(639)	(523)
Funds used for the purchase of investment securities	(360)	(910)
Other	(35)	(98)
Net cash used in investing activities	(1,036)	(1,533)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	4,599
Repayments of long-term borrowings	(340)	(370)
Redemption of bonds	(100)	(100)
Proceeds from sale of treasury stock	714	–
Payment for the acquisition of treasury stock	(0)	(1)
Cash dividends paid	(265)	(291)
Net cash provided by financing activities	7	3,837
Effect of exchange rate changes on cash and cash equivalents	(31)	(15)
Increase (decrease) in cash and cash equivalents	174	(581)
Balance of cash and cash equivalents at the beginning of the period	2,456	2,410
Balance of cash and cash equivalents at the end of the period	2,630	1,829

(4) Notes on Going Concern Assumptions

Not applicable.

(5) Segment Information

I. The First Half of Fiscal 2010 (June 1, 2010 to November 30, 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	13,166	5,310	438	2	18,918	-	18,918
Intersegment sales and transfers	6	0	-	412	419	(419)	-
Total	13,173	5,311	438	415	19,338	(419)	18,918
Segment income (loss)	1,492	58	(0)	29	1,580	(937)	642

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 937 million yen. This is comprised of an elimination of intersegment sales and transfer amount of 0 million yen and corporate expenditure (a loss of 937 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.

II. The First Half of Fiscal 2011 (June 1, 2011 to November 30, 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	12,033	6,326	465	5	18,830	-	18,830
Intersegment sales and transfers	13	0	-	436	451	(451)	-
Total	12,046	6,327	465	441	19,281	(451)	18,830
Segment income (loss)	1,377	52	39	25	1,494	(979)	515

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 adjustment amount is a loss of 979 million yen. This is comprised of an elimination of intersegment sales and transfer amount of 2 million yen and corporate expenditure (a loss of 977 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.

(6) Notes on Significant Fluctuations in Shareholders' Equity

Not applicable.

(7) Important Subsequent Events

Following the promulgation on December 2, 2011 of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating a Taxation System That Responds to Changes in Economic and Social Structures” (Act No. 114 of 2011) and the “Act on Special Measures for Securing the Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117 of 2011), corporation tax rates shall be amended from the fiscal years beginning on or after April 1, 2012.

In line with these amendments, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will be amended from 40.7% to 38.0% for temporary differences expected to be eliminated from the fiscal years beginning on or after June 1, 2012. In addition, the effective statutory tax rate used to measure deferred tax assets and deferred tax liabilities will be amended from 40.7% to 35.6% for temporary differences expected to be eliminated from the fiscal years beginning on or after June 1, 2015.

As a result of these amendments, if re-measured based on the temporary differences as of November 30, 2011, deferred tax assets in current assets, deferred tax assets in fixed assets and deferred tax liabilities in long-term liabilities will each decline by 2 million yen, 105 million yen and 0 million yen, respectively, while differences in evaluation of other marketable securities and corporate tax adjustments, etc. (book debit) will each increase by 21 million yen and 128 million yen, respectively.

4. Supporting Materials

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

(a) Production Performance

Business segment	1H FY2010 (June 1, 2010 to November 30, 2010)		1H FY2011 (June 1, 2011 to November 30, 2011)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	13,228	73.0	11,853	66.5
Industrial Systems	4,482	24.7	5,735	32.2
Information Systems	408	2.3	222	1.3
Other	—	—	—	—
Total	18,119	100.0	17,812	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	1H FY2010 (June 1, 2010 to November 30, 2010)		1H FY2011 (June 1, 2011 to November 30, 2011)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	10,176	21,835	8,786	17,522
Industrial Systems	5,445	3,908	6,574	4,561
Information Systems	730	462	1,518	1,422
Other	—	—	5	—
Total	16,353	26,207	16,884	23,505

Notes:

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

(c) Sales Performance

Business segment	1H FY2010 (June 1, 2010 to November 30, 2010)		1H FY2011 (June 1, 2011 to November 30, 2011)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	13,166	69.6	12,033	63.9
Industrial Systems	5,310	28.1	6,326	33.6
Information Systems	438	2.3	465	2.5
Other	2	0.0	5	0.0
Total	18,918	100.0	18,830	100.0

Notes:

- 1 Amounts are exclusive of consumption and other taxes.
- 2 Looking at the overall nature of the Group's business activities, sales are generally concentrated in the fourth quarter of each fiscal year. As a result, quarterly 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 Half of Fiscal 2011 issued by Toyo Denki Seizo K.K. on January 12, 2012.