

April 3, 2014

## Summary of Consolidated Financial Results for the First Three Quarters of Fiscal 2013

For the fiscal year ending May 31, 2014

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Scheduled date of submission of quarterly securities report: April 7, 2014  
 Scheduled date of commencement of dividend payments: —  
 Preparation of quarterly financial results 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 2013

(June 1, 2013 to February 28, 2014)

#### (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 Three Quarters, FY2013	24,511	19.3%	345	—	348	—	264	—
First Three Quarters, FY2012	20,553	(23.8)%	(521)	—	(19)	—	(319)	—

(Note) Comprehensive income: 3Q FY2013: 842 million yen [(51.8)%]  
 3Q FY2012: 1,749 million yen [85.8%]

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First Three Quarters, FY2013	5.48	—
First Three Quarters, FY2012	(6.63)	—

#### (2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of February 28, 2014	44,574	19,070	42.8
As of May 31, 2013	42,364	18,519	43.7

(Reference) Shareholders' equity: As of February 28, 2014: 19,070 million yen  
 As of May 31, 2013: 18,519 million yen

### 2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
FY2012	—	0.00	—	6.00	6.00
FY2013	—	0.00	—	—	—
FY2013 (Forecast)	—	—	—	6.00	6.00

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

### 3. Consolidated Performance Forecast for Fiscal 2013 (June 1, 2013 to May 31, 2014)

(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	36,000	17.7%	1,500	199.3%	1,500	30.4%	750	3.8%	15.40

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

#### 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: 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, 2014: 48,675,000 shares      May 31, 2013: 48,675,000 shares
  - (b) Number of shares of treasury stock as of the end of the period:  
February 28, 2014: 473,053 shares      May 31, 2013: 463,566 shares
  - (c) Average number of shares for the period (fiscal year-to-date):  
First Three Quarters, FY2013: 48,206,926 shares      First Three Quarters, FY2012: 48,215,061 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, quarterly financial report review procedures pursuant to the aforementioned Act had not been completed.

#### 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 Accompanying Materials on page 3 for details relating to operating results forecasts.

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## 1. Qualitative Information regarding Quarterly Financial Report

### (1) Explanation of Consolidated Business Results

During the first three quarters (June 1, 2013 to February 28, 2014) of fiscal 2013, the fiscal year ending May 31, 2014, the economic recovery continued as corporate earnings improved and personal spending and capital investment increased amidst depreciation of the yen and rising stock prices on the back of the wide effects of economic policies and monetary easing policy of the current administration. On the other hand, overseas economies remained uncertain overall. While the moderate recovery of the United States economy continued backed by personal spending, recovery of the European economy was delayed despite signs of bottoming out, and the slowdown in economic growth persisted in China and India.

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

The Toyo Denki Group’s performance in the first three quarters of fiscal 2013, the second fiscal year of the medium-term management plan, was as follows.

Orders received increased 19.5% compared with the corresponding period of the previous fiscal year to 29,710 million yen. This overall result reflected a surge in orders received in the Transportation Systems segment outside Japan, in addition to slight increases in orders received in the Industrial Systems segment and the Information Equipment Systems segment.

Net sales increased 19.3% year on year to 24,511 million yen. Despite a slight decrease in the Industrial Systems segment, this overall result reflected a significant surge in the Transportation Systems segment both in and outside Japan, and a slight increase in the Information Equipment Systems segment.

From a profit perspective, operating income of 345 million yen was posted for the period under review. This represented a positive year-on-year turnaround of 867 million yen attributable to increased net sales and improved profitability of factories as a result of increased operating efficiency. Ordinary income was 348 million yen and net income was 264 million yen. These figures represented also positive year-on-year turnaround of 368 million yen for ordinary income and 583 million yen for net income, respectively.

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 recorded an increase in Japan in addition to a sharp upturn in China. In overall terms, orders received increased 30.4% compared with the corresponding period of the previous fiscal year to 19,904 million yen.

Net sales increased sharply as a result of a recovery in vehicle demand in Japan, as well as increased momentum outside Japan, and totaled 15,355 million yen representing 36.0% year-on-year increase.

Due to mainly to increased revenue, segment profit totaled 1,517 million yen representing 80.9% year-on-year increase.

#### (b) Industrial Systems

Orders received increased 1.0% compared with the corresponding period of the previous fiscal year to 8,337 million yen, due to an increase in orders for testing equipment for automobile development amidst delayed recovery in capital investment both in and outside Japan.

