



Summary of Consolidated Business Results for the First Half of Fiscal 2018

January 10, 2019

Company Name: Toyo Denki Seizo K. K. Stock Exchange: 1st Section of the Tokyo Stock Exchange
 Stock Code: 6505 URL: <https://www.toyodenki.co.jp>
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 Scheduled date of submission of quarterly financial report: January 11, Scheduled date of commencement of dividend payments: - 2019
 Preparation of quarterly financial report's 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 Half of Fiscal 2018 (June 1, 2018 to November 30, 2018)

(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 Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1H Fiscal 2018	19,635	5.3	(124)	-	(21)	-	146	(42.8)
1H Fiscal 2017	18,655	2.8	(232)	-	47	(85.8)	256	7.1

(Note) Comprehensive income: 1H Fiscal 2018 (640) million yen [- %]
 1H Fiscal 2017 1,374 million yen [653.3%]

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
1H Fiscal 2018	15.62	-
1H Fiscal 2017	27.12	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
	Millions of yen	Millions of yen	%
1H Fiscal 2018	61,722	24,415	39.6
As of May 31, 2018	63,291	26,327	41.6

(Reference) Shareholders' equity: 1H Fiscal 2018 24,415 million yen
 As of May 31, 2018 26,327 million yen

2. Dividend Information

	Annual Dividend (Yen)				
	1Q	Interim	3Q	Fiscal Year-End	Total
	Yen	Yen	Yen	Yen	Yen
As of May 31, 2018	-	0.00	-	50.00	50.00
Fiscal 2018	-	0.00	-	-	-
Fiscal 2018 (Forecast)	-	-	-	30.00	30.00

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

(Note) Year-end dividends for Fiscal 2017: Ordinary dividend: 30.00 yen; commemorative dividend: 20.00 yen

3. Consolidated Performance Forecast for Fiscal 2018 (June 1, 2018 to May 31, 2019)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share (Yen)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	42,500	(0.1)	600	63.5	650	26.1	700	1.1	74.69

(Note) Revisions to the most recently announced performance forecast: Yes

*Notes:

- (1) Transfers of major subsidiaries during the period : No
 (transfers of specified subsidiaries accompanied by changes in the scope of consolidation)
 Newly included: - companies (name of the company)
 Excluded: - companies (name of the company)
- (2) Application of Special Accounting Practices for the Preparation of Quarterly Consolidated Financial Statement : 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)	November 30, 2018	9,735,000 shares	As of May 31, 2018	9,735,000 shares
(b) Number of shares of treasury stock as of the end of the period	November 30, 2018	792,288 shares	As of May 31, 2018	291,907 shares
(c) Average number of shares for the period (fiscal year-to-date)	November 30, 2018	9,371,547 shares	1H Fiscal 2017	9,444,009 shares

* Quarterly financial reports are not subject to quarterly review procedures by a certified public accountant or audit firm.

* Disclaimer concerning the Proper Use of Business Forecasts and Other Relevant Specific Items (Note on Forward-looking Statements)

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 the Accompanying Materials on page 3 for details relating to forecasts of operating results (available in Japanese only).

*This report is an abridged translation of the Japanese summary consolidated business results, which has been prepared in accordance with accounting principles generally accepted Japan, for reference purpose only.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of May 31, 2018	End of the First Half of Fiscal 2018 (November 30, 2018)
Assets		
Current assets		
Cash and cash equivalents	1,555	1,734
Trade notes and accounts receivable	16,960	16,884
Electronically recorded monetary claims - operating	1,152	1,025
Products and finished goods	1,006	1,311
Work in process	3,506	3,725
Raw materials and stored goods	3,319	3,439
Advances	30	66
Other accounts receivable	547	382
Other	534	208
Allowance for doubtful accounts	(1)	(1)
Total current assets	28,611	28,777
Fixed assets		
Property, plant and equipment		
Buildings and structures	11,981	12,132
Accumulated depreciation	(4,707)	(4,907)
Buildings and structures, net	7,274	7,224
Machinery and equipment	7,742	7,927
Accumulated depreciation	(6,310)	(6,501)
Machinery and equipment, net	1,432	1,426
Land	1,301	1,301
Construction in progress	320	235
Other	3,953	4,221
Accumulated depreciation	(3,116)	(3,300)
Other, net	837	920
Total property, plant and equipment	11,166	11,108
Intangible assets		
Software	885	792
Software in progress	3	-
Other	15	15
Total intangible assets	904	807
Investments and other assets		
Investment securities	19,681	18,309
Deferred tax assets	95	151
Other	2,845	2,580
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	22,609	21,029
Total fixed assets	34,680	32,945
Total assets	63,291	61,722

