

April 14, 2009

Summary of Business Results for the First Three Quarters

For fiscal 2008, the fiscal year ending May 31, 2009

Toyo Denki Seizo K.K. Stock Exchange: 1st Section of the Tokyo Stock Exchange
 Stock Code: 6505 URL: <http://www.toyodenki.co.jp/>
 Representative Teruyuki Oosawa, President
 Inquiries: Hiroshi Shimotakahara, Executive Officer and Director of Planning
 TEL.: +81-3-3535-0633

Scheduled date of submission of quarterly financial report: April 14, 2009

Note: Figures throughout this report are rounded down to the nearest million yen unless otherwise stated.

1. Consolidated Business Results for the First Three Quarters of Fiscal 2008 (June 1, 2008 – February 28, 2009)

(1) Consolidated Operating Results

(Percentage figures indicate the increase or (decrease) from the corresponding period of the previous fiscal year.)

	Net Sales	Operating Income	Ordinary Income	Net Loss
First Three Quarters, FY2008	23,356 –	804 –	720 –	(193) –
First Three Quarters, FY2007	25,154 5.6%	213 (78.3%)	131 (87.4%)	(256) –

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
First Three Quarters, FY2008	(4.35)	–
First Three Quarters, FY2007	(5.68)	–

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
As of February 28, 2009	33,183	12,032	36.3	272.55
As of May 31, 2008	35,371	13,729	38.8	308.51

Reference: Shareholders' Equity: As of February 28, 2009: 12,032 million yen
 As of May 31, 2008: 13,729 million yen

2. Dividends

(Record Date)	Dividend per Share (Yen)				
	1Q	First Half	3Q	Full Fiscal Year	Annual
FY2007	–	0.00	–	6.00	6.00
FY2008	–	0.00			
FY2008 (Planned)				6.00	6.00

Note: Revisions to planned dividends during the period under review: None

**3. Forecasts of Consolidated Business Results for Fiscal 2008
(June 1, 2008 – May 31, 2009)**

(Percentage figures indicate the increase or (decrease) from the corresponding period of the previous fiscal year.)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Full Fiscal Year	33,000 (13.5%) 0)	1,300 (6.5%)	1,100 (8.2%)	200 (62.5%))	4.49

Note: Revisions to forecasts of consolidated business results during the period under review: Yes

4. Other

- (1) Transfer of major subsidiaries during the period (transfer of specified subsidiaries accompanied by changes in the scope of consolidation):
Yes Number of newly included companies: 1 (TOYO DENKI USA, INC.)
Note: Please refer to Section “4. Other (1)” in Qualitative Information, Financial Statements, and Other on page 4 for details.
- (2) Application of the simplified method of accounting and accounting methods specific to the preparation of quarterly consolidated financial statements:
Yes
Note: Please refer to Section “4. Other (2)” in Qualitative Information, Financial Statements, and Other on page 4 for details.
- (3) Changes in accounting principles, procedures, and methods of presentation relating to the preparation of quarterly consolidated financial statements (recorded under Changes in Important Items Considered Fundamental to the Preparation of Quarterly Consolidated Financial Statements):
(a) Changes in accordance with revisions to accounting standards and related practices: Yes
(b) Changes other than those in (a) above: None
Note: Please refer to Section “4. Other (3)” in Qualitative Information, Financial Statements, and Other on page 4 for details.
- (4) Number of shares issued and outstanding (ordinary shares)
(a) Number of shares issued and outstanding as of the end of the period (including treasury stock):
As of February 28, 2009: 46,575,000 shares
As of May 31, 2008: 46,575,000 shares
(b) Number of shares of treasury stock issued and outstanding as of the end of the period:
As of February 28, 2009: 2,426,124 shares
As of May 31, 2008: 2,072,491 shares
(c) Average number of shares issued and outstanding for the period:
First Three Quarters, FY2008: 44,429,124 shares
First Three Quarters, FY2007: 45,174,056 shares

Disclaimer concerning the proper use of business results forecasts and other relevant specific items

1. Toyo Denki Seizo K.K. has applied the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard No. 12 issued by the Accounting Standards Board of Japan), and the Guidance on Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard Implementation Guidance No. 14 issued by the Accounting Standards Board of Japan) from the fiscal year ending May 31, 2009. Furthermore, the Company prepares quarterly consolidated financial statements in accordance with the Regulations on Quarterly Consolidated Financial Statements.
2. The forecasts of business results presented in this document are based on management 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 could differ materially from forecasts.

