

Year-End Financial Statements

For fiscal 2009, the fiscal year ended May 31, 2010

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

Scheduled date of convention of ordinary general meeting of shareholders: August 27, 2010

Scheduled date of commencement of dividend payments: August 30, 2010

Scheduled date of submission of financial report: August 31, 2010

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

I. Consolidated Business Results for Fiscal 2009 (June 1, 2009 – May 31, 2010)

1. Consolidated Operating Results

(In millions of yen, except where noted; percentage figures show year-on-year growth.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal 2009	35,429	6.6%	975	(30.2)%	982	(22.5)%	512	397.6%
Fiscal 2008	33,226	(12.9)%	1,396	0.4%	1,267	5.9%	103	(80.7)%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Net Income to Shareholders' Equity Ratio (%)	Ordinary Income to Total Assets Ratio (%)	Operating Income to Net Sales Ratio (%)
Fiscal 2009	11.63	–	4.1	2.9	2.8
Fiscal 2008	2.32	–	0.8	3.7	4.2

Reference: Equity method investment gain or loss for: Fiscal 2009: - million yen

Fiscal 2008: - million yen

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 May 31, 2010	34,385	12,585	36.6	285.86
As of May 31, 2009	32,780	12,464	38.0	282.40

Reference: Shareholders' equity As of May 31, 2010: 12,585 million yen

As of May 31, 2009: 12,464 million yen

3. Consolidated Cash Flows

(In millions of yen)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of the Fiscal Year
Fiscal 2009	673	(1,643)	468	2,456
Fiscal 2008	1,771	(1,555)	448	2,967

II. Dividend Information

(Record date)	Dividend per share (Yen)			Total Annual Dividends (Million Yen)	Dividend Payout Ratio (Consolidated, %)	Dividend on Equity Ratio (Consolidated, %)
	Interim	Fiscal Year-End	Annual			
Fiscal 2008	0.00	6.00	6.00	264	258.6	2.0
Fiscal 2009	0.00	6.00	6.00	264	51.6	2.1
Fiscal 2010 (Forecast)	0.00	6.00	6.00		–	

III. Consolidated Performance Forecast for Fiscal 2010 (June 1, 2010 - May 31, 2011)

(In millions of yen, except where noted; Percentage figures show year-on-year growth for the full fiscal year and growth compared to the same period of the previous fiscal year for the first half.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First half	18,000	20.7%	400	–	400	–	200	–	4.54
Full year	36,000	1.6%	1,600	64.1%	1,500	52.7%	800	56.0%	18.17

IV. Other

- Transfers of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): None
- Changes in accounting principles, procedures and methods of presentation relating to the preparation of consolidated financial statements (Recorded under Changes in Significant Accounting Policies Relating to the Consolidated Financial Statements)
 - Changes accompanying amendments to accounting standards: Yes
 - Changes other than those in (a): None

Note: Please refer to Changes to Significant Accounting Policies Relating to the Consolidated Financial Statements on page 14 for details.
- Number of shares issued and outstanding (ordinary shares)
 - Number of shares issued and outstanding at the end of the fiscal year (including treasury stock)

May 31, 2010: 46,575,000 shares
May 31, 2009: 46,575,000 shares
 - Number of shares of treasury stock issued and outstanding at the end of the fiscal year:

May 31, 2010: 2,546,830 shares
May 31, 2009: 2,436,548 shares

(Reference) Summary of Non-Consolidated Business Results

I. Non-Consolidated Business Results for Fiscal 2009 (June 1, 2009 – May 31, 2010)

1. Non-Consolidated Operating Results

(In millions of yen, except where noted; percentage figures show year-on-year growth.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal 2009	29,960	6.5%	374	(52.8)%	693	(31.2)%	490	152.1%
Fiscal 2008	28,129	(12.9)%	793	151.3%	1,008	157.0%	194	(3.2)%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Fiscal 2009	11.13	–
Fiscal 2008	4.38	–

2. Non-Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
As of May 31, 2010	31,559	10,112	32.0	229.68
As of May 31, 2009	30,107	9,996	33.2	226.48

