

October 13, 2010

# Summary of Consolidated Business Results for the First Quarter of Fiscal 2010

For the fiscal year ending May 31, 2011

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 Scheduled date of commencement of dividend payments: —  
 Preparation of quarterly financial report supplemental explanatory materials: No  
 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 2010

(June 1, 2010 – August 31, 2010)

### (1) Consolidated Operating Results

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

|           | Net Sales |      | Operating Income<br>(Loss) |   | Ordinary Income<br>(Loss) |   | Net Loss |   |
|-----------|-----------|------|----------------------------|---|---------------------------|---|----------|---|
| 1Q FY2010 | 9,668     | 42.5 | 258                        | — | 161                       | — | (172)    | — |
| 1Q FY2009 | 6,784     | 2.7% | (239)                      | — | (215)                     | — | (361)    | — |

|           | Net Loss per Share<br>(Yen) | Diluted Net Income<br>per Share (Yen) |
|-----------|-----------------------------|---------------------------------------|
| 1Q FY2010 | (3.91)                      | —                                     |
| 1Q FY2009 | (8.19)                      | —                                     |

### (2) Consolidated Financial Position

(In millions of yen, except where noted)

|                       | Total Assets | Net Assets | Shareholders' Equity<br>Ratio (%) | Net Assets per Share<br>(Yen) |
|-----------------------|--------------|------------|-----------------------------------|-------------------------------|
| As of August 31, 2010 | 34,233       | 12,016     | 35.1                              | 272.93                        |
| As of May 31, 2010    | 34,385       | 12,585     | 36.6                              | 285.86                        |

Reference: Shareholders' equity: As of August 31, 2010: 12,016 million yen  
 As of May 31, 2010: 12,585 million yen

## 2. Dividend Information

| (Record Date)     | Annual Dividend (Yen) |         |    |                  |        |
|-------------------|-----------------------|---------|----|------------------|--------|
|                   | 1Q                    | Interim | 3Q | Full Fiscal Year | Annual |
| FY2009            | —                     | 0.00    | —  | 6.00             | 6.00   |
| FY2010            | —                     | —       | —  | —                | —      |
| FY2010 (Forecast) | —                     | 0.00    | —  | 6.00             | 6.00   |

Note: Revisions to planned dividends during the quarter under review: None

## 3. Full Fiscal Year Consolidated Forecast

(June 1, 2010 - May 31, 2011)

(In millions of yen, except where noted; Percentage figures show year-on-year growth for the full fiscal year and growth compared to the same period (first half) of the previous fiscal year.)

|                  | Net Sales |       | Operating Income |       | Ordinary Income |       | Net Income |       | Net Income per<br>Share (Yen) |
|------------------|-----------|-------|------------------|-------|-----------------|-------|------------|-------|-------------------------------|
| First half       | 18,000    | 20.6% | 400              | —     | 400             | —     | 200        | —     | 4.54                          |
| Full fiscal year | 36,000    | 1.6%  | 1,600            | 64.1% | 1,500           | 52.7% | 800        | 56.0% | 18.17                         |

Note: Revisions to consolidated business results during the quarter under review: None

#### 4. Other

(Please refer to “Other Information” in Accompanying Materials on page 3 for more details)

(1) Transfer of Major Subsidiaries during the Period: No

Newly included: – Excluded: –

Note: Transfer of specified subsidiaries accompanied by changes in the scope of consolidation during the first quarter of the fiscal year under review

(2) Application of the Simplified and Special Accounting Methods: Yes

Note: Application of the simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements

(3) Changes in Accounting Principles, Procedures, Disclosure Methods and Related Standards

(a) Changes in accordance with revisions to accounting and other standards: Yes

(b) Changes in items other than (a) above: Yes

Note: Changes in accounting principles, procedures, disclosure methods and related standards in connection with the preparation of quarterly consolidated financial statements recorded under “changes in important items considered fundamental to the preparation of quarterly consolidated financial statements”

(4) Shares Outstanding (Common Stock)

(a) Number of shares outstanding as of the end of the period (including treasury stock):

August 31, 2010: 46,575,000 shares      May 31, 2010: 46,575,000 shares

(b) Number of shares of treasury stock as of the end of the period:

August 31, 2010: 2,547,880 shares      May 31, 2010: 2,546,830 shares

(c) Average number of shares for the period (fiscal year-to-date):

1Q FY2010: 44,027,757 shares      1Q FY2009: 44,134,106 shares

#### Statement Regarding the Implementation Status of Quarterly Review Procedures

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 quarterly financial statements had 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. For matters relating to performance forecasts please refer to “Qualitative Information Regarding Performance Forecasts” on page 4.

