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# Financial Results Briefing

First Half of Fiscal 2010  
(Ended November 30, 2010)

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January 14, 2011

Toyo Denki Seizo K.K.



- Briefing on Financial Results:  
About 25 minutes
  1. Overview of Financial Results for the First Half of Fiscal 2010
  2. Outlook for Fiscal 2010 Full Year Financial Results
  3. Status and Outlook for Individual Business Segments
  4. Other Topics
- Q&A: 30 minutes

1. Overview of Financial Results for  
the First Half of Fiscal 2010  
(June 1 – November 30, 2010)

## Overall:

### Increase in revenues, return to the black

- Net sales YoY +26.8% (+¥4,000 million)
- Operating income YoY +¥800 million (Returned to the black)

## Transportation Systems:

### Significant increase in revenues, increase in earnings

- Net sales YoY +30.8% (+¥3,103 million)
- Segment income YoY +44.7% (+¥460 million)

## Industrial Systems:

### Increase in revenues, return to the black

- Net sales YoY +22.0% (+¥959 million)
- Segment income YoY +¥214 million (Returned to the black)

## 1-2. Overview of Consolidated Financial Results

(Millions of yen)

	1H FY2009	1H FY2010	YoY change	1H FY2010 Forecasts	Difference
Net sales	14,919	18,918	+3,999	18,000	+918
Operating income	(157)	642	+800	400	+242
%	-	3.4%	-	2.2%	+1.2%
Ordinary income	(179)	574	+753	400	+174
%	-	3.0%	-	2.2%	+0.8%
Net income	(221)	196	+418	200	-4
%	-	1.0%	-	1.1%	-0.1%
Net income per share (yen)	(5.03)	4.43	+9.46	-	-
Orders received	19,764	16,353	-3,411	18,000	-1,647

# 1-3. Details of Non-Operating Income and Expenses and Extraordinary Losses

**Net income:  
¥200 million**

¥640 million



(Millions of yen)

Non-operating income and expenses	-70
<i>Breakdown</i>	
Equity in earnings of equity-method investments	+40
Dividends received	+120
Loss on foreign currency exchange	- 140
Interest expenses	- 80

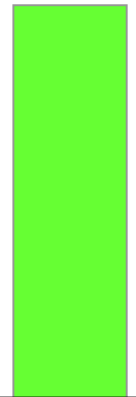
¥570 million



(Millions of yen)

Extraordinary loss	-140
<i>Breakdown</i>	
Loss on devaluation of investment securities	-90
Impact of adopting the Accounting Standard for Asset Retirement Obligations	-40

¥430 million



**Operating income**

**Ordinary income**

**Income before tax**

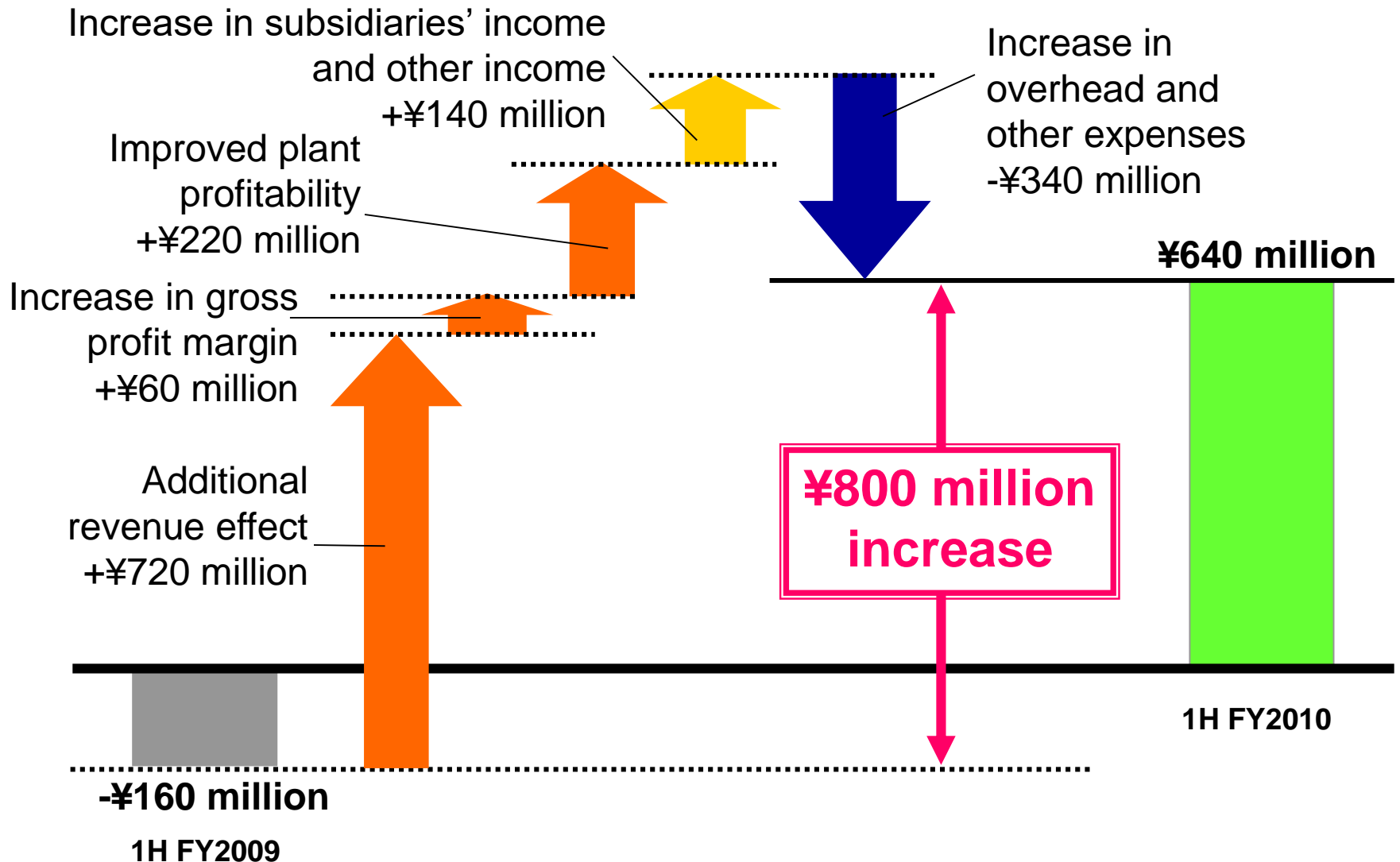
# 1-4. Overview of Business Segment Results

