

October 10, 2013

## Summary of Consolidated Business Results for the First Quarter of Fiscal 2013

For the fiscal year ending May 31, 2014

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Scheduled date of submission of quarterly financial report: October 11, 2013  
 Scheduled date of commencement of dividend payments: —  
 Preparation of quarterly financial report supplemental explanatory materials: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

Note: Amounts less than one million yen in financial statements and the supplementary data are rounded down.

### 1. Consolidated Business Results for the First Quarter of Fiscal 2013

(June 1, 2013 to August 31, 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	
1Q FY2013	6,734	10.0%	(56)	—	(80)	—	(236)	—
1Q FY2012	6,120	(30.7)%	(505)	—	(448)	—	(631)	—

(Note) Comprehensive income: 1Q FY2013: (394) million yen (—%)

1Q FY2012: (131) million yen (—%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
1Q FY2013	(4.90)	—
1Q FY2012	(13.09)	—

#### (2) Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of August 31, 2013	43,035	17,835	41.4
As of May 31, 2013	42,364	18,519	43.7

(Reference) Shareholders' equity: As of August 31, 2013: 17,835 million yen

As of May 31, 2013: 18,519 million yen

### 2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
FY2012	—	0.00	—	6.00	6.00
FY2013	—	—	—	—	—
FY2013 (Forecast)	—	0.00	—	6.00	6.00

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

### 3. Consolidated Performance Forecast for Fiscal 2013 (June 1, 2013 to May 31, 2014)

(In millions of yen, except where noted; Percentage figures show year-on-year increase or decrease for the full fiscal year and increase or decrease compared with the corresponding period of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First half	16,000	17.9%	200	—	200	—	120	—	2.46
Full year	36,000	17.7%	1,500	199.3%	1,500	30.4%	750	3.8%	15.40

(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: No
  - (b) Any changes other than (a) above: No
  - (c) Changes in accounting estimates: No
  - (d) Restatement: No
- (4) Shares outstanding (common stock)
  - (a) Number of shares outstanding as of the end of the period (including treasury stock):  
August 31, 2013: 48,675,000 shares      May 31, 2013: 48,675,000 shares
  - (b) Number of shares of treasury stock as of the end of the period:  
August 31, 2013: 465,516 shares      May 31, 2013: 463,566 shares
  - (c) Average number of shares for the period (fiscal year-to-date):  
1Q FY2013: 48,210,571 shares      1Q FY2012: 48,216,205 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. (hereinafter Toyo Denki) cautions readers that due to a variety of factors actual results may differ materially from forecasts. Please refer to "Explanation of Consolidated Performance Forecast and Other Forward-looking Information" in Accompanying Materials on page 3 for details relating to operating results forecasts.

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## 1. Qualitative Information regarding Quarterly Financial Report

### (1) Explanation of Consolidated Business Results

During the first quarter (June 1, 2013 to August 31, 2013) of fiscal 2013, the fiscal year ending May 31, 2014, favorable effects on the actual economy in Japan have been gradually seen with the improvement of business confidence stemming from correction of the yen appreciation and rising trend of stock prices on the back of the economic policies and monetary easing policy of the new administration. On the other hand, overseas economies remained shrouded in uncertainty. While European economies were on a recovery track, Asian economies continued to be stagnant as a result of sluggish exports.

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

The Toyo Denki Group’s performance in the first quarter of fiscal 2013, the second fiscal year of the medium-term management plan, was as follows.

Order received increased 16.7% compared with the corresponding period of the previous fiscal year to 7,964 million yen. Despite a decrease in orders received for the period in the Industrial Systems segment and the Information Equipment Systems segment as a result of cautious business sentiment toward capital investment, this overall result reflected a significant surge in orders received in the Transportation Systems segment both in and outside Japan.

Net sales increased 10.0% year on year to 6,734 million yen. Despite a decrease in the Information Equipment Systems segment, this overall result reflected an increase in the Transportation Systems segment both in and outside Japan after the prior declines, and some modest increase in the Industrial Systems segment.

From a profit perspective, operating loss of 56 million yen was posted for the period under review. This represented a positive year-on-year turnaround of 448 million yen attributable to increased net sales and improved profitability. Ordinary loss was 80 million yen and net loss was 236 million yen. These figures represented also positive year-on-year turnaround of 368 million yen for ordinary loss and 395 million yen for net loss respectively.

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 recorded a sharp upturn in Japan and increased outside Japan as well. In overall terms, orders received increased 49.9% compared with the corresponding period of the previous fiscal year to 4,590 million yen.

Net sales in this segment increased both in and outside Japan and totaled 4,407 million yen representing 19.1% year-on-year increase. Due to increased revenue and improved profitability, segment profit totaled 538 million yen representing 290.3% year-on-year increase.