Net sales in this segment decreased 1.7% year on year to 8,010 million yen as overseas sales were subdued although sales of testing equipment for automobile development remained on par with the corresponding period of the previous fiscal year.

In the period under review, this segment recorded a profit of 300 million yen representing 189.4% year-on-year increase, mainly attributable to improved profitability of factories as a result of increased operating efficiency.

#### (c) Information Equipment Systems

Orders received in this segment increased 8.6% compared with the corresponding period of the previous fiscal year to 1,463 million yen, as orders for railway station operating equipment remained on par with the corresponding period of the previous fiscal year and orders for remote monitoring systems increased.

Net sales in this segment increased 3.0% year on year to 1,141 million yen, mainly for the same reasons underlying the increase in orders received. In the first three quarters of fiscal 2013, segment profit for this segment was 103 million yen representing 10.1% year-on-year increase.

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

(2) Explanation of Consolidated Financial Position

Total assets as of February 28, 2014 stood at 44,574 million yen, an increase of 2,209 million yen compared with the end of the previous fiscal year. The increase in total assets was largely attributable to increases in cash and cash equivalents of 1,031 million yen, inventories of 883 million yen, and investment securities of 681 million yen.

Total liabilities amounted to 25,503 million yen, an increase of 1,659 million yen compared with the previous fiscal year end. The increase in total liabilities was largely attributable to an increase in short-term borrowings of 1,190 million yen and accrued expenses of 721 million yen.

Net assets stood at 19,070 million yen, 550 million yen higher than the balance as of the previous fiscal year end. Major movement was a 459 million yen increase in unrealized holding gain on available-for-sale securities.

(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information

We have made no revision to the “Consolidated Performance Forecast for Fiscal 2013” announced on July 10, 2013.

**2. Items regarding Summary Information (Notes)**

(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) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2013	End of the First Three Quarters of Fiscal 2013 (February 28, 2014)
Assets		
Current assets		
Cash and cash equivalents	1,302	2,334
Trade notes and accounts receivable	13,384	12,970
Products and finished goods	1,464	1,545
Work in process	3,081	3,850
Raw materials and stored goods	2,118	2,152
Other	632	724
Allowance for doubtful accounts	(40)	(35)
Total current assets	21,943	23,541
Fixed assets		
Property, plant and equipment		
Buildings and structures	6,973	7,060
Accumulated depreciation	(3,988)	(4,179)
Buildings and structures, net	2,985	2,881
Machinery and equipment	6,757	6,842
Accumulated depreciation	(5,648)	(5,937)
Machinery and equipment, net	1,108	904
Land	289	289
Construction in progress	80	224
Other	3,024	3,157
Accumulated depreciation	(2,476)	(2,628)
Other, net	547	529
Total property, plant and equipment	5,012	4,830
Intangible assets		
Software	274	248
Other	47	37
Total intangible assets	321	285
Investments and other assets		
Investment securities	13,318	13,999
Other	1,932	1,955
Allowance for doubtful accounts	(162)	(38)
Total investments and other assets	15,087	15,916
Total fixed assets	20,421	21,032
Total assets	42,364	44,574

(Millions of yen)

	As of May 31, 2013	End of the First Three Quarters of Fiscal 2013 (February 28, 2014)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	4,646	4,952
Short-term borrowings	4,296	5,486
Current portion of corporate bonds	120	60
Income taxes payable	319	88
Consumption and other taxes payable	67	49
Accrued expenses	2,883	3,604
Advances received	413	329
Deposits received	212	219
Reserve for directors' bonuses	16	12
Reserve for employees' bonuses	772	444
Reserve for order losses	196	252
Other	335	260
Total current liabilities	14,280	15,760
Long-term liabilities		
Long-term borrowings	5,413	5,278
Long-term payables	164	147
Reserve for employees' retirement benefits	3,289	3,517
Allowance for environmental development	43	43
Other	653	756
Total long-term liabilities	9,564	9,743
Total liabilities	23,844	25,503
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	7,155	7,130
Treasury stock	(163)	(166)
Total shareholders' equity	15,167	15,139
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	3,367	3,826
Foreign currency translation adjustments	(14)	105
Total accumulated other comprehensive income	3,352	3,931
Total net assets	18,519	19,070
Total liabilities and net assets	42,364	44,574