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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, 2010 to August 31, 2010) of fiscal 2010, the fiscal year ending May 31, 2011, the Japanese economy was again unable to cast off the uncertainty surrounding the future. Despite signs of a recovery in corporate-sector earnings due largely to the underlying strength provided by exports to Asia and the positive flow-on effects of pump-priming measures implemented by the government, as well as an upward trend in capital investment activity, this uncertainty was mainly attributable to anxieties relating to appreciation in the value of the yen, a weak stock market and concerns with respect to a downturn in the U.S. and Chinese economies.

Under these circumstances, the Toyo Denki Group continued to promote measures aimed at expanding business and improving corporate value guided by its “Challenge Up” medium-term management plan.

The Toyo Denki Group’s performance in the first quarter of fiscal 2010 was as follows.

Orders received contracted 33.1% compared with the corresponding period of the previous fiscal year to 9,057 million yen. Despite an upswing during the period in the Industrial Systems segment, this overall result reflected the decrease in orders received in each of the Transportation Systems and Information Systems segments.

Net sales increased 42.5% year on year to 9,668 million yen, reflecting significant improvements in the Transportation Systems and Information Systems segments.

From a profit perspective, the Group continued to experience robust results in the Transportation Systems segment together with a recovery in Industrial Systems segment sales. As a result, the Toyo Denki Group reported operating income of 258 million yen for the period under review, a positive turnaround of 497 million yen compared with the corresponding period of the previous fiscal year. Despite a loss on foreign currency exchange totaling 139 million yen primarily reflecting appreciation in the value of the yen, ordinary income also returned to the black to 161 million yen, a year-on-year improvement of 376 million yen. Taking into account such extraordinary losses as the loss on devaluation of investment securities of 94 million yen and 38 million yen reflecting the impact of adopting the Accounting Standard for Asset Retirement Obligations, the net loss for the first quarter of fiscal 2010 was 172 million yen.

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

Order received in the Transportation Systems segment amounted to 6,008 million yen reflecting a decrease both in Japan and overseas. Segment sales totaled 7,008 million yen on the back of robust overseas results. On the earnings front, segment income was 706 million yen.

#### (b) Industrial Systems

In the Industrial Systems segment, orders received and sales for the period under review were 2,964 million yen and 2,499 million yen, respectively. Both the level of orders received and sales reflected the upward trend in capital investment in Japan. From a profit perspective segment income was 10 million yen.

#### (c) Information Systems

Impacted by the drop in IC card-compatible equipment relating particularly to railway station operation activities, orders received in the Information Systems segment totaled 84 million yen. In the period under review this segment incurred a loss of 37 million yen on sales of 157 million yen.

Note: Net sales data by business segment represents sales to external customers and is exclusive of intersegment sales and transfers.

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

Total assets as of August 31, 2010 stood at 34,233 million yen, a decrease of 151 million yen compared with the end of the previous fiscal year. Despite increases in cash and cash equivalents as well as notes and accounts receivable – trade of 161 million yen and 579 million yen, respectively, this decrease was attributable to the drop of 520 million yen in inventories and the decline of 161 million yen in total investments and other fixed assets.

Total liabilities amounted to 22,217 million yen as of the end of the period under review, up 418 million yen compared with the previous fiscal year-end. Major movements included note and accounts payable – trade, which climbed 684 million yen and income taxes payable, which contracted 185 million yen.

Net assets stood at 12,016 million yen, 569 million yen lower than the balance as of the previous fiscal year-end. Major movements were a 504 million yen decrease in retained earnings and a 48 million yen decrease in differences in evaluation of other marketable securities.

### (3) Qualitative Information regarding Forecasts for Consolidated Business Results

There are no changes to forecasts of business results previously announced on July 12, 2010.

## 2. Other Information

### (1) Outline of Changes in Important Subsidiaries

Not applicable.

### (2) Outline of the Simplified and Special Accounting Methods

#### **Application of the simplified accounting method**

*(The Method for Calculating Corporate, Local and Enterprise Taxes, Deferred Tax Assets and Deferred Tax Liabilities)*

In computing the amount of corporate, local and enterprise taxes payable, the Company undertook certain additions and subtractions in conjunction with tax deductions with regard to important items only.

In determining the collectability of deferred tax assets, the same forecasts of results as well as the tax planning method used in the previous fiscal year are applied in the event that no significant change in operating and other conditions as well as temporary differences are confirmed since the end of the previous fiscal year.

