



Summary of Consolidated Business Results for the First Three Quarters of Fiscal 2017 For the fiscal year ending May 31, 2018

April 13, 2018

Company Name: Toyo Denki Seizo K. K. Stock Exchange: 1st Section of the Tokyo Stock Exchange
 Stock Code: 6505 URL: <http://www.toyodenki.co.jp>
 Representative: Kenzo Terashima, President
 Inquiries: Takatoshi Ohtsuka, General Manager, Management Planning Division TEL: +81-3-5202-8122
 Scheduled date of submission of quarterly financial report: April 13, 2018 Scheduled date of commencement of dividend payments: -
 Preparation of quarterly financial report supplemental explanatory materials : Yes
 Holding of quarterly financial results briefing : Yes (for institutional investors and analysts)
 (Note: Amounts less than one million yen in financial statements and the supplementary data are rounded down.)

1. Consolidated Business Results for the First Three Quarters of Fiscal 2017 (June 1, 2017 to February 28, 2018)

(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 Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q Fiscal 2017	27,947	3.3	(602)	-	(306)	-	28	(87.5)
3Q Fiscal 2016	27,060	(5.5)	241	(70.5)	434	(40.1)	229	(30.4)

(Note) Comprehensive income: 3Q Fiscal 2017: 904 million yen [297.5%]
 3Q Fiscal 2016: 227 million yen [- %]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
3Q Fiscal 2017	3.04	-
3Q Fiscal 2016	24.22	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
	Millions of yen	Millions of yen	%
As of February 28, 2018	62,647	25,222	40.3
As of May 31, 2017	54,927	24,603	44.8

(Reference) Shareholders' equity: As of February 28, 2018: 25,222 million yen
 As of May 31, 2017: 24,603 million yen

2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	-	0.00	-	30.00	30.00
Fiscal 2017	-	0.00	-	-	-
Fiscal 2017 (Forecast)	-	-	-	30.00	30.00

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

3. Consolidated Performance Forecast for Fiscal 2017 (June 1, 2017 to May 31, 2018)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share (Yen)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	41,000	0.8	1,300	(17.3)	1,450	(12.8)	1,500	27.7	158.24

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

* Notes:

- (1) Transfers of major subsidiaries during the period : No
 (transfers of specified subsidiaries accompanied by changes in the scope of consolidation)
 Newly included: - companies (name of the company)
 Excluded: - companies (name of the company)
- (2) Application of Special Accounting Practices for the Preparation of Quarterly Consolidated Financial Statement : No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement : No
- (a) Changes in accounting policies in accordance with revisions to accounting standards and related practices : No
- (b) Any changes other than (a) above : No
- (c) Changes in accounting estimates : No
- (d) Restatement : No

(4) Shares outstanding (common stock)

(a) Number of shares outstanding as of the end of the period (including treasury stock):	February 28, 2018:	9,735,000 shares	May 31, 2017	9,735,000 shares
(b) Number of shares of treasury stock as of the end of the period:	February 28, 2018:	291,549 shares	May 31, 2017	290,569 shares
(c) Average number of shares for the period (fiscal year-to-date)	3Q Fiscal 2017:	9,443,860 shares	3Q Fiscal 2016:	9,491,196 shares

- * The Company conducted a share consolidation of its common shares at a ratio of 5 shares to 1 effective December 1, 2016. Number of shares outstanding (common stock) is calculated on the assumption that the share consolidation was conducted at the beginning of the previous fiscal year.
- * Quarterly financial reports are not subject to quarterly review procedures.
- * 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. (hereinafter Toyo Denki) cautions readers that due to a variety of factors actual results may differ materially from forecasts. Please refer to "Explanation of Consolidated Performance Forecast and Other Forward-looking Information" in the Accompanying Materials on page 3 for details relating to forecasts of operating results (available in Japanese only).