(Millions of yen)

		Transportation Systems	Industrial Systems	Information Systems	Adjustment Amount	Total
Orders received	1H FY2009	13,724	4,543	1,496	-	19,764
	1H FY2010	10,176	5,445	730	-	16,353
	YoY change	(3,548)	+902	(765)	-	-3,411
Net sales	1H FY2009	10,063	4,351	504	-	14,919
	1H FY2010	13,166	5,310	438	-	18,918
	YoY change	+3,103	+958	(65)	-	+3,999
Segment income	1H FY2009 <sup>1</sup>	1,032	(156)	(64)	(968)	(157)
	1H FY2010	1,492	58	(0)	(937)	642
	YoY change	+460	+214	+64	+31	+800

1. FY2009 segment income figures are reference data based on provisional calculations.

# 1-5. Factors Contributing to Changes in Operating Income





## 1-6. Consolidated Financial Position

(Millions of yen)

	May 31, 2010	November 30, 2010	Change	Notes
Total assets	34,385	35,840	+1,454	
Current assets	20,697	22,001	+1,304	
Fixed assets	13,687	13,838	+150	
Total liabilities	21,799	22,870	+1,071	
Of which, interest-bearing debt	7,175	6,735	-440	
Net assets	12,585	12,969	+383	Retirement of treasury stock + 740 million
Equity ratio	36.6%	36.2%	-	
Net assets per share (yen)	285.86	281.17	-4.68	

## 2. Outlook for Fiscal 2010 Full Year Financial Results

## 2-1. Outlook for Consolidated Financial Results for Fiscal 2010

(Millions of yen)

	FY2009	1H FY2010	FY2010 Forecast	YoY change
Orders received	37,954	16,353	42,000	+4,046
Net sales	35,429	18,918	36,000	+571
Operating income	975	642	1,600	+625
%	2.8%	3.4%	4.4%	
Ordinary income	982	574	1,500	+518
%	2.8%	3.0%	4.2%	
Net income	512	196	800	+288
%	1.4%	1.0%	2.2%	
Net income per share (yen)	11.63	4.43	18.17	

### 3. Status and Outlook for Individual Business Segments

## 3-1. Order Environment by Business Segment

	Comments
Market overall	<ul style="list-style-type: none"> <li>(1) Continued appreciation in the value of the yen</li> <li>(2) Domestic economy in general to remain flat</li> <li>(3) Continued strong infrastructure investment in China and other emerging countries</li> </ul>
Transportation Systems	<ul style="list-style-type: none"> <li>(1) Domestic orders to remain flat</li> <li>(2) Firm overseas demand for high-speed railway systems as well as urban transportation networks</li> </ul>
Industrial Systems	<ul style="list-style-type: none"> <li>(1) Recovery in capital investment mainly in the automobile industry and raw material manufacturers</li> <li>(2) Increase in inquiries concerning business in Southeast Asia and China</li> </ul>
Information Systems	<ul style="list-style-type: none"> <li>(1) Settled orders in IC-compatible equipment relating to railway station operations</li> <li>(2) Energy efficient remote control systems to drive market growth</li> </ul>

## 3-2. Transportation Systems

### (1) Consolidated financial results for 1H FY2010

	1H FY2009	1H FY2010	YoY change
Orders received	13,724	10,176	-3,548
Net sales	10,063	13,166	+3,103
Segment income	1,032	1,492	+460
Profit ratio	10.3%	11.3%	+1.0%

### (2) Forecast for consolidated financial results for FY2010

(Millions of yen)

	FY2009	FY2010 Forecast	YoY change
Orders received	26,644	25,000	-1,645
Net sales	23,706	23,400	-306
Segment income	2,888 <sup>1</sup>	2,578	-310
Profit ratio	12.2%	11.0%	-1.2%

1. FY2009 segment income figures are reference data based on provisional calculations.

## 3-3. Industrial Systems

### (1) Consolidated financial results for 1H FY2010

	1H FY2009	1H FY2010	YoY change
Orders received	4,543	5,445	+902
Net sales	4,351	5,310	+958
Segment income	(156)	58	+214
Profit ratio	—	1.1%	—

### (2) Forecast for consolidated financial results for FY2010

(Millions of yen)

	FY 2009	FY 2010 Forecast	YoY change
Orders received	9,172	14,000	+4,828
Net sales	8,995	11,200	+2,205
Segment income	(129) <sup>1</sup>	671	+799
Profit ratio	—	6.2%	

1. FY2009 segment income figures are reference data based on provisional calculations.

## 3-4. Information Systems

### (1) Consolidated financial results for 1H FY2010

	1H FY2009	1H FY2010	YoY change
Orders received	1,496	730	-765
Net sales	504	438	-65
Segment income	(64)	(0)	+64
Profit ratio	—	—	—

### (2) Forecast for consolidated financial results for FY2010

(Millions of yen)

	FY 2009	FY 2010 Forecast	YoY change
Orders received	2,138	3,000	+862
Net sales	2,727	1,400	-1,327
Segment income	134 <sup>1</sup>	62	-72
Profit ratio	4.9%	4.4%	—

1. FY2009 segment income figures are reference data based on provisional calculations.



## 4. Other Topics

## 4-1. Overview of the Business and Capital Alliance with Hitachi, Ltd.

Toyo Denki enters into a business and capital alliance agreement with Hitachi, Ltd. concerning electrical components for rolling stock in overseas markets (October 25, 2010)

### ■ Target

Overseas railway system markets focusing mainly on emerging countries and regions

