

January 11, 2013

Summary of Consolidated Financial Results for the First Half of Fiscal 2012

(English translation from the original Japanese document)

For the fiscal year ending May 31, 2013

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Scheduled date of submission of quarterly securities report: January 11, 2013

Scheduled date of commencement of dividend payments: —

Preparation of quarterly financial results supplemental explanatory materials: Yes

Holding of quarterly financial results briefing: Yes (Analysts)

Note: Amounts in financial statements and the supplementary data are rounded down.

1. Consolidated Business Results for the First Half of Fiscal 2012

(June 1, 2012 to November 30, 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 half, FY2012	13,566	(28.0)%	(515)	—	(283)	—	(401)	—
First half, FY2011	18,830	(0.5)%	515	(19.8)%	525	(8.6)%	303	54.5

(Note) Comprehensive income: 1H FY2012: 155 million yen [(55.4)%]

1H FY2011: 349 million yen [—%]

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First half, FY2012	(8.32)	—
First half, FY2011	6.29	—

(2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
As of November 30, 2012	38,567	14,914	38.7	309.35
As of May 31, 2012	38,086	15,049	39.5	312.12

(Reference) Shareholders' equity: As of November 30, 2012: 14,914 million yen

As of May 31, 2012: 15,049 million yen

2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
FY2011	—	0.00	—	6.00	6.00
FY2012	—	0.00	—	6.00	6.00
FY2012 (Forecast)	—	—	—	6.00	6.00

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

3. Consolidated Performance Forecast for Fiscal 2012 (June 1, 2012 to May 31, 2013)

(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	33,000	(14.4)%	700	(58.8)%	750	(58.1)%	350	(55.5)%	7.26

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

We revised the “Performance Forecast for Fiscal 2012” announced on July 11, 2012. For details, please refer to the “Toyo Denki Seizo Revises Earnings Forecast for Fiscal 2012” disclosed on December 12, 2012.

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: Yes
 - (b) Any changes other than (a) above: No
 - (c) Changes in accounting estimates: Yes
 - (d) Restatement: No
- (4) Shares outstanding (common stock)
 - (a) Number of shares outstanding as of the end of the period (including treasury stock):
November 30, 2012: 48,675,000 shares May 31, 2012: 48,675,000 shares
 - (b) Number of shares of treasury stock as of the end of the period:
November 30, 2012: 460,565 shares May 31, 2012: 458,570 shares
 - (c) Average number of shares for the period (fiscal year-to-date):
First half, FY2012: 48,215,544 shares First half, FY2011: 48,220,740 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, however, a report on the review of this quarterly financial report has 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. Please refer to “Qualitative Information regarding Consolidated Performance Forecast” in Accompanying Materials on page 3 for details relating to operating results forecasts.

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1. Qualitative Information regarding Quarterly Consolidated Financial Results

(1) Qualitative Information regarding Consolidated Business Results

During the first half (June 1, 2012 to November 30, 2012) of fiscal 2012, the fiscal year ending May 31, 2013, economic conditions in Japan remained harsh. Despite steady demand for earthquake recovery and restoration, exports decreased due to a slowdown in overseas economies in Europe and other emerging countries, and personal consumption and capital investment were weak.

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

The Toyo Denki Group's performance in the first half of fiscal 2012, the first fiscal year of the medium-term management plan, was as follows.

Orders received decreased 9.5% compared with the corresponding period of the previous fiscal year to 15,278 million yen. This overall result reflected decreases in orders received in all three segments, namely, the Transportation Systems segment, Industrial Systems segment, and Information Equipment Systems segment.

Net sales decreased 28.0% year on year to 13,566 million yen. There was an increase in the Information Equipment Systems segment, but the overall result reflected decreases in the Transportation Systems segment and Industrial Systems segment.

