

April 6, 2012

Summary of Consolidated Business Results for the First Three Quarters of Fiscal 2011

For the fiscal year ending May 31, 2012

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Scheduled date of submission of quarterly financial report: April 13, 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 Three Quarters of Fiscal 2011

(June 1, 2011–February 29, 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	
First Three Quarters, FY2011	26,957	(3.2)%	653	(33.4)%	790	(17.5)%	232	(45.3)%
First Three Quarters, FY2010	27,834	17.8%	979	801.0%	958	723.3%	425	—

Note: Comprehensive income 3Q FY2011: 941 million yen (61.0%) 3Q FY2010: 585 million yen (–%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First Three Quarters, FY2011	4.83	—
First Three Quarters, FY2010	9.48	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of February 29, 2012	39,656	14,919	37.6
As of May 31, 2011	36,892	14,268	38.7

Reference: Shareholders' equity: As of February 29, 2012: 14,919 million yen
 As of May 31, 2011: 14,268 million yen

2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
FY2010	—	0.00	—	6.00	6.00
FY2011	—	0.00	—	—	—
FY2011 (Forecast)	—	—	—	6.00	6.00

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

3. Consolidated Performance Forecast for Fiscal 2011

(June 1, 2011–May 31, 2012)

(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	40,000	5.6%	1,800	19.7%	1,800	14.1%	750	10.6%	16.43

Note: Revisions to the most recently announced consolidated performance forecast: No

4. Other

- (1) Transfers of Major Subsidiaries during the Period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): No
Newly included: – Excluded: –
- (2) Application of Special Accounting Practices for the Preparation of Quarterly Consolidated Financial Statements:
No
- (3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements
- (a) Changes in accounting principles in accordance with revisions to accounting standards and related practices: No
 - (b) Changes in accounting principles other than (a) above: No
 - (c) Changes in accounting estimates: No
 - (d) Retrospective restatements: No
- (4) Number of Shares Issued and Outstanding (ordinary shares)
- (a) Number of shares outstanding as of the end of the period (including treasury stock):
February 29, 2012: 48,675,000 shares May 31, 2011: 48,675,000 shares
 - (b) Number of shares of treasury stock as of the end of the period:
February 29, 2012: 458,152 shares May 31, 2011: 452,701 shares
 - (c) Average number of shares for the period (fiscal year-to-date):
First three quarters, FY2011: 48,219,749 shares First three quarters, FY2010: 44,866,427 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, 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. 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 Forecasts for Consolidated Business Results" in Accompanying Materials on page 3.

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1. Qualitative Information regarding Quarterly Consolidated Financial Report

(1) Qualitative Information regarding Consolidated Business Results

Throughout the first three quarters (June 1, 2011 to February 29, 2012) of fiscal 2011, the fiscal year ending May 31, 2012, the Japanese economy remained shrouded in uncertainty. Despite indications of a recovery due to such factors as the quick restoration of the supply chain following the Great East Japan Earthquake, this uncertainty was largely attributable to the unprecedented and prolonged high value of the yen, a slowdown in the European and U.S. economies owing mainly to the deepening debt crisis in Europe and weaker rates of economic growth in China and other developing countries.

Under these circumstances, the Toyo Denki Group has been working in unison to expand business and improve corporate value in the final year of its “Challenge Up Plan,” the Group’s medium-term management plan that was launched in June 2009.

The Toyo Denki Group’s performance in the first three quarters of fiscal 2011 was as follows.

Orders received contracted 8.5% compared with the corresponding period of the previous fiscal year to 23,085 million yen. Despite an upswing for the period in the Information Systems segment, this overall result reflected the decrease in the Transportation Systems segment.

Net sales contracted 3.2% year on year to 26,957 million yen. While net sales in each of the Industrial Systems and Information Systems segments increased, this overall result reflected the decrease in net sales in the Transportation Systems segment.

From a profit perspective, operating income fell 33.4% compared with the corresponding period of the previous fiscal year from 979 million yen to 653 million yen, due primarily to the decrease in net sales. Ordinary income also declined from 958 million yen for the first three quarter of fiscal 2010 to 790 million yen, a drop of 17.5% year on year. Net income for the period under review totaled 232 million yen. This was 45.3% lower than the 425 million yen reported for the corresponding period of the previous fiscal year.

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 contracted 17.9% compared with the corresponding period of the previous fiscal year to 13,215 million yen reflecting the decrease overseas. Despite an upswing outside of Japan, net sales declined 10.1% year on year to 17,077 million yen owing mainly to the drop in Japan. On the earnings front, segment income was 1,893 million yen compared with 2,187 million yen in the corresponding period of the previous fiscal year.

(b) Industrial Systems

Orders received decreased 3.7% year on year to 7,899 million yen. Net sales climbed 11.0% compared with the corresponding period of the previous fiscal year to 8,909 million yen on the back of growth in capital investment activity both in Japan and overseas. From a profit perspective, the Company incurred a loss in this segment of 27 million yen. This was compared with the segment income of 48 million recorded in the corresponding period of the previous fiscal year.