### (3) Outline of Changes in Accounting Principles, Procedures and Methods of Presentation

#### **Changes in accounting standard**

#### (a) *Application of the Accounting Standard for Equity Method of Accounting for Investments and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for using the Equity Method*

Effective from the first quarter of fiscal 2010, the Company has applied the Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan [ASBJ] Statement No. 16 revised on March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for using the Equity Method (ASBJ Practical Issues Task Force [PITF] No. 24 issued on March 10, 2008).

There was no impact on income or losses for the first quarter of the fiscal year under review as a result of the application of the aforementioned accounting standard and practical solution.

#### (b) *Application of the Accounting Standard for Asset Retirement Obligations*

Effective from the first quarter of fiscal 2010, the Company has applied the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan [ASBJ] Statement No. 18 released on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21 released on March 31, 2008).

The impact on operating income, ordinary income, net loss and segment information for the first quarter of the fiscal year under review as a result of the application of the aforementioned accounting standard and guideline was insignificant.

#### **Changes in the scope of application of the equity method**

*(Changes in Affiliated Companies Accounted for by the Equity Method)*

Effective from the first quarter of the fiscal year under review, Hunan XiangYang Electric Co., Ltd. and Changzhou Ruiyang Transmission Technology Co., Ltd. have been included in the Company's scope of consolidation as affiliated companies accounted for by the equity method due to their growing importance to the Group.

*(The Number of Affiliated Companies Accounted for by the Equity Method after the Change)*

2 companies

#### **Additional Information**

*(Abolition of the Retirement Benefit System for Directors)*

As of the date of the Company's ordinary general meeting of shareholders held in August 2010, Toyo Denki resolved to abolish its retirement benefit system for directors and to pay to each director a benefit at the time of retirement commensurate with the period of service as a director.

In addition, and with respect to Toyo Denki's subsidiary companies in Japan, the resolution was passed to abolish all retirement benefit systems for directors and to pay the appropriate amounts at the time of each retirement.

As a result of the aforementioned resolutions, the amount of reserve for directors' retirement benefits totaling 162 million yen covering Toyo Denki and its consolidated subsidiary companies was reallocated with the amount for which payment is expected to exceed one year (151 million yen) transferred to the long-term payables accounting line item within long-term liabilities and an amount for which payment is expected within one year (11 million yen) transferred to the other accounting line item within current liabilities.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

|  | End of the first quarter<br>FY2010<br>(As of August 31, 2010) | End of the previous fiscal year<br>FY2009<br>(As of May 31, 2010) |
|--|---|---|
| (Millions of yen)                        |   |   |
| <hr/>                                    |   |   |
| (Assets)                                 |   |   |
| Current assets                           |   |   |
| Cash and cash equivalents                | 2,617   | 2,456   |
| Notes and accounts receivable — trade    | 10,199  | 9,619   |
| Products and finished goods              | 1,484   | 2,397   |
| Work in process                          | 3,334   | 3,034   |
| Raw materials and stored goods           | 2,308   | 2,215   |
| Other                                    | 670   | 1,017   |
| Allowance for doubtful accounts          | (37)  | (43)  |
| Total current assets                     | 20,577  | 20,697  |
| Fixed assets                             |   |   |
| Tangible fixed assets                    |   |   |
| Buildings and structures                 | 6,241   | 6,081   |
| Accumulated depreciation                 | (3,569)   | (3,496)   |
| Buildings and structures (net)           | 2,672   | 2,585   |
| Machinery and equipment                  | 6,125   | 5,796   |
| Accumulated depreciation                 | (4,645)   | (4,511)   |
| Machinery and equipment (net)            | 1,479   | 1,285   |
| Land                                     | 289   | 289   |
| Construction work in progress            | 134   | 274   |
| Other                                    | 2,341   | 2,306   |
| Accumulated depreciation                 | (1,941)   | (1,896)   |
| Other (net)                              | 399   | 409   |
| Total tangible fixed assets              | 4,976   | 4,844   |
| Intangible fixed assets                  |   |   |
| Software                                 | 201   | 196   |
| Other                                    | 60  | 66  |
| Total intangible fixed assets            | 262   | 263   |
| Investments and other fixed assets       |   |   |
| Investment securities                    | 6,175   | 6,376   |
| Other                                    | 2,259   | 2,219   |
| Allowance for doubtful accounts          | (16)  | (16)  |
| Total investments and other fixed assets | 8,417   | 8,579   |
| Total fixed assets                       | 13,656  | 13,687  |
| Total assets                             | 34,233  | 34,385  |

