Please tell us about the business conditions and results for fiscal 2012.

Orders received increased for the first time in three fiscal terms due to growth in the Transportation Systems segment. Although revenue and profits decreased, we achieved improvement of profits in the Industrial Systems segment.

In fiscal 2012, the fiscal year ending May 31, 2013, first of all, starting with the status of orders received, orders received in the Industrial Systems segment decreased due to customer companies’ careful stance towards investment and intensifying competition. Orders received in the Information Equipment Systems segment also decreased due to market saturation of the ticket issuing handy terminals that were a breakthrough in the previous fiscal year. However, in the Transportation Systems segment, orders received was favorable with a 19.6% increase compared to the previous fiscal year. As a result, orders received by the Company overall increased 3.9% compared to the previous fiscal year, the first time in two years we have achieved an increase in three fiscal terms. In the Transportation Systems segment, basic needs of the TOYO DENKI SEIZO K.K.’s important customers for railway investment and a large increase in the number of orders received.

From a sales perspective, due to a sharp decline in Chinese projects, in the Transportation Systems segment, net sales decreased by 27.8% compared to the previous fiscal year and results in the Industrial Systems and the Information Equipment Systems segments also fell from the previous fiscal year.

From a profits perspective, although the Transportation Systems segment faced a large, unavoidable decrease in profits, in the Industrial Systems segment an increase in testing equipment for automobile development and a price decline in rare earth raw materials (neodymium magnets) used in motors have led to improved profits. However, in the Information Equipment Systems segment, declining profit margin has expanded due to increased burden from development expenses of the next-generation multi-functional issuing machine which will be launched in the future.

In addition, foreign exchange gains emerged from the progression of the yen depreciation since the second half of fiscal 2012, and the ticket issuing handy terminals, issued as non-operating income, the decrease in profits has lessened in ordinary income and net income.

Please explain how you have addressed efforts to achieve the medium-term management plan goals and the outlook for the current fiscal term (the fiscal year ending May 31, 2014).

We are continuing to further expand overseas development while expanding profits. In the current fiscal term, all three business segments are expected to see increased revenue and profits.

*Dash 2015*”, our three-year medium-term management plan which started in fiscal 2012, aims for net sales of 360 billion yen in fiscal 2014 (the fiscal year ending May 31, 2015), an overseas net sales ratio of no less than 50% (36.0 billion yen), an operating income of 3.6 billion yen (operating income ratio of 10.0% of overseas net sales), and a net income of 1.8 billion yen and an ROI of 8% or higher.

In an environment where it is hoped what we call “Alchemists” effect will bring economic recovery, to realize these goals, the Company is striving to further promote overseas development as well as domestically in the Transportation Systems and Industrial Systems segments.

In the current fiscal term, the demand for renewables in the domestic railway market shifted to overseas, and overseas, in addition to start of the shipment of automated ticketing system for LRV in North America, we have diversified into the replacement of the existing LRV of the Ministry of transportation and security of the Chinese market. Therefore, we expect successful expansion of sales in the Transportation Systems segment. In sales activities overseas, while China and North America continue to be our most important targets, we are also entering into the Indian and Southeast Asian markets mainly from TOYO DENKI SEIZO K.K., DELHI LIAISON OFFICE in India established in August 2012. To ensure continued sales growth, we plan overseas sales ratio of no less than 50%. In China, sales have been solicited in the transportation equipment for the LRV (Light Rail Vehicle) in North America have contributed to the increase in the number of orders received.

In the Industrial Systems segment, we are promoting the development of new products by sharing the know-how of the transport equipment business, and we are also promoting the development of new products in the transportation equipment business, and we are also promoting the development of new products in the transportation equipment business. In the total terms of the fiscal year ending May 31, 2014, we have achieved improvement of profits in the Industrial Systems segment.

We also kindly ask for the continued support and understanding of all shareholders.

**Career summary of the new President**

**Name**  Kenzo Terashima
**Birth place**  Kyoto, Japan
**Date of Birth**  August 18, 1948
**Education**  Ritsumeikan University
**Major positions**
- **April 2009**  Senior Managing Director; General Manager of Transportation Systems Business Unit
- **June 2002**  Director, General Manager of Sales Unit
- **August 2001**  General Manager of Overseas Sales Department, Transportation System Business Unit
- **July 2001**  General Manager of overseas Sales Department, Transportation System Business Unit
- **August 1997**  Director, General Manager of Sales Unit
- **August 1994**  Managing Director, General Manager of Transportation Business Unit
- **August 1990**  Managing Director, General Manager of Transportation Business Unit
- **March 1972**  Graduate from the College of Science and Engineering, Ritsumeikan University

**Removable Work**
- **August 2013**  Representative Director, Executive Vice President
- **August 2012**  Member of the Board of Directors, Representative Director
- **August 2010**  Director, General Manager of Overseas Sales Department

**Interests**
- Increase sensitivity, analyze logically and decide
- Travelling abroad, reading

**Memorable Work**
- **November 1972**  Graduate from the College of Science and Engineering, Ritsumeikan University
- **July 1972**  General Manager of overseas Sales Department, Transportation System Business Unit

**Top Interview** An Interview with the President

**President Kenzo Terashima**

**Chairman Hiroshi Tsuchida**

**August 2013**

**Memorable Work**
- **November 1972**  Graduate from the College of Science and Engineering, Ritsumeikan University
- **July 1972**  General Manager of overseas Sales Department, Transportation System Business Unit

**Interests**
- Increase sensitivity, analyze logically and decide
- Travelling abroad, reading
Results of the Questionnaire to Shareholders

The Company attached a questionnaire to the 152nd Business Report for the Second Quarter “To the Shareholders” published in early February 2013. From this we gathered valuable opinions from our shareholders. Here the questionnaire results are presented in a simple format. These replies and opinions will be used as a reference in our future corporate management and Investor Relations (IR) activities. We are deeply grateful for your cooperation.