From a profit perspective, Toyo Denki incurred an operating loss of 515 million yen. This represented a negative year-on-year turnaround of 1,030 million mainly attributable to the decrease in net sales. The Company also incurred an ordinary loss of 283 million yen. This represented a negative year-on-year turnaround of 809 million yen. The Company reports a net loss of 401 million yen. This represented a negative year-on-year turnaround of 704 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

Orders received decreased 9.4% compared with the corresponding period of the previous fiscal year to 7,958 million yen due to decreases in orders overseas. Net sales significantly decreased, especially overseas. In overall terms, net sales in this segment decreased 36.4% year on year to 7,657 million yen. Segment profit totaled 565 million yen.

(b) Industrial Systems

Orders received decreased 3.4% compared with the corresponding period of the previous fiscal year to 6,348 million yen. Net sales decreased 17.2% year on year to 5,236 million yen due to decreases in and outside Japan. In the period under review, Toyo Denki recorded a loss of 45 million yen in this segment.

(c) Information Equipment Systems

Orders received in this segment decreased due to a decrease in orders for IC card-compatible equipment relating particularly to railway station operations. In overall terms, orders received decreased 36.3% compared with the corresponding period of the previous fiscal year to 967 million yen. Net sales in this segment, however, increased 43.8% year on year to 669 million yen due to an upswing in sales of the same equipment. In the first half of fiscal 2012, this segment recorded an income of 54 million yen.

Note 1: Effective from the first quarter of fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.

Note 2: Net sales data by business segment represents sales to third parties and is exclusive of inter-segment sales and transfers.

(2) Qualitative Information regarding Consolidated Financial Position

Total assets as of November 30, 2012 stood at 38,567 million yen, an increase of 481 million yen compared with the end of the previous fiscal year. Despite a decrease in trade notes and accounts receivable of 1,906 million yen, this increase was largely attributable to increases in investment securities of 817 million yen and inventories of 946 million yen.

Total liabilities amounted to 23,652 million yen, an increase of 615 million yen compared with the previous fiscal year end. This was largely attributable to a 1,861 million yen increase in borrowings.

Net assets stood at 14,914 million yen, 134 million yen lower than the balance as of the previous fiscal year-end. Major movements were a 690 million yen decrease in retained earnings and a 549 million yen increase in unrealized holding gain on securities.

(3) Qualitative Information regarding Consolidated Performance Forecast

At the time of the compilation of this material, the earnings forecast for the fiscal year ending May 31, 2013 is the same as its press release titled “Toyo Denki Seizo Revises Earnings Forecast for Fiscal 2012” released on December 12, 2012.

Note: The aforementioned forecasts of business results are based on management assumptions and beliefs in light of currently available information. Toyo Denki cautions readers that actual results could differ from forecasts due to a variety of factors.

2. Items regarding Summary Information (Notes)

(1) Outline of the 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

(Changes in accounting principles difficult to distinguish from changes in accounting estimates)

Effective from the first quarter of fiscal 2012, Toyo Denki and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after June 1, 2012 under the revised Corporation Tax Act, in connection with the revision of the Act.

The change in this method had no significant impact on operating loss, ordinary loss, or loss before income taxes and minority interests for the first half of fiscal 2012.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2012	End of the First Half of Fiscal 2012 (November 30, 2012)
Assets		
Current assets		
Cash and cash equivalents	1,489	1,789
Trade notes and accounts receivable	13,728	11,822
Products and finished goods	1,598	1,678
Work in process	2,242	2,873
Raw materials and stored goods	1,690	1,926
Other	694	848
Allowance for doubtful accounts	(28)	-
Total current assets	21,415	20,937
Fixed assets		
Property, plant and equipment		
Buildings and structures	6,279	6,826
Accumulated depreciation	(3,905)	(3,869)
Buildings and structures, net	2,373	2,957
Machinery and equipment	6,404	6,713
Accumulated depreciation	(5,174)	(5,380)
Machinery and equipment, net	1,229	1,333
Land	289	289
Construction in progress	495	38
Other	2,714	2,903
Accumulated depreciation	(2,242)	(2,341)
Other, net	472	562
Total property, plant and equipment	4,861	5,180
Intangible assets		
Software	279	280
Other	66	55
Total intangible assets	346	335
Investments and other assets		
Investment securities	8,929	9,747
Other	2,550	2,406
Allowance for doubtful accounts	(16)	(40)
Total investments and other assets	11,463	12,113
Total fixed assets	16,670	17,629
Total assets	38,086	38,567