(Millions of yen)

|  | End of the first quarter<br>FY2010<br>(As of August 31, 2010) | End of the previous fiscal year<br>FY2009<br>(As of May 31, 2010) |
|--|---|---|
| <b>Liabilities</b>   |   |   |
| <b>Current liabilities</b>   |   |   |
| Notes and accounts payable — trade                                   | 5,791   | 5,107   |
| Short-term borrowings  | 4,420   | 4,420   |
| Current portion of corporate bonds                                   | 200   | 200   |
| Income taxes payable   | 39  | 224   |
| Consumption and other taxes payable                                  | 85  | 76  |
| Accrued expenses   | 3,153   | 3,086   |
| Advances received  | 1,080   | 947   |
| Deposits received  | 316   | 216   |
| Reserve for employees' bonuses                                       | 417   | 841   |
| Reserve for directors' bonuses                                       | 9   | 22  |
| Reserve for order losses   | 399   | 340   |
| Other  | 482   | 443   |
| <b>Total current liabilities</b>                                     | <b>16,395</b>   | <b>15,929</b>   |
| <b>Long-term liabilities</b>   |   |   |
| Corporate bonds  | 480   | 480   |
| Long-term borrowings   | 1,925   | 2,075   |
| Reserve for employees' retirement benefits                           | 3,071   | 2,981   |
| Reserve for directors' retirement benefits                           | —   | 163   |
| Long-term payables   | 309   | 170   |
| Other  | 36  | —   |
| <b>Total long-term liabilities</b>                                   | <b>5,822</b>  | <b>5,870</b>  |
| <b>Total liabilities</b>   | <b>22,217</b>   | <b>21,799</b>   |
| <b>Net assets</b>  |   |   |
| <b>Shareholders' equity</b>  |   |   |
| Common stock   | 4,482   | 4,482   |
| Capital surplus  | 2,661   | 2,661   |
| Retained earnings  | 5,405   | 5,909   |
| Treasury stock   | (902)   | (901)   |
| <b>Total shareholders' equity</b>                                    | <b>11,648</b>   | <b>12,152</b>   |
| <b>Evaluation and foreign currency translation adjustments</b>       |   |   |
| Differences in evaluation of other marketable securities             | 421   | 470   |
| Deferred gains or losses on hedges                                   | (53)  | (37)  |
| <b>Total evaluation and foreign currency translation adjustments</b> | <b>368</b>  | <b>432</b>  |
| <b>Total net assets</b>  | <b>12,016</b>   | <b>12,585</b>   |
| <b>Total net assets and liabilities</b>                              | <b>34,233</b>   | <b>34,385</b>   |

(2) Quarterly Consolidated Statements of Income

Consolidated Statement of Income for the First Quarter of Fiscal 2010

(Millions of yen)

|   | 1Q FY2009<br>(June 1, 2009 to<br>August 31, 2009) | 1Q FY2010<br>(June 1, 2010 to<br>August 31, 2010) |
|---|---|---|
| Net sales   | 6,784   | 9,668   |
| Cost of sales   | 5,494   | 7,713   |
| Gross profit  | 1,289   | 1,954   |
| Selling, general and administrative expenses                                | 1,529   | 1,696   |
| Operating income (loss)   | (239)   | 258   |
| Non-operating income  |   |   |
| Interest received   | 0   | 0   |
| Dividends received  | 57  | 56  |
| Equity in earnings of equity-method investments                             | -   | 13  |
| Miscellaneous income  | 31  | 10  |
| Total non-operating income  | 89  | 81  |
| Non-operating expenses  |   |   |
| Interest expenses   | 31  | 35  |
| Loss on disposal of fixed assets  | 4   | 0   |
| Loss on foreign currency exchange   | 24  | 139   |
| Miscellaneous expenses  | 4   | 3   |
| Total non-operating expenses  | 64  | 177   |
| Ordinary income (loss)  | (215)   | 161   |
| Extraordinary loss  |   |   |
| Loss of devaluation of investment securities                                | -   | 94  |
| Impact of adopting the Accounting Standard for Asset Retirement Obligations | -   | 38  |
| Total extraordinary loss  | -   | 132   |
| Net income (loss) before taxes  | (215)   | 28  |
| Corporate, local and enterprise taxes                                       | 41  | 24  |
| Corporate tax adjustments, etc.   | 104   | 176   |
| Total taxes   | 145   | 200   |
| Loss before minority interests  | -   | (172)   |
| Net loss  | (361)   | (172)   |



