

October 11, 2012

## Summary of Consolidated Business Results for the First Quarter of Fiscal 2012

For the fiscal year ending May 31, 2013

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Scheduled date of submission of quarterly financial report: October 12, 2012  
 Scheduled date of commencement of dividend payments: —  
 Preparation of quarterly financial report supplemental explanatory materials: Yes  
 Holding of quarterly financial results briefing: No

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

### 1. Consolidated Business Results for the First Quarter of Fiscal 2012

(June 1, 2012 to August 31, 2012)

#### (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	
1Q FY2012	6,120	(30.7)%	(505)	—	(448)	—	(631)	—
1Q FY2011	8,833	(8.6)%	7	(97.0)%	(25)	—	(225)	—

(Note) Comprehensive income: 1Q FY2012: (131) million yen (—%)

1Q FY2011: (289) million yen (—%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
1Q FY2012	(13.09)	—
1Q FY2011	(4.68)	—

#### (2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of August 31, 2012	36,743	14,628	39.8
As of May 31, 2012	38,086	15,049	39.5

(Reference) Shareholders' equity: As of August 31, 2012: 14,628 million yen

As of May 31, 2012: 15,049 million yen

### 2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
FY2011	—	0.00	—	6.00	6.00
FY2012	—	—	—	—	—
FY2012 (Forecast)	—	0.00	—	6.00	6.00

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

### 3. Consolidated Performance Forecast for Fiscal 2012 (June 1, 2012 to May 31, 2013)

(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 of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First half	14,000	(25.7)%	(500)	—	(500)	—	(600)	—	(12.44)
Full year	38,500	(0.2)%	1,700	(0.1)%	1,700	(5.0)%	800	1.8%	16.59

(Note) Revisions to the most recently announced performance forecast: Yes

We have revised the “Performance Forecast for Fiscal 2012” announced on July 11, 2012. For details, please refer to the “Toyo Denki Seizo Announces Details regarding Revisions to Performance Forecasts for the First Half (June 1, 2012 to November 30, 2012) of FY2012.” disclosed today.

#### Notes:

- (1) Transfers of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): No
- (2) Application of Special Accounting Practices for the Preparation of Quarterly Consolidated Financial Statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (a) Changes in accounting policies in accordance with revisions to accounting standards and related practices: Yes
  - (b) Any changes other than (a) above: No
  - (c) Changes in accounting estimates: Yes
  - (d) Restatement: No
- (4) Shares outstanding (common stock)
  - (a) Number of shares outstanding as of the end of the period (including treasury stock):  
August 31, 2012: 48,675,000 shares      May 31, 2012: 48,675,000 shares
  - (b) Number of shares of treasury stock as of the end of the period:  
August 31, 2012: 459,020 shares      May 31, 2012: 458,570 shares
  - (c) Average number of shares for the period (fiscal year-to-date):  
1Q FY2012: 48,216,205 shares      1Q FY2011: 48,221,489 shares

#### Statements Regarding the Implementation Status of Quarterly Review Procedure

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. Please refer to “Qualitative Information regarding Consolidated Performance Forecast” in Accompanying Materials on page 3 for details relating to operating results forecasts.

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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, 2012 to August 31, 2012) of fiscal 2012, the fiscal year ending May 31, 2013, economic conditions in Japan remained shrouded in uncertainty. Despite continued modest recovery on the back of demand for earthquake restoration and other factors, this uncertainty was largely attributable to the impacts of the prolonged high value of the yen, a slowdown in overseas economies in connection with the debt crisis in Europe, and a decrease in exports to Asian countries.

Under these circumstances, the Toyo Denki Group has been working in unison to thoroughly strengthen its management foundation and drastically improve its corporate value in the first year of “Dash 2015,” the Group’s medium-term management plan launched in June 2012, in accordance with the plan.

The Toyo Denki Group’s performance in the first quarter of fiscal 2012, the first fiscal year of the medium-term management plan, was as follows.

Order received decreased 20.2% compared with the corresponding period of the previous fiscal year to 6,825 million yen. Despite an upswing in orders received for the period in the Industrial Systems segment, this overall result reflected a significant decrease in orders received in the Transportation Systems segment.

Net sales decreased 30.7% year on year to 6,120 million yen. Despite an increase in the Information Equipment Systems segment, this overall result reflected significant decreases in the Transportation Systems segment and Industrial Systems segment.

From a profit perspective, Toyo Denki incurred an operating loss of 505 million yen. This represented a negative year-on-year turnaround of 513 million mainly attributable to the decrease in net sales. The Company also incurred an ordinary loss of 448 million yen. This represented a negative year-on-year turnaround of 423 million yen. The Company reports a net loss of 631 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 decreased both in and outside Japan. In overall terms, orders received decreased 47.7% compared with the corresponding period of the previous fiscal year to 3,061 million yen. Net sales decreased both in and outside Japan. In overall terms, net sales in this segment decreased 38.4% year on year to 3,699 million yen. Segment profit totaled 138 million yen.