Reference: Shareholders' equity: As of May 31, 2010: 10,112 million yen
As of May 31, 2009: 9,996 million yen

II. Non-Consolidated Performance Forecast for Fiscal 2010 (June 1, 2010 - May 31, 2011)

(In millions of yen, except where noted; Percentage figures show year-on-year growth for the full fiscal year and growth compared to the same period of the previous fiscal year for the first half.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First half	16,000	27.5	100	–	400	–	200	281.1	4.54
Full year	31,000	3.5	1,000	166.9	1,200	73.0	700	42.7	15.90

Disclaimer

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. Please refer to "1. Results of Operations" on page 4 for details relating to operating results forecasts.

V. Qualitative Information, Financial Statements, and Other

1. Results of Operations

(1) Analysis of Results of Operations

a. Results of Operations

In fiscal 2009, the fiscal year ended May 31, 2010, economic conditions in Japan were mixed. The operating environment was extremely difficult during the first half. This was attributable to the downturn in the global economy, which in turn was triggered by the financial crisis that began in autumn 2008. In the second half, however, an increase in export activity and economic stimulus measures implemented by the government helped to spark a moderate recovery trend. Taking into consideration the persistent sense of facility oversupply and continued anxieties over deflation and employment, the overall business climate remained difficult.

Under these circumstances, the Toyo Denki Group has been working in unison to expand businesses and improve corporate value under the "Challenge Up Plan," the Group's new medium-term management plan commenced in June 2009. Performance during the fiscal year under review was as follows.

- (a) Orders received amounted to 37,954 million yen, an increase of 4.1% compared with the previous fiscal year. This mainly reflected growth in overseas orders in the Transportation Systems segment.
- (b) Net sales increased by 6.6% year on year to 35,429 million yen. In the fiscal year under review, the substantial drop in the Industrial Systems segment was more than offset by improvements in the Transportation Systems and Information Systems segments.
- (c) From a profit perspective, despite the increase in net sales, operating income declined 30.2% compared with the previous fiscal year to 975 million yen. This largely reflected a deterioration in profitability in the Industrial Systems segment. Ordinary income contracted 22.5% year on year to 982 million yen. Taking into account the decrease in extraordinary loss, net income jumped 397.6% to 512 million yen.

Results by business segment are as follows.

Transportation Systems Segment

Buoyed by large-scale orders for rail vehicle electrical equipment for the Beijing subway, orders received increased 9.4% year on year to 26,644 million yen. Net sales in this segment climbed 24.0% compared with the corresponding period of the previous fiscal year to 23,706 million yen. This was attributable to firm overseas sales.

Industrial Systems Segment

Orders received decreased 8.6% compared with the previous fiscal year to 9,172 million yen. This was mainly attributable to the continued slump in corporate-sector capital investment in Japan. For the same reasons as the drop in orders received, net sales in this segment contracted 27.5% year on year to 8,995 million yen.

Information Systems Segment

Orders received were 2,137 million yen, an increase of 3.1% year on year. Net sales climbed 60.0% year on year to 2,727 million yen, resulting from delivery of IC card-compatible equipment relating particularly to railway station operations.

b. Outlook for Next Fiscal Year

Overseas sales in the Transportation Systems segment are anticipated to increase. Profit margins are forecast to decline, however, due primarily to intense price competition. Buoyed by a recovery in corporate-sector sentiment about capital investment, sales in the Industrial Systems segment are projected to increase. The Toyo Denki Group will make every effort to reduce the cost of sales and to improve profit margins.

Consolidated forecasts by business segment for the fiscal year ending May 31, 2011 are as follows.

	Net sales (million yen)	Operating income (million yen)
Transportation Systems Segment	23,400	1,400
Industrial Systems Segment	11,200	300
Information Systems Segment	1,400	(100)
Consolidated total	36,000	1,600

Reference:

Non-consolidated forecasts by business segment for fiscal 2010, the fiscal year ending May 31, 2011 are as follows.