*This report is an abridged translation of the Japanese summary consolidated business results, which has been prepared in accordance with accounting principles generally accepted Japan, for reference purpose only.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2017	End of the First Three Quarters of Fiscal 2017 (February 28, 2018)
Assets		
Current assets		
Cash and cash equivalents	2,091	1,469
Trade notes and accounts receivable	15,830	15,061
Electronically recorded monetary claims - operating	531	565
Products and finished goods	870	2,357
Work in process	3,373	4,814
Raw materials and stored goods	2,234	3,041
Advances	26	48
Deferred tax assets	576	678
Other accounts receivable	165	34
Other	99	1,047
Allowance for doubtful accounts	(1)	(1)
Total current assets	25,799	29,116
Fixed assets		
Property, plant and equipment		
Buildings and structures	7,415	12,083
Accumulated depreciation	(4,710)	(4,787)
Buildings and structures, net	2,704	7,296
Machinery and equipment	7,030	7,391
Accumulated depreciation	(6,239)	(6,472)
Machinery and equipment, net	791	918
Land	1,345	1,305
Construction in progress	2,336	461
Other	3,363	3,703
Accumulated depreciation	(2,920)	(3,056)
Other, net	443	646
Total property, plant and equipment	7,622	10,629
Intangible assets		
Software	163	920
Software in progress	906	10
Other	11	15
Total intangible assets	1,081	946
Investments and other assets		
Investment securities	18,154	19,099
Deferred tax assets	66	42
Other	2,215	2,826
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	20,424	21,954
Total fixed assets	29,128	33,530
Total assets	54,927	62,647

(Millions of yen)

	As of May 31, 2017	End of the First Three Quarters of Fiscal 2017 (February 28, 2018)
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,346	4,161
Electronically recorded obligations - operating	5,489	6,516
Short-term debt	4,969	9,280
Income taxes payable	437	0
Consumption and other taxes payable	134	19
Accrued expenses	1,069	865
Advances received	119	148
Deposits received	235	271
Reserve for directors' bonuses	33	33
Reserve for employees' bonuses	952	477
Reserve for order losses	365	566
Other	389	799
Total current liabilities	17,543	23,140
Long-term liabilities		
Long-term debt	6,786	8,149
Long-term payables	157	35
Net defined benefit liability	3,913	3,842
Deferred tax liabilities	1,792	2,181
Other	131	74
Total long-term liabilities	12,780	14,283
Total liabilities	30,324	37,424
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	10,170	9,915
Treasury stock	(477)	(479)
Total shareholders' equity	17,868	17,611
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	6,879	7,658
Foreign currency translation adjustments	156	214
Adjustments of defined benefit plans	(300)	(262)
Total accumulated other comprehensive income	6,735	7,610
Total net assets	24,603	25,222
Total liabilities and net assets	54,927	62,647

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income for the First Three Quarters

(Millions of yen)

	3Q FY2016 (June 1, 2016 to February 28, 2017)	3Q FY2017 (June 1, 2017 to February 28, 2018)
Net Sales	27,060	27,947
Cost of sales	21,075	22,708
Gross profit	5,985	5,238
Selling, general and administrative expenses	5,744	5,840
Operating income (loss)	241	(602)
Non-operating income		
Interest income	0	0
Dividend income	214	222
Equity in profit of unconsolidated subsidiaries and affiliates	41	95
Foreign exchange gains	-	29
Gain on reversal of environmental expenses	-	40
Miscellaneous income	54	48
Total non-operating income	311	437
Non-operating expenses		
Interest expense	85	110
Loss on disposal of fixed assets	3	0
Foreign exchange losses	4	-
Commission fee	-	14
Miscellaneous loss	24	15
Total non-operating expenses	118	141
Ordinary income (loss)	434	(306)
Extraordinary income		
Gain on sales of investment securities	-	443
Other	-	2
Total extraordinary income	-	446
Extraordinary loss		
Loss on sales of fixed assets	23	7
Total extraordinary losses	23	7
Income before income taxes	411	132
Income taxes: Current	228	147
Income taxes: Deferred	(47)	(43)
Total income taxes	181	104
Net income	229	28
Net Income Attributable to Owners of the Parent	229	28