#### (b) Industrial Systems

Orders received increased in Japan, largely thanks to growth in capital investment. In overall terms, orders received increased 45.4% compared with the corresponding period of the previous fiscal year to 3,440 million yen. Net sales, on the other hand, decreased 22.1% year on year to 2,119 million yen. In the period under review, Toyo Denki recorded a loss of 184 million yen in this segment.

#### (c) Information Equipment Systems

Order received in the Information Equipment Systems segment contracted 1.9% compared with the corresponding period of the previous fiscal year to 321 million yen. Net sales in this segment, however, surged 199.6% year on year to 3 million yen. This was largely attributable to the upswing in orders for IC-card-compatible equipment relating particularly to railway station operations. In the first quarter of fiscal 2012, this segment recorded an income of 58 million yen.

Note 1: Effective from the first quarter of fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.

Note 2: Net sales data by business segment represents sales to third parties and is exclusive of inter-segment sales and transfers.

### (2) Qualitative Information regarding Consolidated Financial Position

Total assets as of August 31, 2012 stood at 36,743 million yen, a decrease of 1,342 million yen compared with the end of the previous fiscal year. Despite increases in investment securities of 717 million yen and inventories of 542 million yen, this decrease was largely attributable to a drop in trade notes and accounts receivable of 2,739 million yen.

Total liabilities amounted to 22,115 million yen, a decrease of 921 million yen compared with the previous fiscal year end. This was largely attributable to a 615 million yen decrease in income taxes payable and a 441 million yen decrease in reserve for employees' bonuses.

Net assets stood at 14,628 million yen, 420 million yen lower than the balance as of the previous fiscal year-end. Major movements were a 920 million yen decrease in retained earnings and a 469 million yen increase in unrealized holding gain on securities.

### (3) Qualitative Information regarding Consolidated Performance Forecast

Toyo Denki revised its consolidated performance forecast for the first half of fiscal 2012 (June 1, 2012 to November 30, 2012) and announced the revised forecast today in a press release entitled, "Toyo Denki Seizo Announces Details regarding Revisions to Performance Forecasts for the First Half (June 1, 2012 to November 30, 2012) of FY2012."

However, as of the compilation of this material, Toyo Denki has yet to revise the initially forecasted consolidated performance for the full year, in light of uncertain factors in the future.

## **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

(Changes in accounting principles difficult to distinguish from changes in accounting estimates)

Effective from the first quarter of fiscal 2012, Toyo Denki and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after June 1, 2012 under the revised Corporation Tax Act, in connection with the revision of the Act.

The change in this method had no significant impact on operating loss, ordinary loss, or loss before income taxes and minority interests for the first quarter of fiscal 2012.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2012	End of the First Quarter of Fiscal 2012 (August 31, 2012)
Assets		
Current assets		
Cash and cash equivalents	1,489	1,467
Trade notes and accounts receivable	13,728	10,989
Products and finished goods	1,598	1,435
Work in process	2,242	2,734
Raw materials and stored goods	1,690	1,904
Other	694	621
Allowance for doubtful accounts	(28)	(28)
Total current assets	21,415	19,123
Fixed assets		
Property, plant and equipment		
Buildings and structures	6,279	6,915
Accumulated depreciation	(3,905)	(3,967)
Buildings and structures, net	2,373	2,947
Machinery and equipment	6,404	6,650
Accumulated depreciation	(5,174)	(5,266)
Machinery and equipment, net	1,229	1,384
Land	289	289
Construction in progress	495	29
Other	2,714	2,827
Accumulated depreciation	(2,242)	(2,295)
Other, net	472	532
Total property, plant and equipment	4,861	5,183
Intangible assets		
Software	279	278
Other	66	53
Total intangible assets	346	332
Investments and other assets		
Investment securities	8,929	9,646
Other	2,550	2,473
Allowance for doubtful accounts	(16)	(16)
Total investments and other assets	11,463	12,103
Total fixed assets	16,670	17,619
Total assets	38,086	36,743

(Millions of yen)

	As of May 31, 2012	End of the First Quarter of Fiscal 2012 (August 31, 2012)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	4,544	4,109
Short-term borrowings	6,376	7,276
Current portion of corporate bonds	160	160
Income taxes payable	473	23
Consumption and other taxes payable	185	20
Accrued expenses	2,909	2,564
Advances received	182	175
Deposits received	213	283
Reserve for employees' bonuses	891	450
Reserve for directors' bonuses	46	11
Reserve for order losses	197	222
Other	540	799
Total current liabilities	16,720	16,096
Long-term liabilities		
Corporate bonds	120	120
Long-term borrowings	2,729	2,475
Reserve for employees' retirement benefits	3,136	3,158
Allowance for environmental development	43	43
Long-term payables	251	184
Other	35	35
Total long-term liabilities	6,316	6,018
Total liabilities	23,036	22,115
<b>Net assets</b>		
Shareholders' equity		
Common stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	6,722	5,801
Treasury stock	(162)	(162)
Total shareholders' equity	14,735	13,815
Accumulated other comprehensive income		
Unrealized holding gain on securities	415	885
Foreign currency translation adjustments	(102)	(72)
Total accumulated other comprehensive income	313	813
Total net assets	15,049	14,628
Total liabilities and net assets	38,086	36,743