	Net sales (million yen)	Operating income (million yen)
Transportation Systems Segment	21,000	1,000
Industrial Systems Segment	9,000	100
Information Systems Segment	1,000	(100)
Non-consolidated total	31,000	1,000

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 materially from forecasts due to a variety of factors.

(2) Analysis of Financial Position

(Status of Assets, Liabilities and Net Assets)

Total assets as of May 31, 2010 stood at 34,385 million yen, an increase of 1,604 million yen compared with the end of the previous fiscal year. While cash and cash equivalents as well as work in process declined 511 million yen and 548 million yen, respectively, notes and accounts receivable — trade increased 1,230 million yen and buildings and structures climbed 1,326 million yen following the completion of the Engineering Center at the Company's Yokohama Works.

Total liabilities were 21,799 million yen as of the end of the fiscal year under review, up 1,482 million yen compared with the previous fiscal year-end. Major movements included notes and accounts payable — trade, which decreased 208 million yen, and bonds, which contracted 200 million yen due to redemption, as well as short-term and long-term borrowings, which collectively rose 1,013 million yen, and advances received, which grew 419 million yen.

As of May 31, 2010, net assets stood at 12,585 million yen, an increase of 121 million yen compared with the end of the previous fiscal year. The primary component was retained earnings, which climbed 247 million yen year on year.

(Status of Cash Flows)

The balance of consolidated cash and cash equivalents as of May 31, 2010 stood at 2,456 million yen, a decrease of 511 million yen compared with the previous fiscal year-end.

Cash flows from operating activities

Net cash provided by operating activities amounted to 673 million yen. Major cash inflows were net income before taxes and an increase in advances received from overseas. Principal cash outflow was the increase in notes and accounts receivable — trade.

Cash flows from investing activities

Taking into consideration funds used for the purchase of tangible fixed assets including the Engineering Center, net cash used in investing activities totaled 1,643 million yen.

Cash flows from financing activities

For the fiscal year under review, net cash provided by financing activities was 468 million yen. The major cash outflow was cash dividends paid, while the major cash inflow was interest-bearing liabilities including long-term borrowings.

Trends in cash flow indices are as follows.

	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Shareholders' equity ratio (%)	45.0	41.3	38.8	38.0	36.6
Shareholders' equity ratio based on market capitalization (%)	110.1	56.3	41.3	80.8	62.6
Ratio of interest-bearing liabilities to cash flows (Times)	—	2.0	—	3.6	10.7
Interest coverage ratio (Times)	—	20.8	—	13.0	5.1

Notes:

- Shareholders' equity ratio: Shareholders' equity / Total assets
- Shareholders' equity ratio based on market capitalization (%): Market capitalization / Total assets
- Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities / Cash flows
- Interest coverage ratio: Cash flows / Interest payments

1. Indices are calculated based on consolidated financial data.
2. Market capitalization is calculated by multiplying the period-end closing share price with the number of shares issued and outstanding as of the period-end (after deducting treasury stock).
3. Cash flows from operating activities are used in calculations that use cash flows.
4. Interest-bearing liabilities include all interest-bearing liabilities under liabilities recorded on the consolidated balance sheet.
5. In each period where cash flows from operating activities are negative, ratio of interest-bearing liabilities to cash flows and interest coverage ratio data is not recorded.

(3) Fundamental Policy Concerning Distribution of Surplus and Dividend for the Fiscal Year under Review and the Next Fiscal Year

The maintenance of stable dividends forms the basis of Toyo Denki's distribution of profit. The Company applies internal reserves to strengthen its financial position in addition to making strategic allocations to such areas as research and development, capital expenditure and overseas expansion, with the aims of growing its business and strengthening its management foundation in the future.

