

April 4, 2013

Summary of Consolidated Financial Results for the First Three Quarters 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: April 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 (For analysts)

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

1. Consolidated Business Results for the First Three Quarters of Fiscal 2012

(June 1, 2012 to February 28, 2013)

(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, FY2012	20,553	(23.8)%	(521)	—	(19)	—	(319)	—
First Three Quarters, FY2011	26,957	(3.2)%	653	(33.4)%	790	(17.5)%	232	(45.3)%

(Note) Comprehensive income: 3Q FY2012: 1,749 million yen (85.8%)
 3Q FY2011: 941 million yen (61.0%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First Three Quarters, FY2012	(6.63)	—
First Three Quarters, FY2011	4.83	—

(2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of February 28, 2013	41,758	16,508	39.5
As of May 31, 2012	38,086	15,049	39.5

(Reference) Shareholders' equity: As of February 28, 2013: 16,508 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	—	—	—
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

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):
February 28, 2013: 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:
February 28, 2013: 462,065 shares May 31, 2012: 458,570 shares
 - (c) Average number of shares for the period (fiscal year-to-date):
First Three Quarters, FY2012: 48,215,061 shares First Three Quarters, FY2011: 48,219,749 shares

Statements Regarding the Implementation Status of Quarterly Review Procedure

This quarterly financial report is not subject to quarterly review procedures as prescribed under the Financial Instruments and Exchange Act. As of the date of quarterly financial report disclosure, quarterly financial report review procedures pursuant to the aforementioned Act had not been completed.

Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items

The forecasts of business results presented in this document are based on management's assumptions and beliefs in light of currently available information. Toyo Denki Seizo K.K. 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 three quarters (June 1, 2012 to February 28, 2013) of fiscal 2012, the fiscal year ending May 31, 2013, economic conditions in Japan showed signs of gradual recovery. Demand for earthquake recovery and restoration steadily increased, and the downward turnaround of the yen and climbing stock prices spurred by hopeful expectations of the economic policies of the new administration have held steady since the end of the previous year. Uncertainty over the future still prevails, however, mainly as a consequence of the debt crisis in Europe, weaker rates of economic growth in developing countries, and the cooling relationship between China and Japan.

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 three quarters of fiscal 2012, the first fiscal year of the medium-term management plan, was as follows.

Orders received increased 7.7% compared with the corresponding period of the previous fiscal year to 24,870 million yen. While orders received in the Information Equipment Systems segment dropped significantly from the surging levels of the previous year, orders received in the Transportation Systems segment were pushed upward by the recovery in overseas demand, and orders received in the Industrial Systems segment turned to a slight increase, as well.

Net sales decreased 23.8% year on year to 20,553 million yen. Net sales in the Transportation Systems segment decreased significantly, particularly overseas, and net sales in the Industrial Systems segment also decreased due to inactivity in production equipment and lagging overseas sales.

From a profit perspective, Toyo Denki incurred an operating loss of 521 million yen. This represented a negative year-on-year turnaround of 1,174 million mainly attributable to the decrease in net sales. The Company also incurred an ordinary loss of 19 million yen partly attributable to the posting of foreign exchange gains derived from the correction of the yen appreciation. This represented a negative year-on-year turnaround of 810 million yen. The Company reports a net loss of 319 million yen. This represented a negative year-on-year turnaround of 552 million yen.

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, consolidated operating results are impacted by seasonal factors.

Information by business segment is presented as follows.

(a) Transportation Systems

Orders received increased 15.5% compared with the corresponding period of the previous fiscal year to 15,261 million yen, mainly due to orders received for electrical products and equipment for the LRV (Light Rail Vehicle) in Los Angeles, USA, though domestic orders received remained almost unchanged. Besides a decrease in domestic net sales due to muted demand for renewal, net sales for high-speed railroads and subways in China decreased significantly. In overall terms, net sales in this segment decreased 33.9% year on year to 11,289 million yen. Segment profit dropped 55.7% year on year to 839 million yen.

(b) Industrial Systems

Orders received for testing equipment for automotive development and infrastructure increased, outweighing the slump of overseas orders received. In overall terms, orders received in this segment increased 4.5% year on year to 8,256 million yen. While net sales for testing equipment for automotive development and infrastructure progressed favorably, net sales for production equipment and overseas significantly declined. In overall terms, net sales decreased 8.5% compared with the corresponding period of the previous fiscal year to 8,152 million yen. Segment profit increased by 131 million yen year on year to 103 million yen, buoyed by improved profitability.