(c) Information Systems

Orders received in the Information Systems segment jumped 112.3% compared with the corresponding period of the previous fiscal year to 1,964 million yen, reflecting a significant increase in orders for IC card-compatible equipment relating particularly to railway station operations. Net sales in this segment increased 17.8% year on year to 963 million yen. On the earnings front, segment income was 197 million yen compared with 81 million yen in the corresponding period of the previous fiscal year.

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 February 29, 2012 stood at 39,656 million yen, an increase of 2,763 million yen compared with the end of the previous fiscal year. Despite decreases in cash and cash equivalents of 1,128 million yen and inventories of 349 million yen, this increase was largely attributable to the upswing in notes and accounts receivable — trade of 2,650 million yen and investment securities of 2,000 million yen.

Total liabilities amounted to 24,737 million yen, 2,113 million yen higher than the balance recorded as of May 31, 2011. While notes and accounts payable — trade and accrued expenses contracted 929 million yen and 816 million yen, respectively, this upswing in total liabilities reflected the 5,259 million yen increase in short-term borrowings.

Net assets stood at 14,919 million yen as of the end of the third quarter of the fiscal year under review, an increase of 650 million yen compared with the balance as of the previous fiscal year-end. This was largely attributable to the increase of 727 million yen in differences in evaluation of other marketable securities, which more than offset the 18 million yen decrease in deferred gains or losses on hedges.

(3) Qualitative Information regarding Forecasts for Consolidated Business Results

There are no changes to forecasts of business results previously announced on January 12, 2012.

2. Items regarding Summary Information (Other Matters)

(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) Consolidated Balance Sheets

(Millions of yen)

	End of Fiscal 2010 (May 31, 2011)	End of the First Three Quarters of Fiscal 2011 (February 29, 2012)
Assets		
Current assets		
Cash and cash equivalents	2,410	1,281
Notes and accounts receivable — trade	10,332	12,983
Products and finished goods	2,565	2,562
Work in process	3,389	3,582
Raw materials and stored goods	2,224	1,684
Other	740	751
Allowance for doubtful accounts	(40)	(28)
Total current assets	21,621	22,816
Fixed assets		
Tangible fixed assets		
Buildings and structures	6,295	6,277
Accumulated depreciation	(3,710)	(3,850)
Buildings and structures (net)	2,584	2,427
Machinery and equipment	6,291	6,279
Accumulated depreciation	(4,933)	(5,078)
Machinery and equipment (net)	1,357	1,201
Land	289	289
Construction work in progress	48	252
Other	2,429	2,686
Accumulated depreciation	(2,033)	(2,201)
Other (net)	395	484
Total tangible fixed assets	4,675	4,655
Intangible fixed assets		
Software	209	268
Other	179	67
Total intangible fixed assets	389	335
Investments and other fixed assets		
Investment securities	7,618	9,618
Other	2,603	2,246
Allowance for doubtful accounts	(16)	(16)
Total investments and other fixed assets	10,204	11,848
Total fixed assets	15,270	16,839
Total assets	36,892	39,656

(Millions of yen)

	End of Fiscal 2010 (May 31, 2011)	End of the First Three Quarters of Fiscal 2011 (February 29, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable — trade	5,683	4,754
Short-term borrowings	4,420	9,679
Current portion of corporate bonds	200	200
Income taxes payable	463	52
Consumption and other taxes payable	117	—
Accrued expenses	3,859	3,043
Advances received	677	327
Deposits received	210	212
Reserve for employees' bonuses	933	483
Reserve for directors' bonuses	42	33
Reserve for order losses	148	214
Allowance for environmental development	89	—
Other	273	357
Total current liabilities	17,119	19,359
Long-term liabilities		
Corporate bonds	280	180
Long-term borrowings	1,635	1,740
Reserve for employees' retirement benefits	3,208	3,126
Allowance for environmental development	43	43
Long-term payables	301	251
Other	36	35
Total long-term liabilities	5,504	5,377
Total liabilities	22,623	24,737
Net assets		
Shareholders' equity		
Common stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	6,226	6,169
Treasury stock	(160)	(162)
Total shareholders' equity	14,241	14,182
Accumulated other comprehensive income		
Differences in evaluation of other marketable securities	124	852
Deferred gains or losses on hedges	(97)	(115)
Total accumulated other comprehensive income	27	736
Total net assets	14,268	14,919
Total net assets and liabilities	36,892	39,656

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income for the First Three Quarters of Fiscal 2011

(Millions of yen)