#### (b) Industrial Systems

Orders received decreased 8.0% compared with the corresponding period of the previous fiscal year to 3,164 million yen, with slowing down of orders for testing equipment for automotive development and infrastructure.

Net sales, on the other hand, increased 3.5% year on year to 2,194 million yen led by buoyant sales of testing equipment for automotive development and printing equipment. In the period under review, this segment recorded a loss of 68 million yen.

#### (c) Information Equipment Systems

Orders received in this segment contracted 35.4% compared with the corresponding period of the previous fiscal year to 207 million yen, retreating from the high levels generated by surging orders for mobile terminals for conductors in the previous periods.

Net sales in this segment decreased 56.3% year on year to 131million yen, mainly for the same reasons underlying the decrease in orders received. In the first quarter of fiscal 2013, this segment incurred a loss of 35 million yen.

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

(2) Explanation of Consolidated Financial Position

Total assets as of August 31, 2013 stood at 43,035 million yen, an increase of 670 million yen compared with the end of the previous fiscal year. Despite decreases in trade notes and accounts receivable of 736 million yen and investment securities of 346 million yen, the increase in total assets was largely attributable to increases in cash and cash equivalents of 1,035 million yen and inventories of 813 million yen.

Total liabilities amounted to 25,200 million yen, an increase of 1,355 million yen compared with the previous fiscal year end. Despite a decrease in long-term borrowings of 233 million yen, the increase in total liabilities was largely attributable to an increase in short-term borrowings of 2,280 million yen.

Net assets stood at 17,835 million yen, 684 million yen lower than the balance as of the previous fiscal year end. Major movements were a 525 million yen decrease in retained earnings and a 228 million yen decrease in unrealized holding gain on available-for-sale securities.

(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information

We have made no revision to the “Consolidated Performance Forecast for Fiscal 2013” announced on July 10, 2013.

**2. Items regarding Summary Information (Notes)**

(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)

	As of May 31, 2013	End of the First Quarter of Fiscal 2013 (August 31, 2013)
Assets		
Current assets		
Cash and cash equivalents	1,302	2,338
Trade notes and accounts receivable	13,384	12,647
Products and finished goods	1,464	1,659
Work in process	3,081	3,514
Raw materials and stored goods	2,118	2,303
Other	632	525
Allowance for doubtful accounts	(40)	(38)
Total current assets	21,943	22,951
Fixed assets		
Property, plant and equipment		
Buildings and structures	6,973	7,044
Accumulated depreciation	(3,988)	(4,051)
Buildings and structures, net	2,985	2,993
Machinery and equipment	6,757	6,769
Accumulated depreciation	(5,648)	(5,744)
Machinery and equipment, net	1,108	1,024
Land	289	289
Construction in progress	80	78
Other	3,024	3,086
Accumulated depreciation	(2,476)	(2,527)
Other, net	547	558
Total property, plant and equipment	5,012	4,945
Intangible assets		
Software	274	255
Other	47	52
Total intangible assets	321	307
Investments and other assets		
Investment securities	13,318	12,972
Other	1,932	2,022
Allowance for doubtful accounts	(162)	(162)
Total investments and other assets	15,087	14,831
Total fixed assets	20,421	20,084
Total assets	42,364	43,035

(Millions of yen)

	As of May 31, 2013	End of the First Quarter of Fiscal 2013 (August 31, 2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	4,646	4,612
Short-term borrowings	4,296	6,576
Current portion of corporate bonds	120	120
Income taxes payable	319	44
Consumption and other taxes payable	67	42
Accrued expenses	2,883	2,964
Advances received	413	405
Deposits received	212	279
Reserve for directors' bonuses	16	4
Reserve for employees' bonuses	772	390
Reserve for order losses	196	194
Other	335	306
<b>Total current liabilities</b>	<b>14,280</b>	<b>15,941</b>
<b>Long-term liabilities</b>		
Long-term borrowings	5,413	5,179
Long-term payables	164	148
Reserve for employees' retirement benefits	3,289	3,369
Allowance for environmental development	43	43
Other	653	517
<b>Total long-term liabilities</b>	<b>9,564</b>	<b>9,258</b>
<b>Total liabilities</b>	<b>23,844</b>	<b>25,200</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	7,155	6,630
Treasury stock	(163)	(164)
<b>Total shareholders' equity</b>	<b>15,167</b>	<b>14,641</b>
<b>Accumulated other comprehensive income</b>		
Unrealized holding gain on available-for-sale securities	3,367	3,138
Foreign currency translation adjustments	(14)	54
<b>Total accumulated other comprehensive income</b>	<b>3,352</b>	<b>3,193</b>
<b>Total net assets</b>	<b>18,519</b>	<b>17,835</b>
<b>Total liabilities and net assets</b>	<b>42,364</b>	<b>43,035</b>