Summary of Consolidated Business Results for the First Half of Fiscal 2018
Toyo Denki Seizo K. K. (6505)

(Millions of yen)

	As of May 31, 2018	End of the First Half of Fiscal 2018 (November 30, 2018)
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,057	2,925
Electronically recorded obligations - operating	6,295	5,781
Short-term debt	7,241	10,739
Income taxes payable	180	239
Consumption and other taxes payable	38	101
Accrued expenses	841	886
Advances received	188	73
Deposits received	229	220
Reserve for directors' bonuses	25	12
Reserve for employees' bonuses	814	815
Reserve for order losses	689	539
Other	1,716	876
Total current liabilities	22,320	23,212
Long-term liabilities		
Long-term debt	8,930	8,720
Long-term payables	35	43
Net defined benefit liability	3,862	3,855
Deferred tax liabilities	1,756	1,475
Other	58	-
Total long-term liabilities	14,644	14,094
Total liabilities	36,964	37,306
Net assets		
Shareholders' equity		
Capital stock	4,998	4,998
Capital surplus	3,177	3,177
Retained earnings	10,579	10,253
Treasury stock	(480)	(1,279)
Total shareholders' equity	18,274	17,149
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	8,111	7,352
Foreign currency translation adjustments	188	135
Adjustments of defined benefit plans	(247)	(222)
Total accumulated other comprehensive income	8,052	7,265
Total net assets	26,327	24,415
Total liabilities and net assets	63,291	61,722

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income for the First Half

	(Millions of yen)	
	1H FY2017 (June 1, 2017 to November 30, 2017)	1H FY2018 (June 1, 2018 to November 30, 2018)
Net Sales	18,655	19,635
Cost of sales	14,887	16,030
Gross profit	3,768	3,605
Selling, general and administrative expenses	4,000	3,729
Operating loss	(232)	(124)
Non-operating income		
Interest income	0	0
Dividend income	171	181
Equity in profit of unconsolidated subsidiaries and affiliates	71	-
Foreign exchange gains	50	13
Gain on reversal of environmental expenses	40	-
Miscellaneous income	41	31
Total non-operating income	374	227
Non-operating expenses		
Interest expenses	72	72
Equity in loss of unconsolidated subsidiaries and affiliates	-	4
Loss on disposal of fixed assets	0	4
Commission fee	10	-
Miscellaneous loss	12	44
Total non-operating expenses	95	125
Ordinary income (loss)	47	(21)
Extraordinary income		
Gain on sales of investment securities	390	347
Other	2	-
Total extraordinary income	392	347
Extraordinary loss		
Expenses for commemorative events of the 100th anniversary	-	20
Loss on sales of non-current assets	7	-
Total extraordinary losses	7	20
Income before income taxes	432	305
Income taxes: Current	138	173
Income taxes: Deferred	38	(14)
Total income taxes	176	158
Net Income	256	146
Net Income Attributable to Owners of the Parent	256	146