Q1. What was most important when you bought shares of the Company? (Choose one response only)

- Name recognition and trust 61.8%
- Share price and technical index 21.4%
- Financial standing and financial health 9.3%
- Recommendations from brokers or information magazines, etc. 5.3%
- Other 3.0%

Q2. What will be important when considering buying more shares in the Company? (Choose one appropriate response)

- Rise in profitability 46.3%
- Dividend increase 29.7%
- Will not buy more shares 18.4%
- New product development 7.8%
- Recommendations from brokers or information magazines, etc. 11.9%

Q3. Please tell us about your future plans for your shares of the Company. (Choose one response only)

- Other 4.2%
- Already sold 1.0%
- Sell if there is a loss 4.3%
- Hold if there is a profit margin 29.3%
- Continue to hold the shares 64.3%

Q4. Please give a reason for your response to Question 3. (Choose one response only)

- Other 3.5%
- Other 2.0%
- I have no expectation for the Company’s future profit or growth 19.9%
- I am a fan of the Company 9.4%
- I have consulted a broker 22.5%
- I have no reason to buy more 29.7%
- I have expectations for the Company’s future profit or growth 46.3%
- I have no expectations for the Company’s future profit or growth 52.3%

Q5. How do you receive information about the Company? (Choose all appropriate responses)

- Articles in newspapers and magazines 47.6%
- Recommendations from brokers or information magazines, etc. 32.3%
- Stock information websites on the Internet 14.5%
- This booklet and “To the Shareholders” 12.6%

Q6. Please tell us what you hope for from the Company’s Investor Relations activities. (Choose all appropriate responses)

- Enhancement of shareholder reports 43.5%
- Mass media activity such as in newspapers or on TV 24.8%
- Factory tours for shareholders 20.6%
- Enhancement of the Company’s website 17.6%
- Utilization of information in magazine for individual investors 15.6%

Q7. In the event that the Company held factory tours for shareholders, when would be the best time? (Choose all appropriate responses)

- Late July to the end of August 19.9%
- Late November (before the winter holidays) 26.1%
- Early February (before the spring holidays) 9.4%
- Other 11.9%

Opinions and Requests

- I think that the partnership with Hitachi is not reflected in business performance. The Company should be more proactive in overseas infrastructure.
- I hope that new products useful to society will be developed, and the Company will grow along with society, utilizing the current strengths.
- Do not be limited to rail vehicles only, develop and utilize technology and expand to the BRICs.
- I hope that new products useful to society will be developed, and the Company will grow along with society, utilizing the current strengths.
- I think that the partnership with Hitachi is not reflected in business performance. The Company should be more proactive in overseas infrastructure.

For more detailed questionnaire results please refer to our website. (Japanese version only) http://www.toyodenki.co.jp/html/images/survey_results_152_2q.pdf

Future IR Activities Aimed at Individual Investors

Based on the questionnaire results, we will be carrying out IR activities aimed at individual investors in the following ways.

- Establishment of a Website Aimed at Individual Investors

  In June 2013, we established an easy to understand webpage with summary page of the Company Profile and changes in our performance in the IR Information section of the Company website.

- Publication of an Integrated Report

  In October 2013, we will publish an Integrated Report of financial information and other non-financial information such as CSR information.

- Holding of Factory Tours for Shareholders

  In the spring of 2014, we will hold a factory tour of Yokohama Works, the Company’s major production base. We will notify shareholders of the application guidelines in the Business Report that will be sent to shareholders in early February 2014.

- Holding of Company Briefings for Individual Investors

  You can find out about the plans for these briefings on our website, or contact us by Telephone or email.

Inquiries

TEL : 03-5202-8122
Email : contact@toyodenki.co.jp
Participated in electric vehicles related exhibition the 9th IEVE CHINA 2013

We participated in an electric vehicles, hybrid electric vehicles and charging stations exhibition held in Beijing, China.

Exhibition’s Name: The 9th Beijing International Pure Electric Vehicles, Hybrid Electric Vehicles and Charging Station Exhibition 2013 (IEVE CHINA 2013)

Venue: China International Exhibition Center (Old Hall)

Dates: Saturday, July 6, 2013 to Monday, July 8, 2013

Details of the Company’s Exhibit:
1) EV and HEV Drive System (Motor and Inverter, etc.)
2) Dynamo equipment for testing equipment for automobile development
3) Door system for bus

TOPICS

Overseas Development

Operations have begun at the TOYO DENKI SEIZO K.K. DELHI LIAISON OFFICE in India.

We have started operations at the TOYO DENKI SEIZO K.K. DELHI LIAISON OFFICE in India, which was established as the facility for information collection and sales support to expand and reinforce the business activities of the Transportation Systems segment.

Name: TOYO DENKI SEIZO K.K. DELHI LIAISON OFFICE

Official opening date: Monday, June 3, 2013

Address: 301-A 3rd Floor, Rectangle-1 District Centre, Saket, New Delhi 110017

Social Initiatives

Joint factory tour with Seaside Line was held.

We held a “Seaside Line Collaboration Plan Premium Exploration Tour” together with YOKOHAMA NEW TRANSIT Co., Ltd., a tour of the Yokohama Works.

Date: Wednesday, December 26, 2012 10:15 AM - 11:45 AM

Tour background information: There was a request to hold a joint tour from YOKOHAMA NEW TRANSIT Co., Ltd.

Number of participants: 42 participants from the public.