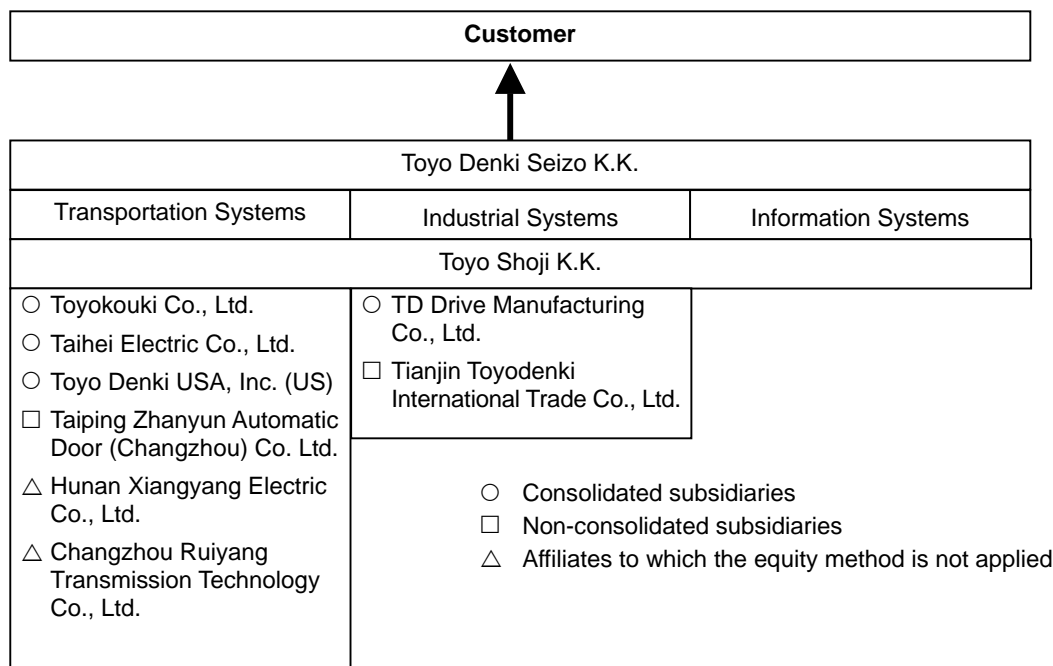
Dividends for the fiscal year under review remained at six yen per share, unchanged from the previous term. The Company intends to maintain dividends at six yen per share or more from the fiscal year ending May 31, 2011 onward.

Toyo Denki will continue seeking to expand its operations and strengthen its management foundation as it strives to achieve a stable dividend.

2. Overview of the Group

The Toyo Denki Group is composed of Toyo Denki, eight subsidiaries and two affiliated companies. The Group is engaged in the manufacture and sale of electrical equipment for transportation, industrial, and information systems as well as incidental projects.

The organization and position of companies within the Toyo Denki Group together with business flows are presented as follows.



3. Management Policies

(1) Basic Management Policies of the Company

The Toyo Denki Group is currently implementing its medium-term management plan, the “Challenge Up Plan,” which concludes at the end of fiscal 2011 on May 31, 2012. Under this plan, every effort is being made to develop customers and enhance Group corporate value.

(Long-Term Vision)

- Drawing on the core electric motor drive technology that the Group has built since its foundation, the Toyo Denki Group is committed to realizing next-generation high-speed railroads and a recycling-based society, by fusing highly sophisticated information-oriented machines and electronics.
- The net sales target is 100 billion yen.

(2) Management Targets

Under its medium-term management plan, which is scheduled to conclude in fiscal 2011, the fiscal year ending May 31, 2012, the Toyo Denki Group has set the following key management targets.

Net sales:	42 billion yen
Operating income (margin):	3 billion yen (7.2%)
Ratio of overseas sales to total sales:	30%
Return on equity (ROE):	10%
Experimental and research expenses:	1.2 billion yen
Capital investment (IT investment):	1.2 billion yen (0.3 billion yen)
Number of employees:	1,100

(3) Pending Issues

Looking at the future, the Toyo Denki Group recognizes that it will take more time for the Japanese economy to achieve a full-fledged recovery. This is mainly attributable to the impacts of such trends as persistent deflation, the continuing strength of the yen, and anxieties over the global economy.