(c) Information Equipment Systems

Orders received in this segment decreased 31.4% compared with the corresponding period of the previous fiscal year to 1,347 million yen, retreating from the high levels generated by surging orders for mobile terminals for conductors in the previous year. Net sales in this segment, however, increased 14.9% year on year to 1,107 million yen due to an upswing in sales of equipment relating particularly to railway station operations. In the first three quarters of fiscal 2012, segment profit decreased 52.3% year on year to 94 million yen due to decreased profitability and an increase in development costs.

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 February 28, 2013 stood at 41,758 million yen, an increase of 3,672 million yen compared with the end of the previous fiscal year. Despite a decrease in trade notes and accounts receivable of 794 million yen, this increase was largely attributable to increases in investment securities of 3,079 million yen and inventories of 1,614 million yen.

Total liabilities amounted to 25,250 million yen, an increase of 2,213 million yen compared with the previous fiscal year end. While long-term borrowings contracted 811 million yen, this upswing in total liabilities reflected a 4,719 million yen increase in short-term borrowings.

Net assets stood at 16,508 million yen, 1,459 million yen higher than the balance as of the previous fiscal year-end. Major movements were a 608 million yen decrease in retained earnings and a 2,060 million yen increase in unrealized holding gain on securities.

(3) Qualitative Information regarding Consolidated Performance Forecast

Toyo Denki has yet to revise its earnings forecast for the fiscal year ending March 31, 2013 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.

As a result, operating loss, ordinary loss, and loss before income taxes and minority interests for the first three quarters of fiscal 2012 each decreased 31 million yen compared with the amount calculated by the previous method.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 31, 2012	End of the First Three Quarters of Fiscal 2012 (February 28, 2012)
Assets		
Current assets		
Cash and cash equivalents	1,489	1,757
Trade notes and accounts receivable	13,728	12,934
Products and finished goods	1,598	1,728
Work in process	2,242	3,289
Raw materials and stored goods	1,690	2,127
Other	694	755
Allowance for doubtful accounts	(28)	—
Total current assets	21,415	22,593
Fixed assets		
Property, plant and equipment		
Buildings and structures	6,279	6,916
Accumulated depreciation	(3,905)	(3,936)
Buildings and structures, net	2,373	2,980
Machinery and equipment	6,404	6,749
Accumulated depreciation	(5,174)	(5,514)
Machinery and equipment, net	1,229	1,234
Land	289	289
Construction in progress	495	24
Other	2,714	2,983
Accumulated depreciation	(2,242)	(2,410)
Other, net	472	572
Total property, plant and equipment	4,861	5,101
Intangible assets		
Software	279	267
Other	66	53
Total intangible assets	346	321
Investments and other assets		
Investment securities	8,929	12,009
Other	2,550	1,771
Allowance for doubtful accounts	(16)	(38)
Total investments and other assets	11,463	13,742
Total fixed assets	16,670	19,165
Total assets	38,086	41,758

(Millions of yen)

	As of May 31, 2012	End of the First Three Quarters of Fiscal 2012 (February 28, 2012)
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,544	4,259
Short-term borrowings	6,376	11,095
Current portion of corporate bonds	160	120
Income taxes payable	473	41
Consumption and other taxes payable	185	16
Accrued expenses	2,909	2,793
Advances received	182	353
Deposits received	213	218
Reserve for employees' bonuses	891	440
Reserve for directors' bonuses	46	35
Reserve for order losses	197	108
Other	540	206
Total current liabilities	16,720	19,688
Long-term liabilities		
Corporate bonds	120	60
Long-term borrowings	2,729	1,917
Reserve for employees' retirement benefits	3,136	3,206
Allowance for environmental development	43	43
Long-term payables	251	187
Other	35	146
Total long-term liabilities	6,316	5,561
Total liabilities	23,036	25,250
Net assets		
Shareholders' equity		
Common stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	6,722	6,113
Treasury stock	(162)	(163)
Total shareholders' equity	14,735	14,125
Accumulated other comprehensive income		
Unrealized holding gain on securities	415	2,476
Foreign currency translation adjustments	(102)	(93)
Total accumulated other comprehensive income	313	2,382
Total net assets	15,049	16,508
Total liabilities and net assets	38,086	41,758