### ■ Details of the alliance

- Division of systems coordination responsibilities
- Development of a mutually complementary relationship with respect to overseas products
- Division of product design and development responsibilities
- Joint purchase development of externally procured materials
- Cross shareholding



## 4-2. Details of the Capital Alliance with Hitachi, Ltd.

As a part of the alliance, Toyo Denki and Hitachi will purchase and hold each other's equity shares

### ■ Purchase of Hitachi's shares by Toyo Denki

Acquiring approx. 2.1M shares of Hitachi (representing approx. 0.046% of the company's total issued shares)

1. Purchase period:  
October 26, 2010 to March 31, 2011
2. Number of shares to be purchased:  
Aim to acquire 2,100,000 shares of common stock
3. Purchase price:  
Market price
4. Purchase method:  
Purchase on the relevant stock exchanges

### ■ Purchase of Toyo Denki's shares by Hitachi

Acquired 2.1M shares of Toyo Denki (representing approx. 4.5% of the company's total issued shares)

1. Acquisition date:  
November 11, 2010
2. Number of shares purchased:  
2,100,000 shares of common stock
3. Purchase price:  
¥340 per share (total payment ¥714 million)<sup>1</sup>
4. Purchase method:  
Private placement (third-party allotment)

1. The amount paid was based on the closing price of Toyo Denki shares on October 22, 2010, the nearest trading day to the Board of Directors' resolution regarding the private placement (third-party allotment) of shares.

## 4-3. Delivery of Electrical Equipment for the Tohoku Shinkansen

- East Japan Railway Company (JR East) E5 series “Hayabusa” (service to commence on March 5, 2011)

Delivery of traction motors, auxiliary power supply apparatus, gear units and pantographs (Scheduled to deliver for total of 58 trains consisting of 10 cars per train)



Multi-split slider



Compact low-noise pantograph

# 4-4. Delivery of Electrical Equipment for the Kyushu Shinkansen

## ■ Kyushu Railway Company (JR Kyushu) Kyushu Shinkansen “Mizuho” (service to commence on March 12, 2011)

(1) **Hakata – Shin-yatsushiro**  
Service to commence on March 12, 2011  
Approx. 130 km

(2) **Shin-yatsushiro – Kagoshima-chuo**  
Service commenced on March 13, 2004  
Approx. 127 km



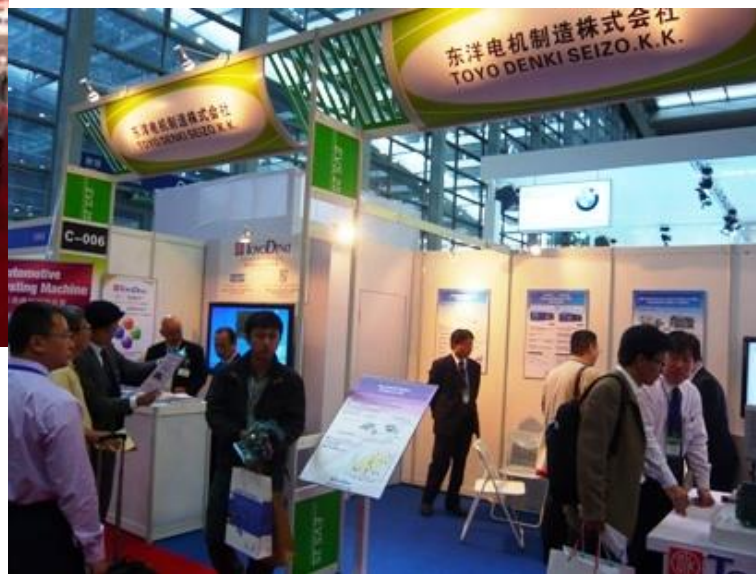
Delivery of traction motors, pantographs, gear units and master controllers (for 10 trains consisting of 8 cars per train)



## 4-5. Promoting HEV Electrical Equipment and Testing Equipment for Automotive Development in China



Participated in an EV exhibition in China to expand sales of HEV electrical equipment and testing equipment for automotive development in China



Exhibition name: EVS-25

Venue: The Shenzhen Convention & Exhibition Center (Shenzhen, China)

Exhibition dates: November 5–8, 2010

Thank you for your interest.