Under these circumstances, the Toyo Denki Group is making progress with its “Challenge Up Plan,” a three-year medium-term management plan that continues through the fiscal year ending May 31, 2012.

The salient points of the fundamental policies contained in the Plan are presented briefly as follows.

- a. Further increase Group corporate value
 - Take full advantage of business alliances
 - Place every emphasis on promoting a consolidated operating division system
 - Thoroughly implement cash flow management
- b. Fortify the Group’s efforts toward overseas expansion
 - Focus on the Chinese and North American markets
 - Strengthen operating platforms in the Indian and Russian markets
- c. Generate new businesses
 - Enter electrical product and equipment markets targeting environmentally friendly rail vehicles
- d. Develop new products
 - Develop specific products that contribute to the creation and maintenance of a low-carbon society
 - Develop services that utilize IT technologies
- e. Bolster CSR activities
 - Formulate a Group-wide Environmental Philosophy as a platform for increased activity and effort aimed at protecting the global environment
- f. Establish and promote a dynamic corporate culture
 - Continue to implement 5S activities — *Seiri* (Sort); *Seiton* (Set in order); *Seiso* (Shine); *Seiketsu* (Standardize); *Shitsuke* (Sustain / Self-discipline) — and improve the environment of each workplace
 - Reform and upgrade human resource education and training systems

As a part of steps to further augment and improve its development and design capabilities and to expand production capacity, the Toyo Denki Group completed construction of a new Engineering Center, an R&D and design facility on the premises of the Yokohama Works, in January 2010. In addition, the Group newly established the “China Promotion Department” within the Transportation Systems Division in April 2010 in order to strengthen its China business. Complementing this measure, a China Project Team was also set up within the Industrial Systems Division.

Taking into consideration all of the aforementioned, and guided by the “Challenge Up Plan,” the Toyo Denki Group will move ahead by planning and steadfastly implementing a diverse range of effective measures. In this manner, the Group will strive to further improve its performance and enhance its corporate value.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	End of Fiscal 2008 (As of May 31, 2009)	End of Fiscal 2009 (As of May 31, 2010)
(Assets)		
Current assets		
Cash and cash equivalents	2,967	2,456
Notes and accounts receivable — trade	8,389	9,619
Products and finished goods	2,327	2,397
Work in process	3,583	3,034
Raw materials and stored goods	2,014	2,215
Advances	197	243
Other accounts receivable	52	51
Deferred tax assets	655	603
Other	68	119
Allowance for doubtful accounts	(51)	(43)
Total current assets	20,205	20,697
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,609	6,081
Accumulated depreciation	(3,350)	(3,496)
Buildings and structures	1,258	2,585
Machinery and equipment	5,589	5,796
Accumulated depreciation	(4,222)	(4,511)
Machinery and equipment	1,367	1,285
Land	289	289
Construction work in progress	392	274
Other	2,153	2,306
Accumulated depreciation	(1,768)	(1,896)
Other	384	409
Total tangible fixed assets	3,692	4,844
Intangible fixed assets		
Software	207	196
Other	36	66
Total intangible fixed assets	244	263
Investments and other fixed assets		
Investment securities	6,343	6,376
Deferred tax assets	951	947
Other	1,404	1,272
Allowance for doubtful accounts	(60)	(16)
Total investments and other fixed assets	8,638	8,579
Total fixed assets	12,575	13,687
Total assets	32,780	34,385

(Millions of yen)

