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Toyo Denki Seizo Describes Gap between Earnings Forecasts and Actual Results for Fiscal 2012 and Recording of Non-Operating Income (Foreign Exchange Gains)

Tokyo, Japan, July 10, 2013—Toyo Denki Seizo K.K. (hereinafter Toyo Denki) today announced details describing the gap between its consolidated earnings forecasts for fiscal 2012, the year ended May 31, 2013, originally disclosed on December 12, 2012 and the Company's actual results for the same period, made public today, in addition to the recording of non-operating income (foreign exchange gains) for the same period.

1. Difference between Earnings Forecasts and Actual Results

- (1) Difference between Consolidated Earnings Forecasts and Actual Results for Fiscal 2012
(June 1, 2012 to May 31, 2013)

(In millions of yen, except where noted)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Previous forecast (A)	33,000	700	750	350	7.26
Actual results (B)	30,575	501	1,150	722	14.98
Change (B-A)	(2,425)	(199)	400	372	—
Percent change	(7.3)%	(28.4) %	53.3%	106.3%	—
Previous fiscal year ended May 31, 2012	38,570	1,701	1,788	785	16.29

- (2) Reasons for Difference

The demand environment in Japan and overseas was more challenging than expected, particularly in the Industrial Systems segment, and net sales were lower than the previously forecast figure. Operating income was also lower than the previously forecast figure. In addition to the decline in net sales, this was partly attributable to the impact of recording an allowance for doubtful accounts accompanying the uncollectible receivables disclosed on May 22, 2013.

Meanwhile, ordinary income and net income were significantly higher than the previously forecast figures due to such factors as the recording of foreign exchange gains attributable to the trend of depreciation in the yen on the foreign exchange market toward the end of the period.

2. Recording of Non-Operating Income (Foreign Exchange Gains)

Toyo Denki recorded 629 million yen in foreign exchange gains as non-operating income for fiscal 2012 due to sharp fluctuations on the foreign exchange market. This is primarily attributable to the valuation of foreign currency-denominated assets and liabilities on May 31, 2013 at the foreign exchange market rate as of the same date.