<http://www.toyodenki.co.jp/en/index.html>

**Inquiries**

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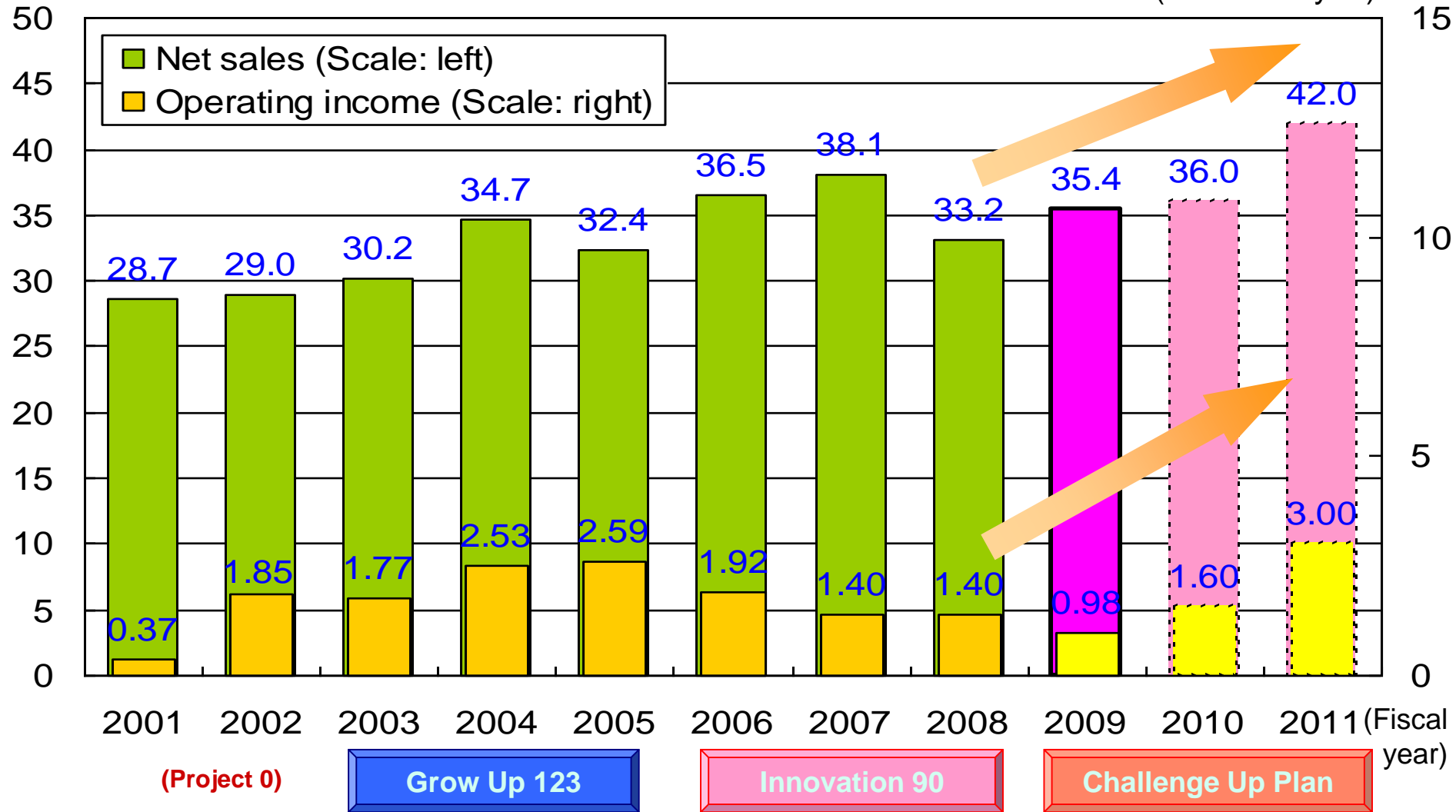
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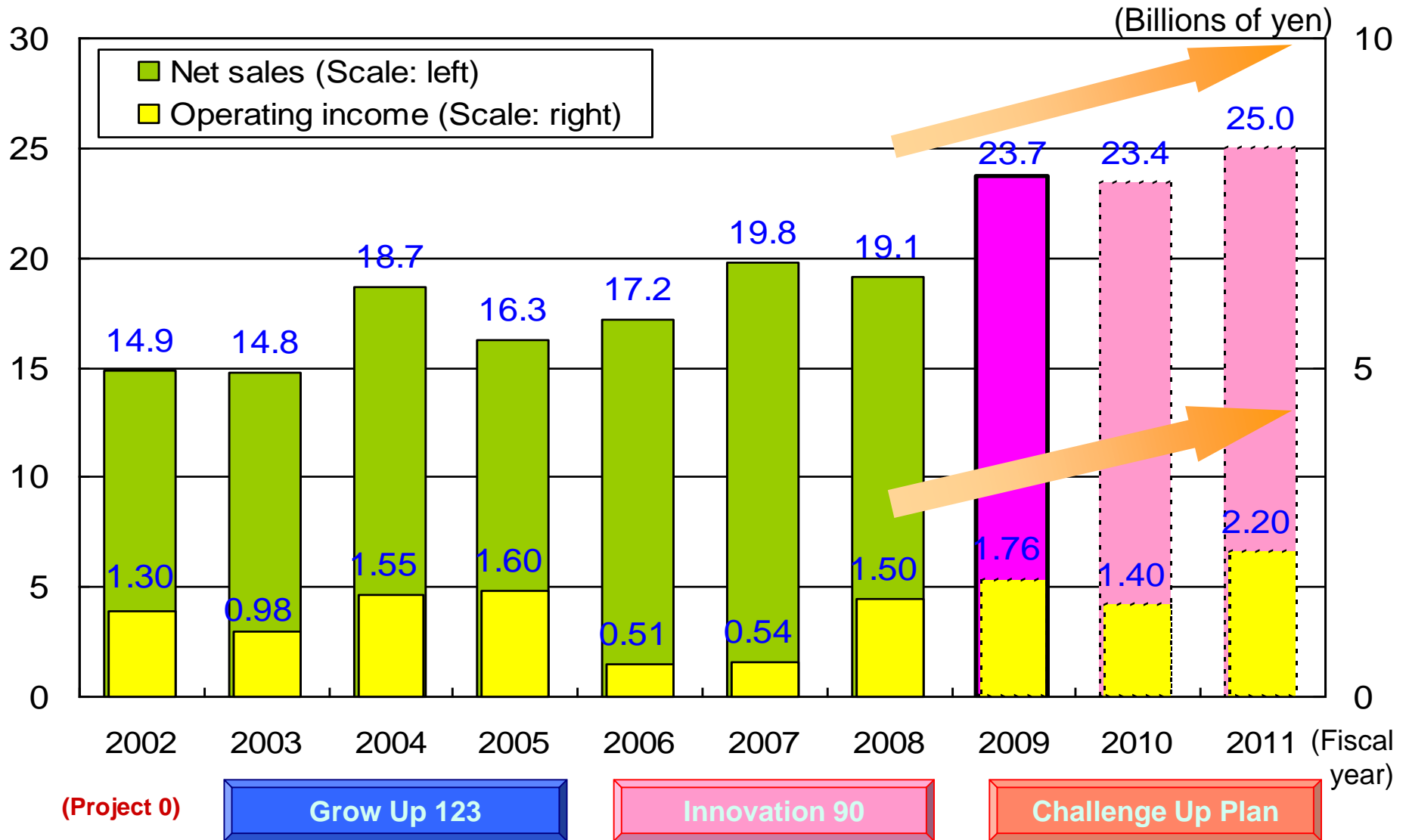
# Reference: Changes in Consolidated Net Sales and Operating Income, and Forecast

(Billions of yen)