	First Three Quarters, FY2010 (June 1, 2010–February 28, 2011)	First Three Quarters, FY2011 (June 1, 2011–February 29, 2012)
Net sales	27,834	26,957
Cost of sales	21,572	20,989
Gross profit	6,261	5,968
Selling, general and administrative expenses	5,281	5,315
Operating income	979	653
Non-operating income		
Interest received	0	0
Dividends received	96	107
Equity in earnings of equity-method investments	88	51
Life insurance dividend income	79	46
Gain on foreign currency exchange	–	53
Miscellaneous income	18	21
Total non-operating income	282	279
Non-operating expenses		
Interest expenses	101	116
Loss on disposal of fixed assets	8	3
Loss on foreign currency exchange	184	–
Miscellaneous expenses	9	21
Total non-operating expenses	304	141
Ordinary income	958	790
Extraordinary loss		
Loss on devaluation of investment securities	94	–
Impact of adopting the Accounting Standard for Asset Retirement Obligations	38	–
Loss on devaluation of golf club memberships	5	–
Loss on disasters	–	7
Total extraordinary loss	138	7
Net income before taxes	819	783
Corporate, local and enterprise taxes	165	154
Corporate tax adjustments, etc.	228	395
Total taxes	394	550
Income before minority interests	425	232
Net income	425	232

Consolidated Statement of Comprehensive Income for the First Three Quarters of Fiscal 2011

(Millions of yen)

	First Three Quarters, FY2010 (June 1, 2010–February 28, 2011)	First Three Quarters, FY2011 (June 1, 2011–February 29, 2012)
Income before minority interests	425	232
Other comprehensive income		
Differences in evaluation of other marketable securities	218	727
Deferred gains or losses on hedges	(26)	(8)
Share of other comprehensive income of affiliates to which the equity method is applied	(32)	(9)
Total other comprehensive income	159	709
Comprehensive income	585	941
Breakdown		
Comprehensive income attributable to owners of the parent	585	941
Comprehensive income attributable to minority interests	–	–

(3) Notes on Going Concern Assumptions

Not applicable.

(4) Segment Information

I. The First Three Quarters of Fiscal 2010 (June 1, 2010–February 28, 2011)
Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Others ¹	Total	Adjustment Amount ²	Amount Recorded on Quarterly Consolidated Statement of Income ³
	Transportation Systems	Industrial Systems	Information Systems				
Net sales							
Sales to external customers	18,988	8,023	818	4	27,834	–	27,834
Intersegment sales and transfers	20	1	–	661	682	(682)	–
Total	19,008	8,024	818	666	28,517	(682)	27,834
Segment income (loss)	2,187	48	81	44	2,362	(1,382)	979

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 1,382 million yen. This is comprised of an elimination of intersegment sales and transfer amount of 1 million yen and corporate expenditure (a loss of 1,381 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.

II. The First Three Quarters of Fiscal 2011 (June 1, 2011–February 29, 2012)
Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Others ¹	Total	Adjustment Amount ²	Amount Recorded on Quarterly Consolidated Statement of Income ³
	Transportation Systems	Industrial Systems	Information Systems				
Net sales							
Sales to external customers	17,077	8,909	963	6	26,957	–	26,957
Intersegment sales and transfers	28	0	–	623	652	(652)	–
Total	17,106	8,909	963	629	27,610	(652)	26,957
Segment income (loss)	1,893	(27)	197	31	2,094	(1,441)	653

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 1,441 million yen. This is comprised of an elimination of intersegment sales and transfer amount of 1 million yen and corporate expenditure (a loss of 1,439 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.

(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	First Three Quarters, FY2010 (June 1, 2010–February 28, 2011)		First Three Quarters, FY2011 (June 1, 2011–February 29, 2012)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	18,757	71.6	16,866	65.1
Industrial Systems	6,910	26.4	8,406	32.4
Information Systems	524	2.0	648	2.5
Other	–	–	–	–
Total	26,191	100.0	25,921	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, FY2010 (June 1, 2010–February 28, 2011)		First Three Quarters, FY2011 (June 1, 2011–February 29, 2012)	
	Orders Received Millions of yen	Balance Millions of yen	Orders Received Millions of yen	Balance Millions of yen
Transportation Systems	16,093	21,931	13,215	17,064
Industrial Systems	8,202	3,953	7,899	3,656
Information Systems	924	276	1,964	1,140
Other	–	–	6	–
Total	25,220	26,160	23,085	21,861

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, FY2010 (June 1, 2010–February 28, 2011)		First Three Quarters, FY2011 (June 1, 2011–February 29, 2012)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	18,988	68.2	17,077	63.4
Industrial Systems	8,023	28.8	8,909	33.0
Information Systems	818	3.0	963	3.6
Other	4	0.0	6	0.0
Total	27,834	100.0	26,957	100.0

Notes:

- 1 Amounts are exclusive of consumption and other taxes.
- 2 Looking at the overall nature of the Group's business activities, sales are generally concentrated in the fourth quarter of each fiscal year. As a result, quarterly consolidated operating results are impacted by seasonal factors.

Acknowledgement: This is a translation of the Japanese original of the Summary of Consolidated Business Results for the First Three Quarters of Fiscal 2011 issued by Toyo Denki Seizo K.K. on April 6, 2012.