(3) Consolidated Statements of Cash Flows

(Millions of yen)

|   | 1Q FY2009<br>(June 1, 2009 to<br>August 31, 2009) | 1Q FY2010<br>(June 1, 2010 to<br>August 31, 2010) |
|---|---|---|
| Cash flows from operating activities                                |   |   |
| Net income (loss) before taxes                                      | (215)   | 28  |
| Depreciation expenses   | 203   | 271   |
| Increase (decrease) in allowance for doubtful accounts              | (1)   | (6)   |
| Increase (decrease) in reserve for employees' bonuses               | (411)   | (423)   |
| Increase (decrease) in reserve for employees' retirement benefits   | (39)  | 89  |
| Increase (decrease) in reserve for directors' retirement benefits   | 10  | (163)   |
| Interest and dividend income  | (57)  | (56)  |
| Interest expenses   | 31  | 35  |
| Loss (gain) on devaluation of investment securities                 | -   | 94  |
| Decrease (increase) in notes and accounts receivable — trade        | 1,437   | (595)   |
| Decrease (increase) in inventory                                    | (1,054)   | 520   |
| Increase (decrease) in notes and accounts payable — trade           | (160)   | 712   |
| Increase (decrease) in reserve for order losses                     | 36  | 59  |
| Increase (decrease) in advances received                            | -   | 132   |
| Other   | (385)   | 494   |
| Subtotal  | (607)   | 1,191   |
| Interest and dividend income received                               | 57  | 56  |
| Interest paid   | (32)  | (32)  |
| Payments for corporate and other taxes                              | (230)   | (209)   |
| Net cash provided by operating activities                           | (812)   | 1,007   |
| Cash flows from investing activities                                |   |   |
| Funds used for the purchase of tangible fixed assets                | (134)   | (382)   |
| Funds used for the purchase of investment securities                | (2)   | (3)   |
| Other   | 93  | (21)  |
| Cash used in investing activities                                   | (43)  | (406)   |
| Cash flows from financing activities                                |   |   |
| Net increase (decrease) in short-term borrowings                    | 343   | -   |
| Repayments of long-term borrowings                                  | (45)  | (150)   |
| Payment for the acquisition of treasury stock                       | (5)   | (0)   |
| Cash dividends paid   | (265)   | (264)   |
| Cash provided by financing activities                               | 27  | (414)   |
| Effect of exchange rate changes on cash and cash equivalents        | (6)   | (24)  |
| Increase (decrease) in cash and cash equivalents                    | (834)   | 161   |
| Balance of cash and cash equivalents at the beginning of the period | 2,967   | 2,456   |
| Balance of cash and cash equivalents at the end of the period       | 2,133   | 2,617   |

#### (4) Notes on Going Concern Assumptions

The First Quarter of Fiscal 2010 (June 1, 2010 to August 31, 2010)  
Not applicable.

#### (5) Segment Information

##### (a) Overview of Reportable Segments

The business segments reported by Toyo Denki are corporate units that make up the Group for which financial information is separately accessible. Toyo Denki's Board of Directors periodically reviews these units as the basis for determining the allocation of management resources and to evaluate business results.

Toyo Denki has established business divisions on an individual product basis. Each business division is responsible for the overall strategies and business development of each product both in Japan and overseas. Accordingly, the Toyo Denki Group is comprised of the three reportable Transportation Systems, Industrial Systems and Information Systems segments, which are based on the Company's business divisions by product.

*(Business Segment Details)*

##### Transportation Systems

In this segment, the Toyo Denki Group engages in the manufacture and sale as well as ancillary work relating to electrical equipment for rail, magnetically suspended high speed surface transport (HSST), ultra-low floor light-rail (LRV), new transportation systems and special-purpose vehicles as well as railway power storage and other systems.

##### Industrial Systems

In this segment, the Toyo Denki Group engages in the manufacture and sale as well as ancillary work relating to motors, inverters, testing equipment, water supply and sewage equipment systems, power generating equipment, new energy compatible power generating systems, in-wheel motor drive and other products.

##### Information Systems

In this segment, the Toyo Denki Group engages in the manufacture and sale as well as ancillary work relating to commuter pass vending machines, automatic commuter pass vending machines, IC-card vending machines, remote monitoring systems, information and other system related products.