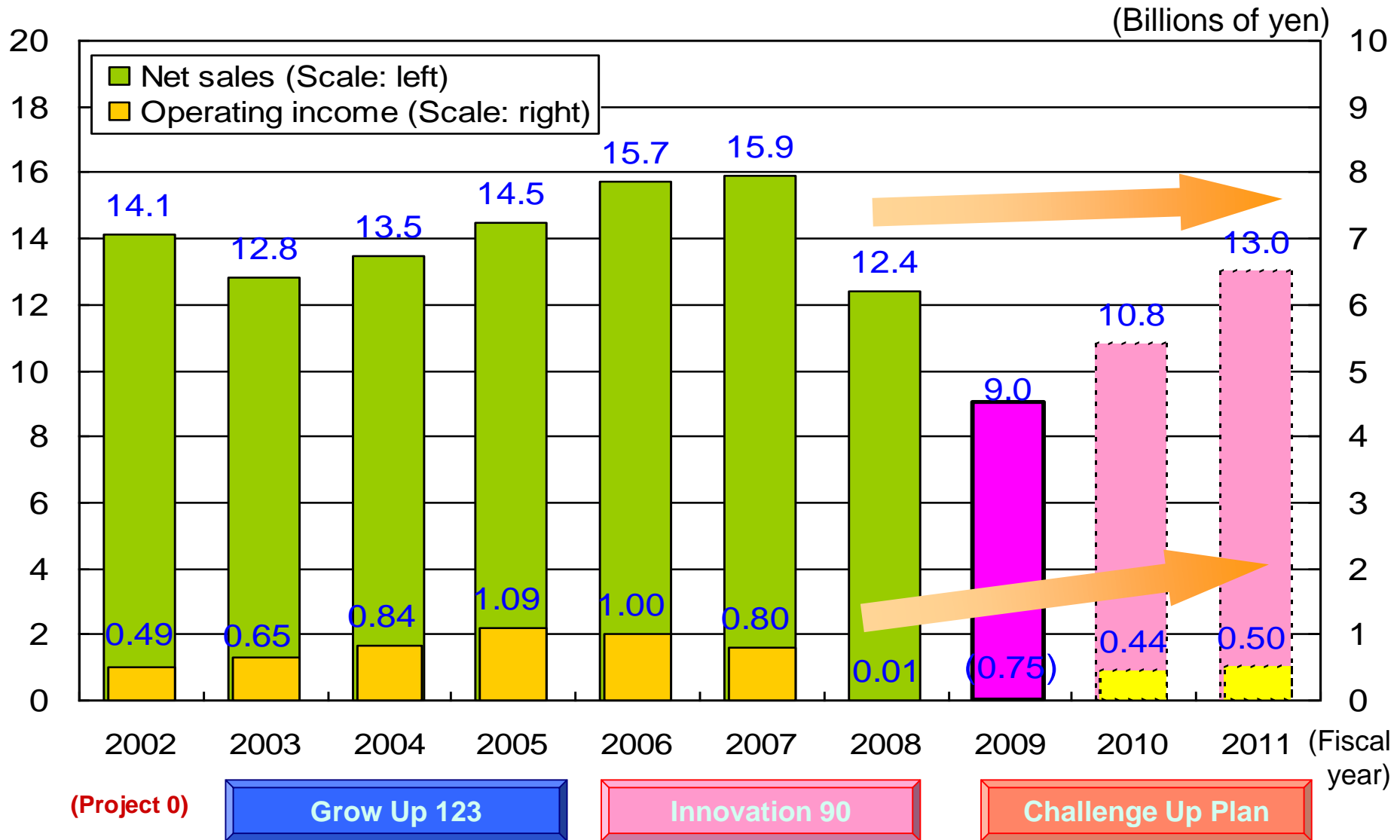




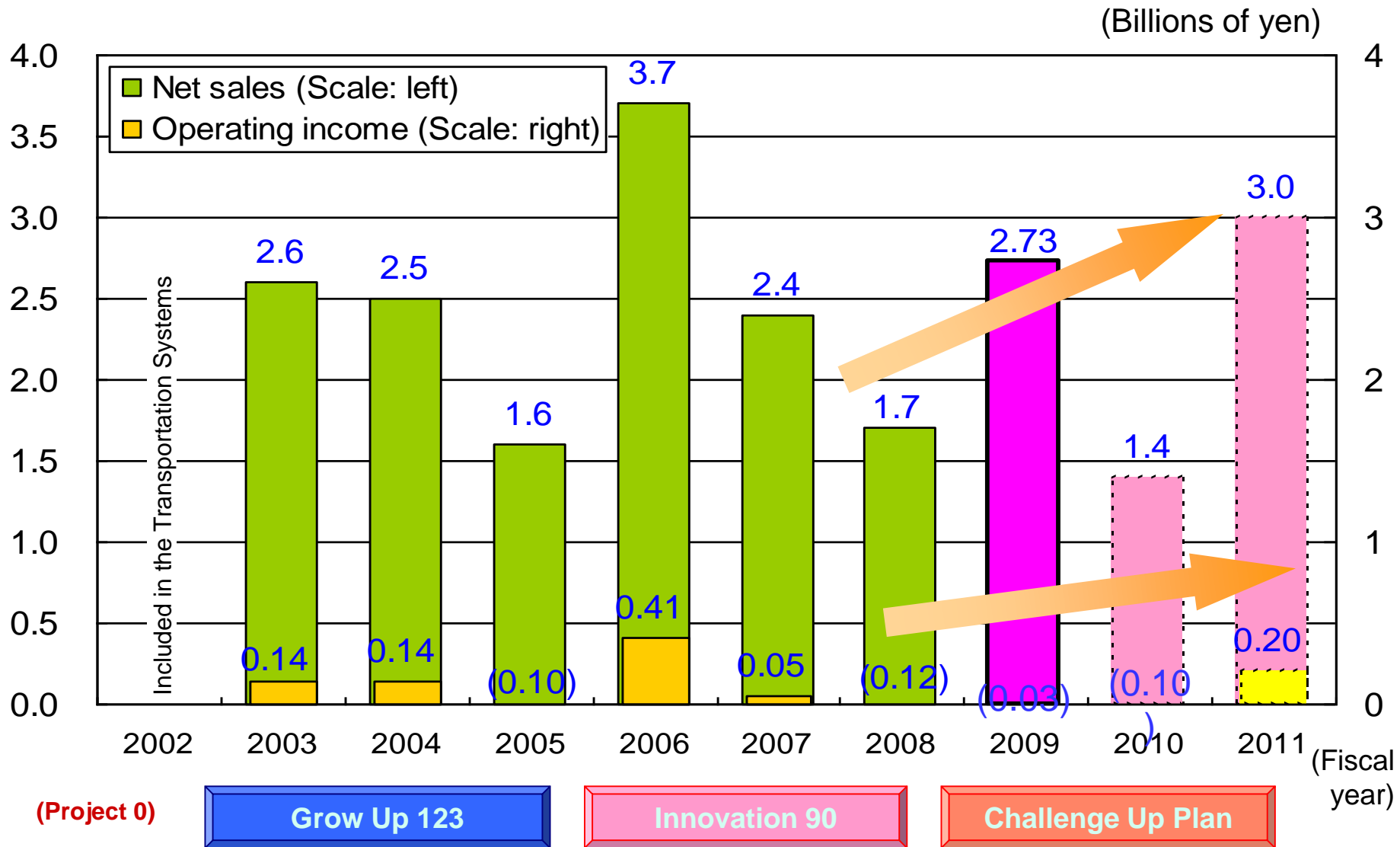
# Reference: Performance Trends in Transportation Systems, and Forecast