Qualitative Information, Financial Statements, and Other

1. Qualitative Information regarding Consolidated Operating Results

Throughout the first three quarters of fiscal 2008, the fiscal year ending May 31, 2009, the Japanese economy was confronted by increasingly harsh operating conditions. This was attributable to a variety of factors including the worldwide financial crisis that placed downward pressure on the global economy and the substantial drop in corporate sector sales caused by a sharp and persistent appreciation in the value of the yen, which accelerated the shift toward a cautious capital investment approach.

Against this backdrop, the Toyo Denki Group worked diligently to expand its operations and enhance corporate value, guided by the Innovation 90 Plan, its medium-term management plan. The Group's performance in the first three quarters of the fiscal year under review, the final year of the Innovation 90 Plan, was as follows.

- (a) Orders received amounted to 30,042 million yen, an increase of 2.9% compared with the corresponding period of the previous fiscal year. Despite the drop in orders received in the Industrial Systems segment, this mainly reflected improvement in the Transportation Business segment.
- (b) Sales totaled 23,356 million yen, a decrease of 7.1% year on year. During the first three quarters of fiscal 2008, sales in the Industrial Systems segment contracted significantly, which more than offset the slight increase in Transportation Business segment sales.
- (c) Notwithstanding this drop in year-on-year sales, the Toyo Denki Group recorded an upswing in its gross profit margin. As a result, operating income climbed 591 million yen compared with the corresponding period of the previous fiscal year to 804 million yen, while ordinary income improved 589 million yen to 720 million yen. Accounting for such factors as the loss on devaluation of investment securities, the Company reported a net loss of 193 million yen for the period under review.

Results by business segment are provided as follows.

Transportation Business Segment

Throughout the first three quarters of fiscal 2008, orders received in Japan remained firm. At the same time, performance in overseas markets was also positive with an increase in such markets as North America. Accounting for these factors, orders received in the Transportation Business segment for the period under review climbed 21.0% compared with the corresponding period of the previous fiscal year to 20,091 million yen. Buoyed by sound results in Japan, sales in this segment edged up 0.7% year on year to 13,761 million yen.

Industrial Systems Segment

Orders received in the Industrial Systems segment amounted to 8,262 million yen. This 25.6% year-on-year decline was mainly attributable to the rapid deterioration in domestic corporate sector capital investment. Mirroring this drop in capital investment in Japan resulting in a downturn in orders received, overall segment sales were 8,535 million yen, a decline of 18.2% year on year.

Information Systems Segment

Orders received rose 12.5% compared with the corresponding period of the previous fiscal year to 1,688 million yen. This favorable result reflected positive contributions from IC card-compatible equipment relating particularly to railway station operations. Segment sales edged down 0.2% year on year to 1,059 million yen.

2. Qualitative Information regarding Consolidated Financial Position

Total assets as of February 28, 2009 stood at 33,183 million yen, a decrease of 2,187 million yen compared with the end of the previous fiscal year. The principal movements included an increase in inventory. This was more than offset by a decrease in notes and accounts receivable — trade, and a

loss on devaluation of investment securities.

Total liabilities were 21,150 million yen at the end of the period under review. This was 491 million yen lower than May 31, 2008. Despite an increase in borrowings, this overall decline reflected a variety of factors including the decrease in notes and accounts payable — trade.

Total net assets stood at 12,032 million yen as of February 28, 2009, a decline of 1,696 million yen compared with the end of the previous fiscal year. This was primarily attributable to the payment of dividends and the drop in differences in evaluation of other marketable securities.

3. Qualitative Information regarding Forecasts of Consolidated Business Results

Amid a downturn in global economic conditions and an ongoing cautious stance toward capital investment, the Toyo Denki Group recognizes that orders and sales in the Industrial Systems segment will continue to confront a harsher environment than was expected as of January 2009. On this basis, the Company has decided to revise its forecasts of consolidated business results for the full fiscal year ending May 31, 2009, previously announced on January 14, 2009.

Furthermore, in accounting for the impairment of its securities holdings, Toyo Denki has adopted the quarterly reversal method. On this basis, the Company may or may not post an extraordinary loss for the fiscal year ending May 31, 2009, the amount of which, if posted, may vary depending on the market value of securities as of the last day of the fiscal year.

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 due to a variety of factors actual results could differ materially from forecasts.

4. Other

- (1) Transfer of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation)

Number of consolidated subsidiary companies: Six

TOYO DENKI USA, INC. was included in the Company's scope of consolidation from the first quarter of the fiscal year ending May 31, 2009 due to its growing importance.