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statements of Income for the First Quarter of Fiscal 2013)

(Millions of yen)

	1Q FY2012 (June 1, 2012 to August 31, 2012)	1Q FY2013 (June 1, 2013 to August 31, 2013)
Net sales	6,120	6,734
Cost of sales	4,935	5,178
Gross profit	1,185	1,555
Selling, general and administrative expenses	1,691	1,612
Operating loss	(505)	(56)
Non-operating income		
Interest income	0	0
Dividend income	78	83
Equity in earnings of unconsolidated subsidiaries and affiliates	36	5
Miscellaneous income	18	5
Total non-operating income	132	94
Non-operating expenses		
Interest expense	43	42
Loss on disposal of fixed assets	3	5
Loss on foreign currency exchange	28	68
Miscellaneous loss	1	0
Total non-operating expenses	76	117
Ordinary loss	(448)	(80)
Extraordinary losses		
Loss on devaluation of investment securities	1	-
Total extraordinary losses	1	-
Loss before income taxes and minority interests	(450)	(80)
Income taxes:		
Current	5	28
Deferred	174	127
Total income taxes	180	155
Loss before minority interests	(631)	(236)
Net loss	(631)	(236)



(Consolidated Statements of Comprehensive Income for the First Quarter of Fiscal 2013)

(Millions of yen)

	1Q FY2012 (June 1, 2012 to August 31, 2012)	1Q FY2013 (June 1, 2013 to August 31, 2013)
Loss before minority interests	(631)	(236)
Other comprehensive income		
Unrealized holding gain (loss) on available-for-sale securities	469	(228)
Foreign currency translation adjustments	(1)	8
Share of other comprehensive income of affiliates accounted for by the equity method	32	61
Total other comprehensive income	499	(158)
Comprehensive income	(131)	(394)
Comprehensive income attributable to:		
Owners of the parent	(131)	(394)
Minority interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements  
 (Notes on Going Concern Assumptions)  
 Not applicable.

(Notes on Significant Fluctuations in Shareholders' Equity)  
 Not applicable.

(Segment Information)

(a) The First Quarter of Fiscal 2012 (June 1, 2012 to August 31, 2012)  
 Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other <sup>1</sup>	Total	Adjustment Amount <sup>2</sup>	Amount Recorded on Quarterly Consolidated Statements of Income <sup>3</sup>
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	3,699	2,119	300	1	6,120	—	6,120
Inter-segment sales and transfers	1	0	—	129	130	(130)	—
Total	3,700	2,120	300	131	6,251	(130)	6,120
Segment profit (loss)	138	(184)	58	7	19	(525)	(505)

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 525 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 0 million yen and corporate expenditure (a loss of 525 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative expenses 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 statements of income.

(b) The First Quarter of Fiscal 2013 (June 1, 2013 to August 31, 2013)  
Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other <sup>1</sup>	Total	Adjustment Amount <sup>2</sup>	Amount Recorded on Quarterly Consolidated Statements of Income <sup>3</sup>
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net sales							
Sales to third parties	4,407	2,194	131	1	6,734	—	6,734
Inter-segment sales and transfers	1	0	—	110	112	(112)	—
Total	4,409	2,194	131	112	6,846	(112)	6,734
Segment profit (loss)	538	(68)	(35)	8	442	(499)	(56)

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 499 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 3 million yen and corporate expenditure (a loss of 503 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative expenses 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 statements of income.

#### 4. Supporting Materials

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

###### (a) Production Performance

Business segment	1Q FY2012 (June 1, 2012 to August 31, 2012)		1Q FY2013 (June 1, 2013 to August 31, 2013)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	3,302	61.1	4,481	65.1
Industrial Systems	1,812	33.5	2,321	33.7
Information Equipment Systems	287	5.3	84	1.2
Other	—	—	—	—
Total	5,402	100.0	6,888	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	1Q FY2012 (June 1, 2012 to August 31, 2012)		1Q FY2013 (June 1, 2013 to August 31, 2013)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	3,061	13,801	4,590	18,238
Industrial Systems	3,440	6,162	3,164	5,726
Information Equipment Systems	321	573	207	472
Other	1	—	1	—
Total	6,825	20,537	7,964	24,436

Notes:

1. Amounts are based on sales prices.
2. Amounts are exclusive of consumption and other taxes.

###### (c) Sales Performance

Business segment	1Q FY2012 (June 1, 2012 to August 31, 2012)		1Q FY2013 (June 1, 2013 to August 31, 2013)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Systems	3,699	60.4	4,407	65.4
Industrial Systems	2,119	34.6	2,194	32.6
Information Equipment Systems	300	4.9	131	1.9
Other	1	0.0	1	0.0
Total	6,120	100.0	6,734	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, quarterly consolidated operating results are impacted by seasonal factors.