	End of Fiscal 2008 (As of May 31, 2009)	End of Fiscal 2009 (As of May 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable — trade	5,315	5,107
Short-term borrowings	4,161	4,420
Current portion of corporate bonds	200	200
Income taxes payable	239	224
Consumption and other taxes payable	159	76
Accrued expenses	2,752	3,086
Advances received	528	947
Deposits received	256	216
Reserve for employees' bonuses	837	841
Reserve for directors' bonuses	15	22
Reserve for order losses	327	340
Other	394	443
Total current liabilities	15,188	15,929
Long-term liabilities		
Corporate bonds	680	480
Long-term borrowings	1,320	2,075
Reserve for employees' retirement benefits	2,838	2,981
Reserve for directors' retirement benefits	141	163
Long-term payables	147	170
Total long-term liabilities	5,127	5,870
Total liabilities	20,316	21,799
(Net assets)		
Shareholders' equity		
Common stock	4,482	4,482
Capital surplus	2,661	2,661
Retained earnings	5,661	5,909
Treasury stock	(818)	(901)
Total shareholders' equity	11,987	12,152
Evaluation and foreign currency translation adjustments		
Differences in evaluation of other marketable securities	509	470
Deferred gains or losses on hedges	(32)	(37)
Total evaluation and foreign currency translation adjustments	476	432
Total net assets	12,464	12,585
Total net assets and liabilities	32,780	34,385

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal 2008 (Jun. 1, 2008 to May 31, 2009)	Fiscal 2009 (Jun. 1, 2009 to May 31, 2010)
Net sales	33,226	35,429
Cost of sales	25,412	28,026
Gross profit	7,814	7,403
Selling, general and administrative expenses	6,417	6,428
Operating Income	1,396	975
Non-operating income		
Interest received	2	0
Dividends received	96	98
Life insurance dividend income	3	–
Subsidy income	–	33
Miscellaneous income	61	79
Total non-operating income	164	211
Non-operating expenses		
Interest expenses	138	135
Loss on disposal of fixed assets	24	19
Loss on foreign currency exchange	89	28
Miscellaneous expenses	40	21
Total non-operating expenses	292	203
Ordinary income	1,267	982
Extraordinary income		
Reversal of allowance for doubtful accounts	–	16
Total extraordinary income	–	16
Extraordinary loss		
Loss of devaluation of investment securities	282	12
Surcharge payments	124	–
Loss on devaluation of equity investment in affiliated companies	39	–
Total extraordinary loss	446	12
Net income before taxes	821	986
Corporate, local and enterprise taxes	507	492
Corporate tax adjustments, etc.	210	(18)
Total taxes	718	474
Net income	103	512

(3) Consolidated Statements of Change in Shareholders' Equity

(Millions of yen)

	Fiscal 2008 (Jun. 1, 2008 to May 31, 2009)	Fiscal 2009 (Jun. 1, 2009 to May 31, 2010)
Shareholders' equity		
Common stock		
Balance as of the previous fiscal year-end	4,482	4,482
Balance as of the end of the fiscal year	4,482	4,482
Capital surplus		
Balance as of the previous fiscal year-end	2,661	2,661
Balance as of the end of the fiscal year	2,661	2,661
Retained earnings		
Balance as of the previous fiscal year-end	5,910	5,661
Changes during the fiscal year		
Distribution of retained earnings	(267)	(264)
Change in the scope of consolidation	(84)	-
Net income	103	512
Total changes during the fiscal year	(248)	247
Balance as of the end of the fiscal year	5,661	5,909
Treasury stock		
Balance as of the previous fiscal year-end	(685)	(818)
Changes during the fiscal year		
Acquisition of treasury stock	(133)	(82)
Total changes during the fiscal year	(133)	(82)
Balance as of the end of the fiscal year	(818)	(901)
Total shareholders' equity		
Balance as of the previous fiscal year-end	12,369	11,987
Changes during the fiscal year		
Distribution of retained earnings	(267)	(264)
Change in the scope of consolidation	(84)	-
Net income	103	512
Acquisition of treasury stock	(133)	(82)
Total changes during the fiscal year	(381)	165
Balance as of the end of the fiscal year	11,987	12,152
Evaluation and foreign currency translation adjustments		
Differences in evaluation of other marketable securities		
Balance as of the previous fiscal year-end	1,359	509
Changes during the fiscal year		
Net changes in items other than shareholders' equity	(850)	(39)
Total changes during the fiscal year	(850)	(39)
Balance as of the end of the fiscal year	509	470
Deferred gains or losses on hedges		
Balance as of the previous fiscal year-end	0	-
Changes during the fiscal year		
Net changes in items other than shareholders' equity	(0)	-
Total changes during the fiscal year	(0)	-
Balance as of the end of the fiscal year	-	-