Consolidated Statements of Comprehensive Income for the First Half

	(Millions of yen)	
	1H FY2017 (June 1, 2017 to November 30, 2017)	1H FY2018 (June 1, 2018 to November 30, 2018)
Net Income	256	146
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	1,112	(758)
Foreign currency translation adjustments	(3)	(9)
Adjusted amounts of defined benefit plans	25	24
Share of other comprehensive income of affiliates to which the equity method is applied	(16)	(44)
Total other comprehensive income	1,118	(787)
Comprehensive income	1,374	(640)
Comprehensive income attributable to:		
Owners of the parent	1,374	(640)
Non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	1H FY2017 (June 1, 2017 to November 30, 2017)	1H FY2018 (June 1, 2018 to November 30, 2018)
Cash flows from operating activities		
Income before income taxes	432	305
Depreciation and amortization	487	821
Decrease in allowance for doubtful accounts	0	0
Increase in reserve for employees' bonuses	93	0
Increase (decrease) in net defined benefit liability	13	(6)
Increase (decrease) in reserve for order losses	93	(168)
Interest and dividend income	(171)	(182)
Interest expenses	72	72
Loss on sales of property, plant and equipment	7	-
Gain on sales of investment securities	(390)	(347)
Decrease (increase) in notes and accounts receivable-trade	(172)	280
Increase in inventories	(2,434)	(615)
Increase (decrease) in trade notes and accounts payable	1,267	(1,708)
Decrease in advances received	(12)	(114)
Increase (decrease) in accrued expenses	(80)	42
Other	(585)	460
Subtotal	(1,378)	(1,162)
Interest and dividend income received	171	182
Interest expenses paid	(70)	(69)
Payments for corporate and other taxes	(483)	(54)
Cash flows from operating activities	(1,761)	(1,104)
Cash flows from investing activities		
Purchases of property, plant and equipment	(939)	(1,409)
Proceeds from sales of property, plant and equipment	74	-
Purchases of intangible assets	(64)	(41)
Purchases of investment securities	(163)	(7)
Proceeds from sales of investment securities	840	565
Payments of loans receivable	(70)	-
Payments for investments in capital of subsidiaries	(124)	-
Other	(3)	188
Cash flows from investing activities	(451)	(704)
Cash flows from financing activities		
Increase in short-term loans payable, net	1,673	3,340
Repayment of long-term debt	(101)	(101)
Purchases of treasury stock	(1)	(799)
Cash dividends paid	(282)	(470)
Other	0	0
Cash flows from financing activities	1,287	1,969
Effect of exchange rate change on cash and cash equivalents	5	18
Increase (decrease) in cash and cash equivalents	(920)	178
Balance of cash and cash equivalents at the beginning of the period	2,091	1,555
Balance of cash and cash equivalents at the end of the period	1,170	1,734

(4) Segment Information

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Segment Information)

Segment Information:

First Half of Fiscal 2017 (June 1, 2017 to November 30, 2017)

Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustment Amount (Note 2)	Amount Recorded on Quarterly Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	12,655	5,292	704	3	18,655	-	18,655
Inter-segment sales and transfers	0	1	-	372	373	(373)	-
Total	12,655	5,293	704	375	19,029	(373)	18,655
Segment profit (loss)	1,140	(33)	34	22	1,163	(1,395)	(232)

- Note:
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 1,395 million yen. This is comprised of an elimination of inter-segment sales and transfer amount at a loss of 4 million yen and corporate expenditure (a loss of 1,391 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.

First Half of Fiscal 2018 (June 1, 2018 to November 30, 2018)

Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment			Other (Note 1)	Total	Adjustment Amount (Note 2)	Amount Recorded on Quarterly Consolidated Statements of Income (Note 3)
	Transportation Systems	Industrial Systems	Information Equipment Systems				
Net Sales							
Sales to third parties	13,124	5,777	724	8	19,635	-	19,635
Inter-segment sales and transfers	18	0	-	295	314	(314)	-
Total	13,143	5,778	724	304	19,950	(314)	19,635
Segment profit (loss)	1,058	123	124	16	1,322	(1,446)	(124)

- 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 1,446 million yen. This is comprised of an elimination of inter-segment sales and transfer amount at a loss of 2 million yen and corporate expenditure (a loss of 1,443 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.

3. Supporting Materials for the Financial Results

(1) Status of Production, Orders, and Sales

(a) Production Status

Business segment	1H FY2017 (June 1, 2017 to November 30, 2017)		1H FY2018 (June 1, 2018 to November 30, 2018)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	12,811	69.8	12,961	68.2
Industrial Systems	5,357	29.2	5,333	28.1
Information Equipment Systems	186	1.0	699	3.7
Other	-	-	-	-
Total	18,356	100.0	18,995	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	1H FY2017 (June 1, 2017 to November 30, 2017)		1H FY2018 (June 1, 2018 to November 30, 2018)	
	Orders Received (Millions of yen)	Balance (Millions of yen)	Orders Received (Millions of yen)	Balance (Millions of yen)
Transportation Systems	12,622	25,773	11,192	21,821
Industrial Systems	5,736	7,593	7,392	8,305
Information Equipment Systems	1,382	1,590	621	425
Other	3	-	8	-
Total	19,745	34,958	19,216	30,552

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

(c) Sales Status

Business segment	1H FY2017 (June 1, 2017 to November 30, 2017)		1H FY2018 (June 1, 2018 to November 30, 2018)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Transportation Systems	12,655	67.8	13,124	66.8
Industrial Systems	5,292	28.4	5,777	29.4
Information Equipment Systems	704	3.8	724	3.7
Other	3	0.0	8	0.0
Total	18,655	100.0	19,635	100.0

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