- (2) Application of the simplified method of accounting and accounting methods specific to the preparation of quarterly consolidated financial statements

Application of the simplified method of accounting

(The method for calculating corporate, local and enterprise taxes, deferred tax assets and deferred tax liabilities)

In computing the amount of corporate, local, and enterprise taxes payable, the Company undertook certain additions and subtractions in conjunction with tax deductions with regard to important items only.

In determining the collectability of deferred tax assets, the same forecasts of results as well as the tax planning method used in the previous fiscal year are applied in the event that no significant change in operating and other conditions as well as temporary differences are confirmed since the end of the previous fiscal year.

- (3) Changes in accounting principles, procedures, and methods of presentation relating to the preparation of quarterly consolidated financial statements

Changes in accordance with revisions to accounting standards and related practices

(Application of the Accounting Standard for Quarterly Financial Reporting and related Guidance)

Effective from the fiscal year ending May 31, 2009, Toyo Denki has applied the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard No. 12 issued by the Accounting Standards Board of Japan on March 14, 2007). The Company has also applied the Guidance on the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard Implementation Guidance No. 14 issued by the Accounting Standards Board of Japan on March 14, 2007). Furthermore, the Company prepares quarterly consolidated financial statements in accordance with the Regulations on Quarterly Consolidated Financial Statements.

(Application of the Accounting Standard for the Measurement of Inventories)

Effective from the fiscal year ending May 31, 2009, Toyo Denki has applied the Accounting Standard for the Measurement of Inventories (Financial Accounting Standard No. 9 issued by the Accounting Standards Board of Japan on July 5, 2006). Accordingly, the Company has changed the valuation basis for inventories from the previously used cost method to the cost method which writes down the book value of inventories based on the deterioration in profitability.

Compared with the previous method applied in the measurement of inventories, the application of this standard has resulted in a 26 million yen decrease in operating income, ordinary income and net income before taxes.

(Application of the Accounting Standard for Lease Transactions and related Guidance)

Effective from the fiscal year ending May 31, 2009, Toyo Denki implemented the early adoption of the Accounting Standard for Lease Transactions (Financial Accounting Standard No. 13 issued by the Accounting Standards Board of Japan on June 17, 1993 and last amended on March 30, 2007) and the Guidance on the Accounting Standard for Lease Transactions (Financial Accounting Standard Implementation Guidance No. 16 issued by the Accounting Standards Board of Japan on January 18, 1994 and last amended on March 30, 2007). Previously, finance lease transactions that did not transfer ownership had historically been accounted for as operating leases. As a result of the change in accounting standard, finance lease transactions that do not transfer ownership are now treated as sales and purchase transactions.

In addition, lease assets are depreciated on a straight-line basis with the lease periods as their useful lives and no residual value.

With regard to finance lease transactions that do not transfer ownership that occurred prior to the beginning of the fiscal year to which they are applied, the accounting treatment applicable to operating lease transactions will continue to apply.

Taking the aforementioned into consideration, the impact on operating income, ordinary income and net income before taxes is immaterial.

5. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	End of the first three quarters, FY2008 (As of February 28, 2009)	End of FY2007 (As of May 31, 2008)
(Assets)		
Current assets		
Cash and cash equivalents	1,982	2,230
Notes and accounts receivable — trade	8,925	11,968
Inventory	9,088	6,530
Other	901	1,025
Allowance for doubtful accounts	(46)	(49)
Total current assets	20,852	21,705
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,595	4,542
Accumulated depreciation	(3,316)	(3,225)
Buildings and structures (net)	1,279	1,317
Machinery and equipment	5,635	5,521
Accumulated depreciation	(4,229)	(3,990)
Machinery and equipment (net)	1,406	1,531
Land	289	289
Construction work in progress	449	124
Other	2,181	2,086
Accumulated depreciation	(1,746)	(1,632)
Other (net)	435	453
Total tangible fixed assets	3,859	3,716
Intangible fixed assets		
Software	192	131
Other	38	35
Total intangible fixed assets	231	166
Investments and other fixed assets		
Investment securities	5,759	7,754
Other	2,507	2,055
Allowance for doubtful accounts	(26)	(26)
Total investments and other fixed assets	8,240	9,782
Total fixed assets	12,330	13,665
Total assets	33,183	35,371

