



## Summary of Consolidated Business Results for the First Quarter of Fiscal 2018

October 12, 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: October 12, 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 Quarter of Fiscal 2018 (June 1, 2018 to August 31, 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	%
1Q Fiscal 2018	8,689	24.9	(584)	-	(548)	-	(348)	-
1Q Fiscal 2017	6,958	(10.4)	(826)	-	(701)	-	(400)	-

(Note) Comprehensive income:

1Q Fiscal 2018 (908) million yen [ - %]  
 1Q Fiscal 2017 (286) million yen [ - %]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1Q Fiscal 2018	(36.89)	-
1Q Fiscal 2017	(42.44)	-

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
	Millions of yen	Millions of yen	%
1Q Fiscal 2018	61,746	24,946	40.4
As of May 31, 2018	63,291	26,327	41.6

(Reference) Shareholders' equity: 1Q Fiscal 2018 24,946 million yen  
 As of May 31, 2018 26,327 million yen

### 2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
As of May 31, 2018	—	0.00	—	50.00	50.00
Fiscal 2018	—				
Fiscal 2018 (Forecast)		0.00	—	30.00	30.00

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

(Note) Year-end dividends for Fiscal 2017: Ordinary dividend: 30.00 yen; Commemorative dividend: 20.00 yen

### 3. Consolidated Performance Forecast for Fiscal 2018 (June 1, 2018 to May 31, 2019)

(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
First half	19,000	1.8	(270)	—	(150)	—	(150)	—	(15.88)
Full year	42,500	(0.1)	500	36.3	700	35.8	500	(27.8)	52.95

(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):	August 31, 2018	9,735,000 shares	As of May 31, 2018	9,735,000 shares
(b) Number of shares of treasury stock as of the end of the period:	August 31, 2018	291,937 shares	As of May 31, 2018	291,907 shares
(c) Average number of shares for the period (fiscal year-to-date)	August 31, 2018	9,443,085 shares	1Q Fiscal 2017	9,444,230 shares

\* Quarterly financial reports are not subject to quarterly review procedures by a certified public accountant or audit firm.

\* Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items (Note on forward-looking statements)

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).

(Change in the representation of calendar dates)

From the Summary of Consolidated Business Results for the First Quarter of Fiscal 2018, the display format of dates have been changed from the Japanese calendar to the Western calendar.

\*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, 2018	End of the First Quarter of Fiscal 2018 (As of August 31, 2018)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	1,555	2,221
Trade notes and accounts receivable	16,960	14,542
Electronically recorded monetary claims - operating	1,152	1,715
Products and finished goods	1,006	944
Work in process	3,506	4,063
Raw materials and stored goods	3,319	3,587
Advances	30	77
Other accounts receivable	547	546
Other	534	195
Allowance for doubtful accounts	(1)	(1)
Total current assets	28,611	27,893
Fixed assets		
Property, plant and equipment		
Buildings and structures	11,981	12,107
Accumulated depreciation	(4,707)	(4,811)
Buildings and structures, net	7,274	7,296
Machinery and equipment	7,742	7,932
Accumulated depreciation	(6,310)	(6,434)
Machinery and equipment, net	1,432	1,498
Land	1,301	1,301
Construction in progress	320	230
Other	3,953	4,174
Accumulated depreciation	(3,116)	(3,224)
Other, net	837	949
Total property, plant and equipment	11,166	11,276
Intangible assets		
Software	885	831
Software in progress	3	—
Other	15	15
Total intangible assets	904	847
Investments and other assets		
Investment securities	19,681	18,842
Deferred tax assets	95	116
Other	2,845	2,782
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	22,609	21,729
Total fixed assets	34,680	33,853
Total assets	63,291	61,746

Summary of Consolidated Business Results for the First Quarter of Fiscal 2018  
 Toyo Denki Seizo K. K. (6505)

(Millions of yen)

	As of May 31, 2018	End of the First Quarter of Fiscal 2018 (As of August 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	4,057	3,325
Electronically recorded obligations - operating	6,295	5,709
Short-term debt	7,241	9,571
Income taxes payable	180	55
Consumption and other taxes payable	38	47
Accrued expenses	841	822
Advances received	188	149
Deposits received	229	374
Reserve for directors' bonuses	25	6
Reserve for employees' bonuses	814	415
Reserve for order losses	689	582
Other	1,716	1,661
Total current liabilities	22,320	22,721
Long-term liabilities		
Long-term debt	8,930	8,779
Long-term payables	35	43
Net defined benefit liability	3,862	3,853
Deferred tax liabilities	1,756	1,402
Other	58	—
Total long-term liabilities	14,644	14,078
Total liabilities	36,964	36,799
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	10,579	9,758
Treasury stock	(480)	(480)
Total shareholders' equity	18,274	17,454
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	8,111	7,563
Foreign currency translation adjustments	188	163
Adjustments of defined benefit plans	(247)	(234)
Total accumulated other comprehensive income	8,052	7,492
Total net assets	26,327	24,946
Total liabilities and net assets	63,291	61,746