(Millions of yen)

	As of May 31, 2012	End of the First Half of Fiscal 2012 (November 30, 2012)
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,544	4,180
Short-term borrowings	6,376	8,795
Current portion of corporate bonds	160	120
Income taxes payable	473	128
Consumption and other taxes payable	185	20
Accrued expenses	2,909	2,728
Advances received	182	113
Deposits received	213	224
Reserve for employees' bonuses	891	925
Reserve for directors' bonuses	46	23
Reserve for order losses	197	190
Other	540	562
Total current liabilities	16,720	18,014
Long-term liabilities		
Corporate bonds	120	60
Long-term borrowings	2,729	2,171
Reserve for employees' retirement benefits	3,136	3,135
Allowance for environmental development	43	43
Long-term payables	251	187
Other	35	40
Total long-term liabilities	6,316	5,637
Total liabilities	23,036	23,652
Net assets		
Shareholders' equity		
Common stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	6,722	6,031
Treasury stock	(162)	(163)
Total shareholders' equity	14,735	14,044
Accumulated other comprehensive income		
Unrealized holding gain on securities	415	965
Foreign currency translation adjustments	(102)	(95)
Total accumulated other comprehensive income	313	870
Total net assets	15,049	14,914
Total liabilities and net assets	38,086	38,567

(2) Quarterly Consolidated Statements of Income and Quarterly Comprehensive Income
(Quarterly Consolidated Statements of Income for the First Half of Fiscal 2012)

(Millions of yen)

	1H FY2011 (June 1, 2011 to November 30, 2011)	1H FY2012 (June 1, 2012 to November 30, 2012)
Net sales	18,830	13,566
Cost of sales	14,703	10,466
Gross profit	4,126	3,100
Selling, general and administrative expenses	3,611	3,615
Operating income (loss)	515	(515)
Non-operating income		
Interest income	0	0
Dividend income	68	103
Equity in earnings of unconsolidated subsidiaries and affiliates	10	43
Life insurance dividend income	45	85
Foreign exchange gains	-	91
Miscellaneous income	13	23
Total non-operating income	138	347
Non-operating expenses		
Interest expense	72	86
Loss on disposal of property, plant and equipment	3	7
Foreign exchange loss	40	-
Miscellaneous loss	11	21
Total non-operating expenses	128	115
Ordinary income (loss)	525	(283)
Special losses		
Loss on devaluation of investment securities	21	-
Office transfer expenses	-	15
Loss on disaster	7	-
Total special losses	28	15
Income (loss) before income taxes and minority interests	496	(299)
Income taxes:		
Current	116	86
Deferred	77	15
	193	102
Income (loss) before minority interests	303	(401)
Net income (loss)	303	(401)

(Quarterly Consolidated Statements of Comprehensive Income for the First Half of Fiscal 2012)

(Millions of yen)

	1H FY2011 (June 1, 2011 to November 30, 2011)	1H FY2012 (June 1, 2012 to November 30, 2012)
Income (loss) before minority interests	303	(401)
Other comprehensive income		
Unrealized holding gain (loss) on securities	53	549
Foreign currency translation adjustments	(12)	(2)
Share of other comprehensive income of affiliates accounted for by the equity method	4	9
Total other comprehensive income	46	556
Comprehensive income	349	155
Comprehensive income attributable to:		
Owners of the parent	349	155
Minority interests	-	-