	End of the first three quarters, FY2008 (As of February 28, 2009)	End of FY2007 (As of May 31, 2008)
(Liabilities)		
Current liabilities		
Notes and accounts payable — trade	5,263	6,382
Short-term borrowings	6,859	4,460
Current portion of corporate bonds	80	130
Income taxes payable	36	244
Consumption and other taxes payable	62	244
Accrued expenses	3,100	3,638
Advances received	524	336
Deposits received	246	212
Reserve for employees' bonuses	462	886
Reserve for directors' bonuses	9	12
Reserve for order losses	187	127
Other	500	520
Total current liabilities	17,332	17,196
Long-term liabilities		
Corporate bonds	240	280
Long-term borrowings	480	635
Reserve for employees' retirement benefits	2,819	2,884
Reserve for directors' retirement benefits	130	182
Accrued liabilities at the time of transfer to a defined contribution pension plan	—	316
Long-term payables	147	147
Total long-term liabilities	3,817	4,445
Total liabilities	21,150	21,641
(Net assets)		
Shareholders' equity		
Common stock	4,482	4,482
Capital surplus	2,661	2,661
Retained earnings	5,365	5,910
Treasury stock	(813)	(685)
Total shareholders' equity	11,696	12,369
Evaluation and foreign currency translation adjustments		
Differences in evaluation of other marketable securities	376	1,359
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment account	(40)	—
Total evaluation and foreign currency translation adjustments	336	1,360
Total net assets	12,032	13,729
Total net assets and liabilities	33,183	35,371

(2) Quarterly Consolidated Statement of Income
Consolidated Statement of Income for the First Three Quarters of Fiscal 2008
(Millions of yen)

	First three quarters, FY2008 (June 1, 2008 to February 28, 2009)
Net sales	23,356
Cost of sales	17,834
Gross profit	5,522
Selling, general and administrative expenses	4,717
Operating income	804
Non-operating income	
Interest received	2
Dividends received	96
Miscellaneous income	36
Total non-operating income	134
Non-operating expenses	
Interest expenses	99
Loss on disposal of fixed assets	11
Loss on foreign currency exchange	78
Miscellaneous expenses	28
Total non-operating expenses	219
Ordinary income	720
Extraordinary losses	
Loss on devaluation of investment securities	370
Extraordinary expenses	124
Total extraordinary expenses	494
Net income before taxes	225
Corporate, local and enterprise taxes	145
Corporate tax adjustments, etc.	272
Total taxes	418
Net income (loss)	(193)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First three quarters, FY2008 (June 1, 2008 to February 28, 2009)
Cash flows from operating activities	
Net income before taxes	225
Depreciation expenses	694
Increase (decrease) in allowance for doubtful accounts	(2)
Increase (decrease) in reserve for employees' bonuses	(423)
Increase (decrease) in reserve for employees' retirement benefits	(64)
Increase (decrease) in reserve for directors' retirement benefits	(51)
Interest and dividend income	(98)
Interest expenses	99
Loss on devaluation of investment securities	370
Decrease (increase) in notes and accounts receivable — trade	3,070
Decrease (increase) in inventory	(2,556)
Increase (decrease) in notes and accounts payable — trade	(1,121)
Increase (decrease) in accrued liabilities at time of transfer to defined contribution pension plan	(342)
Increase (decrease) in reserve for order losses	59
Other	(506)
Subtotal	(648)
Interest and dividend income received	98
Interest paid	(92)
Payments for corporate and other taxes	(347)
Net cash used in operating activities	(989)
Cash flows from investing activities	
Funds used for the purchase of tangible fixed assets	(807)
Funds used for the purchase of investment securities	(146)
Other	(125)
Net cash used in investing activities	(1,079)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	2,499
Repayments of long-term borrowings	(255)
Redemption of bonds	(90)
Payment for the acquisition of treasury stock	(128)
Cash dividends paid	(269)
Net cash provided by financing activities	1,757
Effect of exchange rate changes on cash and cash equivalents	(14)
Increase (decrease) in cash and cash equivalents	(324)
Balance of cash and cash equivalents at the beginning of the period	2,230
Increase (decrease) in cash and cash equivalents due to changes in the scope of consolidation	76
Balance of cash and cash equivalents at the end of the period	1,982

Toyo Denki has applied the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard No. 12) and the Guidance on the Accounting Standard for Quarterly Financial Reporting (Financial Accounting Standard Implementation Guidance No. 14) effective from the fiscal year ending May 31, 2009. Furthermore, the Company also prepares quarterly consolidated financial statements in accordance with the Regulations on Quarterly Consolidated Financial Statements.

(4) Notes on Assumptions as a Going Concern

None

(5) Notes on Dramatic Fluctuations in Shareholders' Equity

None

(6) Segment Information

(Segment information by business type)

The Toyo Denki Group is primarily engaged in the manufacture and sale of electrical equipment. Segment information by business type has been omitted because the amounts of sales and operating income of one segment account for over 90 percent of the total sales and operating income of all segments. Furthermore, there are no other segments that fall under disclosure standard requirements.