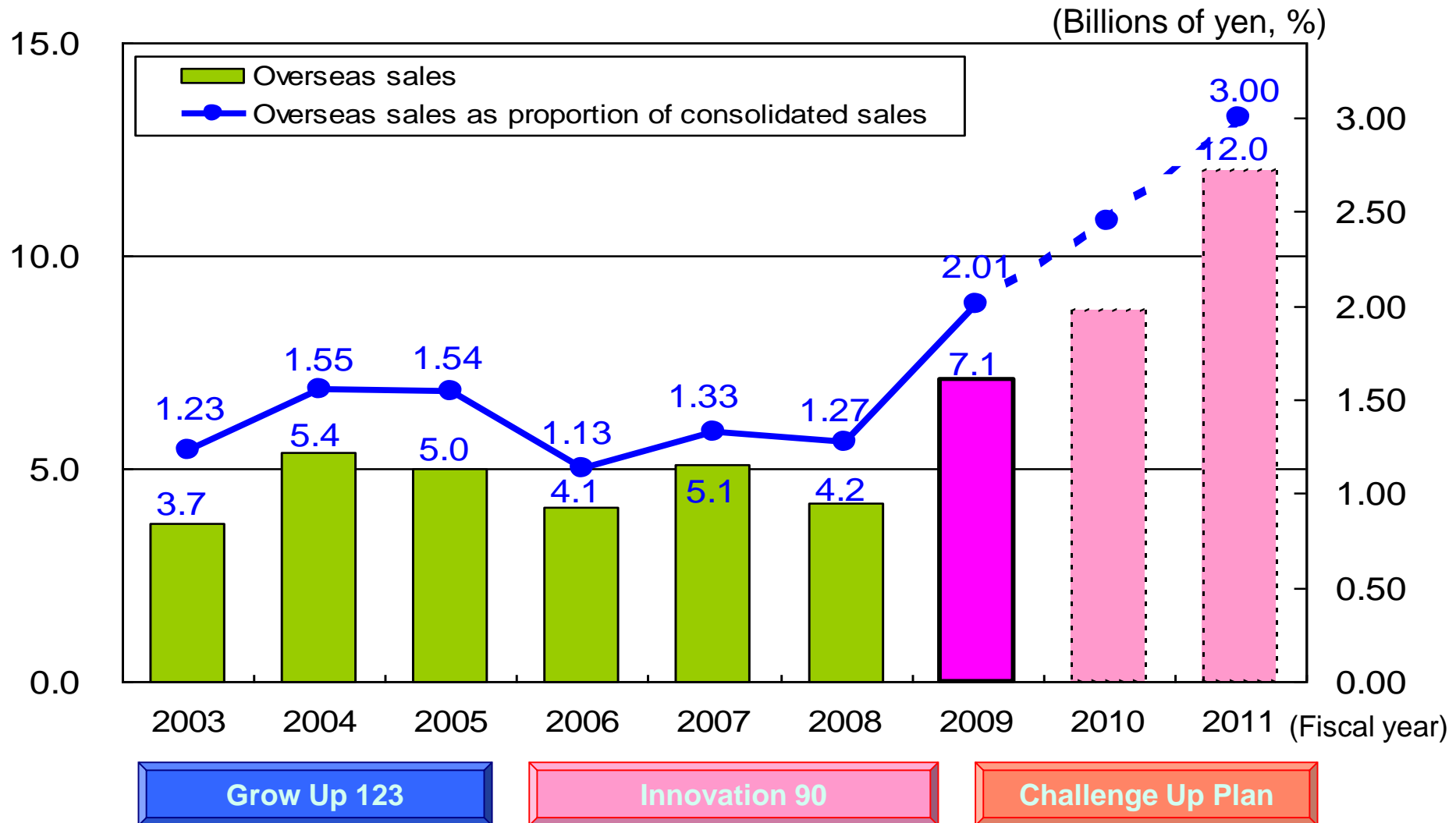
# Reference: Performance Trends in Industrial Systems, and Forecast