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income for the First Quarter of Fiscal 2018

(Millions of yen)

	1Q FY2017 (June 1, 2017 to August 31, 2017)	1Q FY2018 (June 1, 2018 to August 31, 2018)
Net Sales	6,958	8,689
Cost of sales	5,827	7,449
Gross profit	1,131	1,240
Selling, general and administrative expenses	1,957	1,824
Operating loss	(826)	(584)
Non-operating income		
Interest income	0	0
Dividend income	108	120
Foreign exchange gains	23	—
Gain on reversal of environmental expenses	40	—
Miscellaneous income	11	10
Total non-operating income	184	131
Non-operating expenses		
Interest expense	35	29
Equity in loss of unconsolidated subsidiaries and affiliates	15	21
Loss on disposal of fixed assets	0	1
Foreign exchange losses	—	27
Commission fee	5	—
Miscellaneous loss	4	15
Total non-operating expenses	60	95
Ordinary loss	(701)	(548)
Extraordinary income		
Gain on sales of investment securities	168	95
Other	2	—
Total extraordinary income	170	95
Extraordinary loss		
Expenses for commemorative events of the 100th anniversary	—	5
Total extraordinary losses	—	5
Loss before income taxes	(530)	(458)
Income taxes: Current	21	29
Income taxes: Deferred	(151)	(138)
Total income taxes	(130)	(109)
Net loss	(400)	(348)
Net Loss Attributable to Owners of the Parent	(400)	(348)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	1Q FY2017 (June 1, 2017 to August 31, 2017)	1Q FY2018 (June 1, 2018 to August 31, 2018)
Net loss	(400)	(348)
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	136	(547)
Foreign currency translation adjustments	3	(0)
Adjusted amounts of defined benefit plans	12	12
Share of other comprehensive income of affiliates to which the equity method is applied	(38)	(24)
Total other comprehensive income	114	(560)
Comprehensive income	(286)	(908)
Comprehensive income attributable to:		
Owners of the parent	(286)	(908)
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

(Additional information)

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the first quarter of fiscal 2018. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under long-term liabilities.

(Segment Information)

**Segment Information:**

The First Quarter of Fiscal 2017 (June 1, 2017 to August 31, 2017)

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

(Millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustment Amount (Note 2)	Amount Recorded on Quarterly Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	4,929	1,805	222	1	6,958	—	6,958
Inter-segment sales and transfers	—	0	—	163	163	(163)	—
Total	4,929	1,805	222	164	7,121	(163)	6,958
Segment profit (loss)	160	(257)	(35)	4	(127)	(698)	(826)

- 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 698 million yen. This is comprised of an elimination of inter-segment sales and transfer amount at a loss of 2 million yen and corporate expenditure (a loss of 700 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.

The First Quarter of Fiscal 2018 (June 1, 2018 to August 31, 2018)

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

(Millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustment Amount (Note 2)	Amount Recorded on Quarterly Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	5,458	2,776	448	6	8,689	—	8,689
Inter-segment sales and transfers	5	0	—	152	158	(158)	—
Total	5,464	2,776	448	158	8,848	(158)	8,689
Segment profit (loss)	46	(16)	104	6	141	(725)	(584)

- 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 725 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 725 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. Supporting Materials for the Financial Results

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

(a) Production Status

Business segment	1Q FY2017 (June 1, 2017 to August 31, 2017)		1Q FY2018 (June 1, 2018 to August 31, 2018)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	5,446	72.0	5,177	63.5
Industrial Systems	2,077	27.5	2,512	30.8
Information Equipment Systems	35	0.5	466	5.7
Other	—	—	—	—
Total	7,560	100.0	8,156	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	1Q FY2017 (June 1, 2017 to August 31, 2017)		1Q FY2018 (June 1, 2018 to August 31, 2018)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	6,992	27,849	5,567	23,862
Industrial Systems	2,553	8,187	4,363	8,277
Information Equipment Systems	936	1,627	248	327
Other	1	—	6	—
Total	10,484	37,664	10,185	32,467

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

(c) Sales Status

Business segment	1Q FY2017 (June 1, 2017 to August 31, 2017)		1Q FY2018 (June 1, 2018 to August 31, 2018)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	4,929	70.8	5,458	62.8
Industrial Systems	1,805	25.9	2,776	32.0
Information Equipment Systems	222	3.2	448	5.2
Other	1	0.0	6	0.1
Total	6,958	100.0	8,689	100.0

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