(Segment information by geographic area)

Segment information by geographic area has been omitted because the amounts of sales and operating income in Japan account for over 90 percent of the total sales and operating income of all segments.

(Overseas sales)

The first three quarters of FY2008 (June 1, 2008 to February 28, 2009)

(Millions of yen)

	Asia	Other	Total
1. Overseas sales	2,728	607	3,336
2. Consolidated net sales	–	–	23,356
3. The ratio of overseas sales to consolidated net sales (%)	11.7	2.6	14.3

Notes:

1. Countries and regions are classified according to geographical proximity.
2. The countries and regions outside of Japan included in each segment are as follows:
 - (1) Asia: China, Korea, and other regions or countries
 - (2) Elsewhere: Europe, North America and other areas
3. Overseas sales are sales to customers outside of Japan by the Company and its consolidated subsidiaries.

6. The Status of Production, Orders, and Sales

(1) Production

Business segment	First three quarters, FY2008 (June 1, 2008 to February 28, 2009)		Previous fiscal year (June 1, 2007 to May 31, 2008)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Business	14,308	59.7	19,983	55.0
Industrial Systems	8,536	35.6	13,932	38.3
Information Systems	1,125	4.7	2,436	6.7
Total	23,970	100.0	36,352	100.0

Notes:

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

(2) Orders

Business segment	First three quarters, FY2008 (June 1, 2008 to February 28, 2009)		Previous fiscal year (June 1, 2007 to May 31, 2008)	
	Orders Received Millions of yen	Balance Millions of yen	Orders Received Millions of yen	Balance Millions of yen
Transportation Business	20,091	22,986	21,932	16,656
Industrial Systems	8,262	5,599	14,623	5,871
Information Systems	1,688	1,107	2,318	479
Total	30,042	29,693	38,873	23,007

Notes:

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

(3) Sales

Business segment	First three quarters, FY2008 (June 1, 2008 to February 28, 2009)		Previous fiscal year (June 1, 2007 to May 31, 2008)	
	Millions of yen	Share (%)	Millions of yen	Share (%)
Transportation Business	13,761	58.9	19,781	51.9
Industrial Systems	8,535	36.6	15,901	41.7
Information Systems	1,059	4.5	2,447	6.4
Total	23,356	100.0	38,130	100.0

Notes:

1. Amounts are exclusive of consumption and other taxes.
2. The Toyo Denki Group's quarterly business results are affected by seasonal factors. In connection with the Group's overall business segment composition, sales are generally concentrated in the fourth quarter.

(Important Subsequent Events)

First three quarters, FY2008
(June 1, 2008 to February 28, 2009)

Drawdown of borrowings:

Toyo Denki drew down the following borrowings in accordance with resolutions passed by the Company at a Board of Directors' meeting held on March 11, 2009

1. Application of funds Working capital
Lender The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Amount 500 million yen
Drawdown date March 26, 2009
Borrowing period Repayment in five years
Collateral and/or guarantee Unsecured, unguaranteed
2. Application of funds Working capital
Lender Nippon Life Insurance Company
Amount 300 million yen
Drawdown date March 25, 2009
Borrowing period Repayment in five years
Collateral and/or guarantee Unsecured, unguaranteed
3. Application of funds Working capital
Lender Sumitomo Mitsui Banking Corporation
Amount 150 million yen
Drawdown date March 26, 2009
Borrowing period Repayment in five years
Collateral and/or guarantee Unsecured, unguaranteed
4. Application of funds Working capital
Lender Mitsubishi UFJ Trust and Banking Corporation
Amount 100 million yen
Drawdown date March 25, 2009
Borrowing period Repayment in five years
Collateral and/or guarantee Unsecured, unguaranteed
5. Application of funds Working capital
Lender Resona Bank, Ltd.
Amount 100 million yen
Drawdown date March 25, 2009
Borrowing period Repayment in five years
Collateral and/or guarantee Unsecured, unguaranteed

Issue of the fifth series of unsecured corporate bonds:

In accordance with a resolution passed by the Company at a Board of Directors' meeting held on March 11, 2009, Toyo Denki issued unsecured corporate bonds (guaranteed by the Bank of Yokohama, Ltd. and restricted to qualified institutional investors) under the following terms and conditions.

1. Fifth series of unsecured corporate bonds
Application of funds Working capital and capital investment
Issue amount 600 million yen
Issue price 100 yen per par value of 100 yen
Payment date and issue date March 25, 2009
Redemption date March 25, 2014
Collateral and/or guarantee Unsecured, guaranteed by the Bank of Yokohama, Ltd.