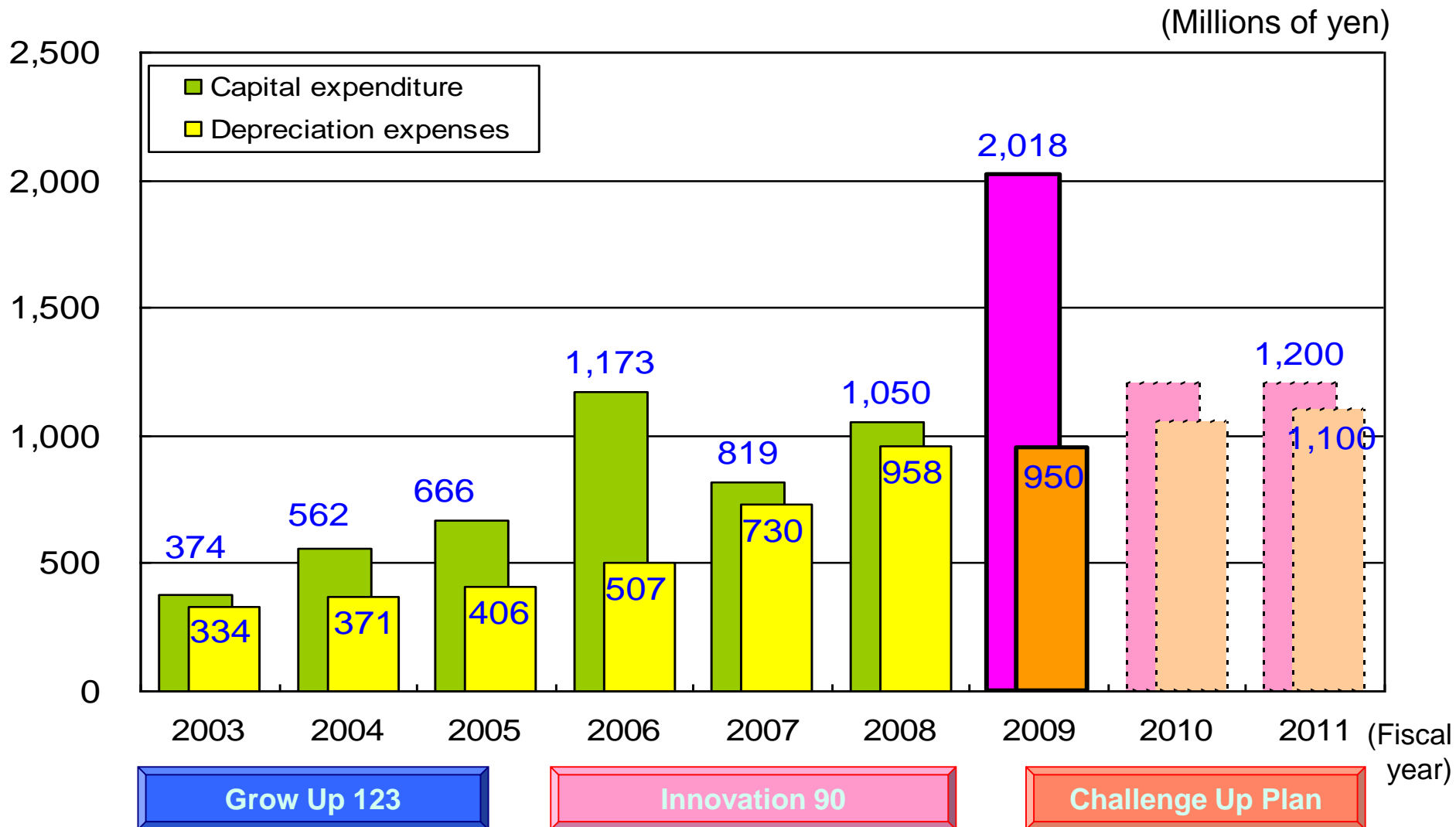
# Reference: Performance Trends in Information Systems, and Forecast



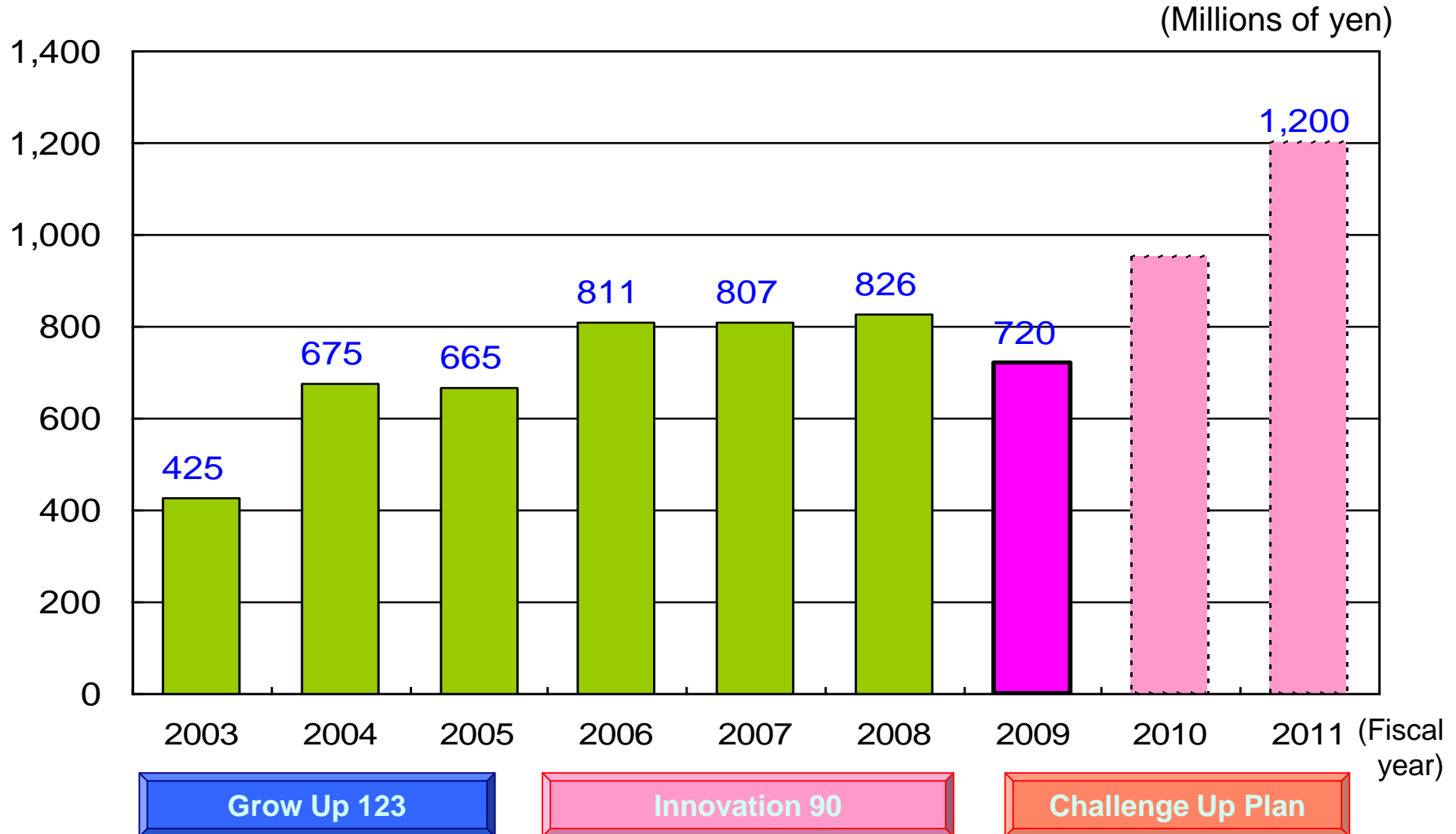
# Reference: Trends in Overseas Sales, and Forecast