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

(Millions of yen)

	First Three Quarters, FY2011 (June 1, 2011 to February 29, 2012)	First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)
Net sales	26,957	20,553
Cost of sales	20,989	15,810
Gross profit	5,968	4,743
Selling, general and administrative expenses	5,315	5,264
Operating income (loss)	653	(521)
Non-operating income		
Interest income	0	0
Dividend income	107	150
Equity in earnings of unconsolidated subsidiaries and affiliates	51	38
Life insurance dividend income	46	85
Foreign exchange gains	53	382
Miscellaneous income	21	29
Total non-operating income	279	685
Non-operating expenses		
Interest expense	116	134
Loss on disposal of property, plant and equipment	3	7
Miscellaneous loss	21	41
Total non-operating expenses	141	183
Ordinary income (loss)	790	(19)
Special losses		
Office transfer expenses	-	15
Loss on disaster	7	-
Total special losses	7	15
Income (loss) before income taxes and minority interests	783	(34)
Income taxes:		
Current	154	89
Deferred	395	195
	550	284
Income (loss) before minority interests	232	(319)
Net income (loss)	232	(319)

(Quarterly Consolidated Statements of Comprehensive Income for the First Three Quarters of Fiscal 2012)
(Millions of yen)

	First Three Quarters, FY2011 (June 1, 2011 to February 29, 2012)	First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)
Income (loss) before minority interests	232	(319)
Other comprehensive income		
Unrealized holding gain (loss) on securities	727	2,060
Foreign currency translation adjustments	(8)	13
Share of other comprehensive income of affiliates accounted for by the equity method	(9)	(4)
Total other comprehensive income	709	2,069
Comprehensive income	941	1,749
Comprehensive income attributable to:		
Owners of the parent	941	1,749
Minority interests	—	—

(3) Notes on Going Concern Assumptions
Not applicable.

(4) Segment Information

(a) The First Three Quarters of Fiscal 2011 (June 1, 2011 to February 29, 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	17,077	8,909	963	6	26,957	—	26,957
Inter-segment sales and transfers	28	0	—	623	652	(652)	—
Total	17,106	8,909	963	629	27,610	(652)	26,957
Segment profit (loss)	1,893	(27)	197	31	2,094	(1,441)	653

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 (loss) adjustment amount is a loss of 1,441 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 1,439 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 costs that are not allocated to each reporting segment.
3. Segment profit (loss) has been adjusted with operating income recorded under the quarterly consolidated statement of income.

(b) The First Three Quarters of Fiscal 2012 (June 1, 2012 to February 28, 2013)
Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other 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	11,289	8,152	1,107	4	20,553	—	20,553
Inter-segment sales and transfers	30	1	—	398	430	(430)	—
Total	11,319	8,153	1,107	403	20,983	(430)	20,553
Segment profit (loss)	839	103	94	26	1,063	(1,585)	(521)

Notes:

1. The “Other” segment includes operations not included in reporting segments such as the dispatch of temporary staff.
2. The segment profit (loss) adjustment amount is a loss of 1,585 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 2 million yen and corporate expenditure (a loss of 1,582 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative 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.

(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, FY2011 (June 1, 2011 to February 29, 2012)		First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	16,866	65.1	11,493	59.0
Industrial Systems	8,406	32.4	7,235	37.1
Information Equipment Systems	648	2.5	765	3.9
Other	—	—	—	—
Total	25,921	100.0	19,494	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	First Three Quarters, FY2011 (June 1, 2011 to February 29, 2012)		First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	13,215	17,064	15,261	18,412
Industrial Systems	7,899	3,656	8,256	4,945
Information Equipment Systems	1,964	1,140	1,347	791
Other	6	—	4	—
Total	23,085	21,861	24,870	24,149

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	First Three Quarters, FY2011 (June 1, 2011 to February 29, 2012)		First Three Quarters, FY2012 (June 1, 2012 to February 28, 2013)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	17,077	63.4	11,289	54.9
Industrial Systems	8,909	33.0	8,152	39.7
Information Equipment Systems	963	3.6	1,107	5.4
Other	6	0.0	4	0.0
Total	26,957	100.0	20,553	100.0

Notes:

1. Amounts are exclusive of consumption and other taxes.
2. Looking at the overall nature 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.