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
(Quarterly Consolidated Statements of Income for the First Three Quarters of Fiscal 2013)

(Millions of yen)

	First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)	First Three Quarters, FY2013 (June 1, 2013 to February 28, 2014)
Net sales	20,553	24,511
Cost of sales	15,810	19,018
Gross profit	4,743	5,492
Selling, general and administrative expenses	5,264	5,147
Operating income (loss)	(521)	345
Non-operating income		
Interest income	0	0
Dividend income	150	167
Equity in earnings of unconsolidated subsidiaries and affiliates	38	—
Life insurance dividend income	85	3
Foreign exchange gains	382	17
Miscellaneous income	29	15
Total non-operating income	685	204
Non-operating expenses		
Interest expense	134	132
Equity in loss of unconsolidated subsidiaries and affiliates	—	57
Loss on disposal of fixed assets	7	5
Miscellaneous loss	41	4
Total non-operating expenses	183	201
Ordinary income (loss)	(19)	348
Extraordinary losses		
Office transfer expenses	15	—
Total extraordinary losses	15	—
Income (loss) before income taxes and minority interests	(34)	348
Income taxes		
Current	89	233
Deferred	195	(148)
Total income taxes	284	84
Income (loss) before minority interests	(319)	264
Net income (loss)	(319)	264



(Quarterly Consolidated Statements of Comprehensive Income for the First Three Quarters of Fiscal 2013)  
(Millions of yen)

	First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)	First Three Quarters, FY2013 (June 1, 2013 to February 28, 2014)
Income (loss) before minority interests	(319)	264
Other comprehensive income		
Unrealized holding gain (loss) on securities	2,060	459
Foreign currency translation adjustments	13	18
Share of other comprehensive income of affiliates accounted for by the equity method	(4)	100
Total other comprehensive income	2,069	578
Comprehensive income	1,749	842
Comprehensive income attributable to:		
Owners of the parent	1,749	842
Minority interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements  
 (Notes on Going Concern Assumptions)  
 Not applicable.

(Notes on Significant Fluctuations in Shareholders' Equity)  
 Not applicable.

(Segment Information)

(a) The First Three Quarters of Fiscal 2012 (June 1, 2012 to February 28, 2013)  
 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	11,289	8,152	1,107	4	20,553	—	20,553
Inter-segment sales and transfers	30	1	—	398	430	(430)	—
Total	11,319	8,153	1,107	403	20,983	(430)	20,553
Segment profit (loss)	839	103	94	26	1,063	(1,585)	(521)

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 1,585 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 1,582 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 statement of income.

(b) The First Three Quarters of Fiscal 2013 (June 1, 2013 to February 28, 2014)  
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	15,355	8,010	1,141	4	24,511	—	24,511
Inter-segment sales and transfers	26	1	—	366	394	(394)	—
Total	15,382	8,011	1,141	371	24,906	(394)	24,511
Segment profit	1,517	300	103	29	1,951	(1,605)	345

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 1,605 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 1,608 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 statement of income.

#### 4. Supporting Materials

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

###### (a) Production Performance

Business segment	First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)		First Three Quarters, FY2013 (June 1, 2013 to February 28, 2014)	
	Orders Received (Millions of yen)	Balance Share (%)	Orders Received (Millions of yen)	Balance Share (%)
Transportation Systems	11,493	59.0	15,313	65.1
Industrial Systems	7,235	37.1	7,370	31.3
Information Equipment Systems	765	3.9	836	3.6
Other	—	—	—	—
Total	19,494	100.0	23,520	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	First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)		First Three Quarters, FY2013 (June 1, 2013 to February 28, 2014)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	15,261	18,412	19,904	22,604
Industrial Systems	8,256	4,945	8,337	5,083
Information Equipment Systems	1,347	791	1,463	718
Other	4	—	4	—
Total	24,870	24,149	29,710	28,405

Notes:

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

###### (c) Sales Performance

Business segment	First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)		First Three Quarters, FY2013 (June 1, 2013 to February 28, 2014)	
	Orders Received (Millions of yen)	Balance Share (%)	Orders Received (Millions of yen)	Balance Share (%)
Transportation Systems	11,289	54.9	15,355	62.6
Industrial Systems	8,152	39.7	8,010	32.7
Information Equipment Systems	1,107	5.4	1,141	4.7
Other	4	0.0	4	0.0
Total	20,553	100.0	24,511	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.