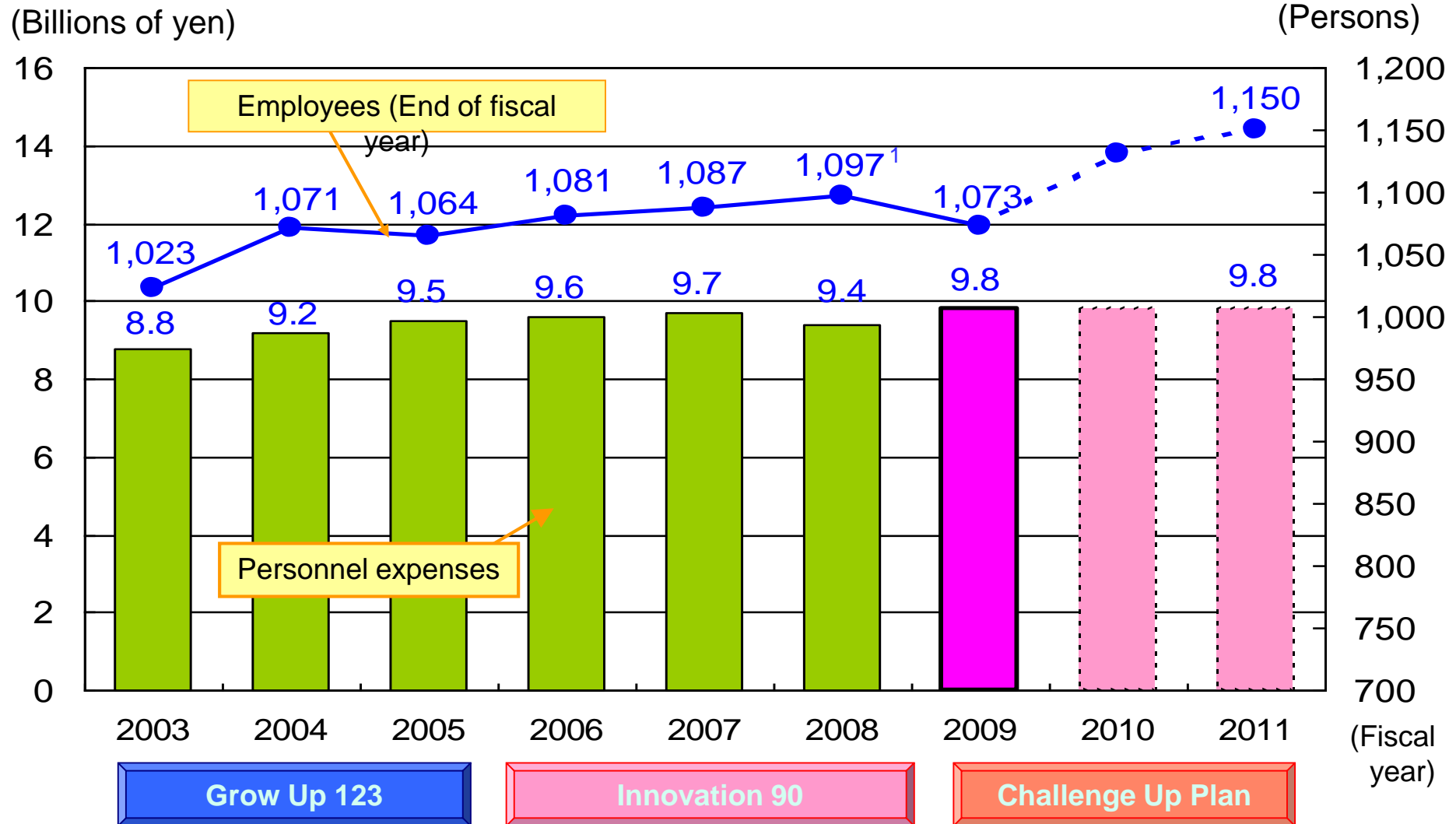
# Reference: Changes in Consolidated Capital Expenditure and Depreciation Expenses, and Forecast



# Reference: Changes in Research and Development Expenses, and Forecast



# Reference: Changes in Personnel Expenses and Number of Employees, and Forecast



1. Includes approximately 50 contract and fixed-term employees

- Statements concerning financial results forecasts are based on data available as of the date of publication of this material and assumptions concerning the elements of uncertainty that will affect future business performance as of the date of publication of this material. Actual financial results may differ depending on a variety of factors.
- Forward-looking statements contained in this material are the judgments of the Toyo Denki Group based on data available at the time of publication of this material. Such statements and descriptions are by no means comprehensive.