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income for the First Quarter of Fiscal 2012)

(Millions of yen)

	1Q FY2011 (June 1, 2011 to August 31, 2011)	1Q FY2012 (June 1, 2012 to August 31, 2012)
Net sales	8,833	6,120
Cost of sales	7,111	4,935
Gross profit	1,722	1,185
Selling, general and administrative expenses	1,714	1,691
Operating income (loss)	7	(505)
Non-operating income		
Interest income	0	0
Dividend income	66	78
Equity in earnings of unconsolidated subsidiaries and affiliates	3	36
Miscellaneous income	15	18
Total non-operating income	85	132
Non-operating expenses		
Interest expense	32	43
Loss on disposal of property, plant and equipment	1	3
Foreign exchange loss	81	28
Miscellaneous loss	3	1
Total non-operating expenses	119	76
Ordinary loss	(25)	(448)
Special losses		
Loss on devaluation of investment securities	-	1
Loss on disaster	3	-
Total special losses	3	1
Loss before income taxes and minority interests	(28)	(450)
Income taxes:		
Current	13	5
Deferred	183	174
	196	180
Loss before minority interests	(225)	(631)
Net loss	(225)	(631)



(Consolidated Statements of Comprehensive Income for the First Quarter of Fiscal 2012)

(Millions of yen)

	1Q FY2011 (June 1, 2011 to August 31, 2011)	1Q FY2012 (June 1, 2012 to August 31, 2012)
Loss before minority interests	(225)	(631)
Other comprehensive income		
Unrealized holding gain (loss) on securities	(70)	469
Foreign currency translation adjustments	(4)	(1)
Share of other comprehensive income of affiliates accounted for by the equity method	11	32
Total other comprehensive income	(63)	499
Comprehensive income	(289)	(131)
Comprehensive income attributable to:		
Owners of the parent	(289)	(131)
Minority interests	-	-

(3) Notes on Going Concern Assumptions  
Not applicable.

(4) Segment Information

(a) 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			Other <sup>1</sup>	Total	Adjustment Amount <sup>2</sup>	Amount Recorded on Quarterly Consolidated Statement of Income <sup>3</sup>
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	6,010	2,719	100	3	8,883	—	8,833
Inter-segment sales and transfers	2	0	—	189	191	(191)	—
Total	6,012	2,719	100	192	9,025	(191)	8,833
Segment profit (loss)	582	(109)	(29)	8	451	(444)	7

Notes:

1. The “Other” segment includes operations not included in reporting segments such as core corporate system administration and the dispatch of temporary staff.
2. The segment profit (loss) adjustment amount is a loss of 444 million yen. This is comprised of an elimination of inter-segment 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 costs that are not allocated to each reporting segment.
3. Segment profit (loss) has been adjusted with operating income recorded under the quarterly consolidated statement of income.

(b) The First Quarter of Fiscal 2012 (June 1, 2012 to August 31, 2012)  
Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other <sup>1</sup>	Total	Adjustment Amount <sup>2</sup>	Amount Recorded on Quarterly Consolidated Statement of Income <sup>3</sup>
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	3,699	2,119	300	1	6,120	—	6,120
Inter-segment sales and transfers	1	0	—	129	130	(130)	—
Total	3,700	2,120	300	131	6,251	(130)	6,120
Segment profit (loss)	138	(184)	58	7	19	(525)	(505)

Notes:

1. The “Other” segment includes operations not included in reporting segments such as core corporate system administration and the dispatch of temporary staff.
2. The segment profit (loss) adjustment amount is a loss of 525 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 0 million yen and corporate expenditure (a loss of 525 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 costs that are not allocated to each reporting segment.
3. Segment profit (loss) has been adjusted with operating loss recorded under the quarterly consolidated statement of income.
4. Effective from the first quarter of fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.

(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 FY2011 (June 1, 2011 to August 31, 2011)		1Q FY2012 (June 1, 2012 to August 31, 2012)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	6,017	70.4	3,302	61.1
Industrial Systems	2,452	28.7	1,812	33.5
Information Equipment Systems	78	0.9	287	5.3
Other	—	—	—	—
Total	8,548	100.0	5,402	100.0

###### Notes:

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.
3. Effective from the first quarter of fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.

###### (b) Status of Orders Received

Business segment	1Q FY2011 (June 1, 2011 to August 31, 2011)		1Q FY2012 (June 1, 2012 to August 31, 2012)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	5,854	20,769	3,061	13,801
Industrial Systems	2,365	4,313	3,440	6,162
Information Equipment Systems	327	368	321	573
Other	—	—	1	—
Total	8,548	25,451	6,825	20,537

###### Notes:

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.
3. Effective from the first quarter of fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.

###### (c) Sales Performance

Business segment	1Q FY2011 (June 1, 2011 to August 31, 2011)		1Q FY2012 (June 1, 2012 to August 31, 2012)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	6,010	68.0	3,699	60.4
Industrial Systems	2,719	30.8	2,119	34.6
Information Equipment Systems	100	1.1	300	4.9
Other	3	0.0	1	0.0
Total	8,833	100.0	6,120	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.
3. Effective from the first quarter of fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.