Consolidated Statements of Comprehensive Income for the First Three Quarters

(Millions of yen)

	3Q FY2016 (June 1, 2016 to February 28, 2017)	3Q FY2017 (June 1, 2017 to February 28, 2018)
Net income	229	28
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	188	779
Foreign currency translation adjustments	(13)	46
Adjusted amounts of defined benefit plans	38	38
Share of other comprehensive income of affiliates to which the equity method is applied	(215)	11
Total other comprehensive income	(2)	875
Comprehensive income	227	904
Comprehensive income attributable to:		
Owners of the parent	227	904
Non-controlling interests	-	-

(3) Segment Information

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Segment Information)

Segment Information:

The First Three Quarters of Fiscal 2016 (June 1, 2016 to February 28, 2017)

Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other (Notes1)	Total	Adjustment Amount (Notes2)	Amount Recorded on Quarterly Consolidated Statements of Income (Notes3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	18,583	7,322	1,150	4	27,060	-	27,060
Inter-segment sales and transfers	19	2	-	496	518	(518)	-
Total	18,602	7,324	1,150	501	27,579	(518)	27,060
Segment profit	1,740	223	243	37	2,245	(2,003)	241

Notes: 1 The "Other" segment includes operations not included in reporting segments such as the dispatch of temporary staff.

2 The segment profit adjustment amount is a loss of 2,003 million yen. This is comprised of an elimination of inter-segment sales and transfer amount at a loss of 0 million yen and corporate expenditure (a loss of 2,003 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative expenses as well as research and development costs that are not allocated to each reporting segment.

3 Segment profit has been adjusted with operating income recorded under the quarterly consolidated statements of income.

The First Three Quarters of Fiscal 2017 (June 1, 2017 to February 28, 2018)

Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other (Notes1)	Total	Adjustment Amount (Notes2)	Amount Recorded on Quarterly Consolidated Statements of Income (Notes3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	18,409	8,026	1,506	4	27,947	-	27,947
Inter-segment sales and transfers	13	1	-	542	557	(557)	-
Total	18,422	8,027	1,506	547	28,504	(557)	27,947
Segment profit (loss)	1,372	(21)	156	29	1,535	(2,137)	(602)

Notes: 1 The "Other" segment includes operations not included in reporting segments such as the dispatch of temporary staff.

- 2 The segment profit (loss) adjustment amount is a loss of 2,137 million yen. This is comprised of an elimination of inter-segment sales and transfer amount at a loss of 1 million yen and corporate expenditure (a loss of 2,136 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative expenses 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 statements of income.

3. Other

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

(a) Production Status

Business segment	3Q FY2016 (June 1, 2016 to February 28, 2017)		3Q FY2017 (June 1, 2017 to February 28, 2018)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	19,411	71.9	19,424	67.8
Industrial Systems	7,159	26.5	8,696	30.3
Information Equipment Systems	425	1.6	536	1.9
Other	-	-	-	-
Total	26,996	100.0	28,657	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	3Q FY2016 (June 1, 2016 to February 28, 2017)		3Q FY2017 (June 1, 2017 to February 28, 2018)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	20,488	26,806	19,924	27,489
Industrial Systems	8,070	6,778	8,208	7,331
Information Equipment Systems	1,491	853	2,034	1,440
Other	4	-	4	-
Total	30,055	34,437	30,171	36,262

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

(c) Sales Status

Business segment	3Q FY2016 (June 1, 2016 to February 28, 2017)		3Q FY2017 (June 1, 2017 to February 28, 2018)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	18,583	68.7	18,409	65.9
Industrial Systems	7,322	27.1	8,026	28.7
Information Equipment Systems	1,150	4.3	1,506	5.4
Other	4	0.0	4	0.0
Total	27,060	100.0	27,947	100.0

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