(Millions of yen)

	Fiscal 2008 (Jun. 1, 2008 to May 31, 2009)	Fiscal 2009 (Jun. 1, 2009 to May 31, 2010)
Deferred gains or losses on hedges		
Balance as of the previous fiscal year-end	–	(32)
Changes during the fiscal year		
Net changes in items other than shareholders' equity	(32)	(4)
Total changes during the fiscal year	(32)	(4)
Balance as of the end of the fiscal year	(32)	(37)
Total evaluation and foreign currency translation adjustments		
Balance as of the previous fiscal year-end	1,360	476
Changes during the fiscal year		
Net changes in items other than shareholders' equity	(883)	(43)
Total changes during the fiscal year	(883)	(43)
Balance as of the end of the fiscal year	476	432
Total net assets		
Balance as of the previous fiscal year-end	13,729	12,464
Changes during the fiscal year		
Distribution of retained earnings	(267)	(264)
Change in the scope of consolidation	(84)	–
Net income	103	512
Acquisition of treasury stock	(133)	(82)
Net changes in items other than shareholders' equity	(883)	(43)
Total changes during the fiscal year	(1,264)	121
Balance as of the end of the fiscal year	12,464	12,585

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2008 (Jun. 1, 2008 to May 31, 2009)	Fiscal 2009 (Jun. 1, 2009 to May 31, 2010)
Cash flows from operating activities		
Net income before taxes	821	986
Depreciation expenses	957	949
Increase (decrease) in allowance for doubtful accounts	35	(51)
Increase (decrease) in reserve for employees' bonuses	(49)	3
Increase (decrease) in reserve for employees' retirement benefits	(45)	142
Increase (decrease) in reserve for directors' retirement benefits	(40)	22
Interest and dividend income	(98)	(98)
Interest expenses	138	135
Loss (gain) on devaluation of investment securities	282	12
Decrease (increase) in notes and accounts receivable — trade	3,563	(1,229)
Decrease (increase) in inventory	(1,393)	278
Increase (decrease) in notes and accounts payable — trade	(1,066)	(204)
Increase (decrease) in accrued liabilities at time of transfer to defined contribution pension plan	(348)	(250)
Increase (decrease) in reserve for order losses	199	13
Increase (decrease) in advances received	–	419
Other	(638)	81
Subtotal	2,318	1,210
Interest and dividend income received	98	98
Interest paid	(135)	(132)
(Payments for) refund of corporate and other taxes	(510)	(503)
Net cash provided by operating activities	1,771	673
Cash flows from investing activities		
Funds used for the purchase of tangible fixed assets	(1,010)	(1,698)
Proceeds from sale of tangible fixed assets	3	0
Funds used for the purchase of investment securities	(399)	(10)
Other outflows	(22)	(62)
Other inflows	13	209
Other	(140)	(83)
Cash used in investing activities	(1,555)	(1,643)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	697	49
Proceeds from long-term borrowings	1,150	1,450
Repayments of long-term borrowings	(1,460)	(480)
Proceeds from the issue of bonds	588	–
Redemption of bonds	(130)	(200)
Payment for the acquisition of treasury stock	(133)	(82)
Cash dividends paid	(265)	(268)
Cash provided by financing activities	448	468

(Millions of yen)

	Fiscal 2008 (Jun. 1, 2008 to May 31, 2009)	Fiscal 2009 (Jun. 1, 2009 to May 31, 2010)
Effect of exchange rate changes on cash and cash equivalents	(4)	(8)
Increase (decrease) in cash and cash equivalents	660	(511)
Balance of cash and cash equivalents at the beginning of the period	2,230	2,967
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	2,967	2,456

Acknowledgement: This is a translation of the Japanese original of the Summary of Business Results for Year-End Financial Statements issued by Toyo Denki Seizo K.K. on July 12, 2010.