##### (b) Information Regarding Net Sales and Income (Loss) by Reporting Segment

The First Quarter of Fiscal 2010 (June 1, 2010 to August 31, 2010)

(Millions of yen)

|                                  | Reporting Segment      |                    |                     | Others <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 Systems |                     |       |                                |  |
| Net sales                        |                        |                    |                     |                     |       |                                |  |
| Sales to external customers      | 7,008                  | 2,499              | 157                 | 1                   | 9,668 | -                              | 9,668  |
| Intersegment sales and transfers | 4                      | 0                  | -                   | 211                 | 215   | (215)                          | -  |
| Total                            | 7,012                  | 2,500              | 157                 | 212                 | 9,883 | (215)                          | 9,668  |
| Segment income (loss)            | 706                    | 10                 | (37)                | 14                  | 693   | (435)                          | 258  |

Notes:

- The "Others" segment includes operations not included in reporting segments such as core corporate system administration and the dispatch of temporary staff.
- The segment income (loss) adjustment amount is a loss of 435 million yen. This is comprised of an elimination of intersegment sales and transfer amount of 0.4 million yen and corporate expenditure (a loss of 436 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 expenses that are not allocated to each reporting segment.
- Segment income (loss) has been adjusted with operating income recorded under the quarterly consolidated statement of income.

(Additional Information)

Effective from the first quarter of the fiscal year under review, Toyo Denki has applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 issued on March 17, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 issued on March 21, 2008).

#### (6) Notes on Significant Fluctuations in Shareholders' Equity

The First Quarter of Fiscal 2010 (June 1, 2010 to August 31, 2010)  
Not applicable.

## 4. Supporting Materials

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

#### (a) Production Performance

| Business segment       | 1Q FY2009<br>(June 1, 2009 to August 31, 2009) |           | 1Q FY2010<br>(June 1, 2010 to August 31, 2010) |           |
|------------------------|--|-----------|--|-----------|
|                        | Millions of yen                                | Share (%) | Millions of yen                                | Share (%) |
| Transportation Systems | 5,118  | 79.5      | 7,006  | 74.9      |
| Industrial Systems     | 1,072  | 16.6      | 2,234  | 23.9      |
| Information Systems    | 249  | 3.9       | 117  | 1.2       |
| Other                  | –  | –         | –  | –         |
| Total                  | 6,440  | 100.0     | 9,358  | 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 the fiscal year under review, Toyo Denki has applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. As a result, the business segment classifications of certain consolidated subsidiaries have been revised.

#### (b) Status of Orders Received

| Business segment       | 1Q FY2009<br>(June 1, 2009 to August 31, 2009) |                              | 1Q FY2010<br>(June 1, 2010 to August 31, 2010) |                              |
|------------------------|--|------------------------------|--|------------------------------|
|                        | Orders Received<br>(Millions of yen)           | Balance<br>(Millions of yen) | Orders Received<br>(Millions of yen)           | Balance<br>(Millions of yen) |
| Transportation Systems | 10,409   | 27,197                       | 6,008  | 23,825                       |
| Industrial Systems     | 2,197  | 4,250                        | 2,964  | 4,238                        |
| Information Systems    | 941  | 1,561                        | 84   | 96                           |
| Other                  | –  | –                            | –  | –                            |
| Total                  | 13,548   | 33,009                       | 9,057  | 28,160                       |

Notes:

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.
3. Effective from the first quarter of the fiscal year under review, Toyo Denki has applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. As a result, the business segment classifications of certain consolidated subsidiaries have been revised.

#### (c) Sales Performance

| Business segment       | 1Q FY2009<br>(June 1, 2009 to August 31, 2009) |           | 1Q FY2010<br>(June 1, 2010 to August 31, 2010) |           |
|------------------------|--|-----------|--|-----------|
|                        | Millions of yen                                | Share (%) | Millions of yen                                | Share (%) |
| Transportation Systems | 5,099  | 75.2      | 7,008  | 72.5      |
| Industrial Systems     | 1,455  | 21.4      | 2,499  | 25.9      |
| Information Systems    | 229  | 3.4       | 157  | 1.6       |
| Other                  | –  | –         | 1  | 0.0       |
| Total                  | 6,784  | 100.0     | 9,668  | 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 the fiscal year under review, Toyo Denki has applied the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. As a result, the business segment classifications of certain consolidated subsidiaries have been revised.

Acknowledgement: This is a translation of the Japanese original of the Summary of Consolidated Business Results for the First Quarter of Fiscal 2010 issued by Toyo Denki Seizo K.K. on October 13, 2010.