(4) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	1H FY2011 (June 1, 2011 to November 30, 2011)	1H FY2012 (June 1, 2012 to November 30, 2012)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	496	(299)
Depreciation and amortization	532	537
Reversal of allowance for doubtful accounts	(12)	(4)
(Reversal of) provision for accrued employees' bonuses	(22)	34
Reversal of provision for accrued retirement benefits	(77)	(1)
Interest and dividends income	(68)	(103)
Interest expenses	72	86
Loss on devaluation of investment securities	21	-
Change in operating assets and liabilities:		
Trade notes and accounts receivable	(2,465)	1,899
Inventories	597	(949)
Trade notes and accounts payable	(839)	(357)
Reserve for losses on order acknowledgements	16	(3)
Advances received	(194)	(68)
Accrued expenses	(301)	(176)
Reserve for ecological countermeasures	(89)	-
Other	(189)	(374)
Subtotal	(2,521)	219
Interest and dividends income received	86	114
Interest expenses paid	(75)	(94)
Payments for corporate and other taxes	(360)	(448)
Net cash provided by (used in) operating activities	(2,870)	(208)
Cash flows from investing activities		
Purchases of property, plant and equipment	(523)	(841)
Purchases of investment securities	(910)	(6)
Other	(98)	(177)
Net cash used in investing activities	(1,533)	(1,025)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	4,599	2,499
Repayment of long-term debt	(370)	(638)
Redemption of bonds payable	(100)	(100)
Purchase of treasury stock	(1)	(0)
Cash dividends paid	(291)	(223)
Other	-	(0)
Cash provided by financing activities	3,837	1,538
Effect of exchange rate change on cash and cash equivalents	(15)	(4)
Increase (decrease) in cash and cash equivalents	(581)	299
Cash and cash equivalents at the beginning of the period	2,410	1,489
Cash and cash equivalents at the end of the period	1,829	1,789

(4) Notes on Going Concern Assumptions
Not applicable.

(5) Segment Information

(a) The First Half of Fiscal 2011 (June 1, 2011 to November 30, 2011)

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

(Millions of yen)

	Reporting Segment			Other ¹	Total	Adjustment Amount ²	Amount Recorded on Quarterly Consolidated Statement of Income ³
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	12,033	6,326	465	5	18,830	—	18,830
Inter-segment sales and transfers	13	0	—	436	451	(451)	—
Total	12,046	6,327	465	441	19,281	(451)	18,830
Segment profit	1,377	52	39	25	1,494	(979)	515

Notes:

1. The “Other” segment includes operations not included in reporting segments such as core corporate system administration and the dispatch of temporary staff.
2. The segment profit adjustment amount is a loss of 979 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 977 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 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.

(b) The First Half of Fiscal 2012 (June 1, 2012 to November 30, 2012)
Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other ¹	Total	Adjustment Amount ²	Amount Recorded on Quarterly Consolidated Statement of Income ³
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	7,657	5,236	669	3	13,566	—	13,566
Inter-segment sales and transfers	6	1	—	277	285	(285)	—
Total	7,664	5,237	669	281	13,852	(285)	13,566
Segment profit (loss)	565	(45)	54	21	596	(1,111)	(515)

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 1,111 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 1 million yen and corporate expenditure (a loss of 1,110 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 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.
4. Effective from the first quarter of fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.

(6) 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	1H FY2011 (June 1, 2011 to November 30, 2011)		1H FY2012 (June 1, 2012 to November 30, 2012)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	11,853	66.5	8,023	60.8
Industrial Systems	5,735	32.2	4,630	35.1
Information Equipment Systems	222	1.3	552	4.2
Other	—	—	—	—
Total	17,812	100.0	13,206	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 fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.

(b) Status of Orders Received

Business segment	1H FY2011 (June 1, 2011 to November 30, 2011)		1H FY2012 (June 1, 2012 to November 30, 2012)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	8,786	17,522	7,958	14,740
Industrial Systems	6,574	4,561	6,348	5,953
Information Equipment Systems	1,518	1,422	967	849
Other	5	—	3	—
Total	16,884	23,505	15,278	21,544

Notes:

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.
3. Effective from the first quarter of fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.

(c) Sales Performance

Business segment	1H FY2011 (June 1, 2011 to November 30, 2011)		1H FY2012 (June 1, 2012 to November 30, 2012)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	12,033	63.9	7,657	56.4
Industrial Systems	6,326	33.6	5,236	38.6
Information Equipment Systems	465	2.5	669	4.9
Other	5	0.0	3	0.0
Total	18,830	100.0	13,566	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 fiscal 2012 in the reporting of reportable segments, the “Information Systems” segment was renamed the “Information Equipment Systems” segment.