

Consolidated Financial Results for the Three Months Ended June 30, 2011 < Under Japanese GAAP >



July 29, 2011

Company name: STANLEY ELECTRIC CO., LTD.

Securities code: 6923

(URL: <http://www.stanley.co.jp/>)

Stock exchange listing: Tokyo Stock Exchange

Representative: Takanori Kitano, President and Representative Director

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Scheduled date of filing of the quarterly financial report (Shihanki Houkokusho): August 9, 2011

Scheduled date of commencement of dividend payments: -

Availability of supplementary briefing material on quarterly results: No

Schedule of quarterly results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2011 (from April 1, 2011 to June 30, 2011)

(1) Consolidated Results of Operations (cumulative)

(Percentage figures indicate changes from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended June 30, 2011	48,195	(22.9)	4,325	(44.3)	5,312	(36.0)	616	(87.2)
June 30, 2010	62,535	23.4	7,768	177.7	8,300	171.2	4,821	265.0

Note: Comprehensive income: As of June 30, 2011: ¥(548) million [-%]; As of June 30, 2010: ¥(2,305) million [-%]

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
Three months ended June 30, 2011	3.58	-
June 30, 2010	27.70	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio
	Millions of Yen	Millions of Yen	%
Three months ended June 30, 2011	288,484	211,304	68.0
Fiscal year ended March 31, 2011	297,967	216,769	67.5

(Reference) Equity: As of June 30, 2011: ¥196,297 million; As of March 31, 2011: ¥201,207 million

2. Dividends

	Cash Dividends per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2011	-	13.00	-	13.00	26.00
Fiscal year ending March 31, 2012	-				
Fiscal year ending March 31, 2012 (Forecast)		13.00	-	13.00	26.00

Note: Revision to the dividend forecast from recently released figures: No

3. Consolidated Business Forecasts for the Fiscal Year Ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

(Numerical percentages show the year-on-year increase (decrease) for the full-fiscal-year and the increase (decrease) from the same quarter in the previous fiscal year for the consolidated total for the second quarter.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Consolidated total for the second quarter	105,000	(15.6)	9,500	(37.3)	11,100	(31.9)	3,500	(60.7)	20.40
Full fiscal year	250,000	0.8	31,000	3.7	34,000	4.4	17,500	2.3	102.15

Note: Revision to the consolidated business forecasts from recently released figures: No

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and corrections of errors

- 1) Changes in line with revision to accounting standards: Yes

Effective April 1, 2011, the Company and its subsidiaries adopted “Accounting Standard for Earnings Per Share” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 2, issued on June 30, 2010) and “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4, issued on June 30, 2010).

In calculating the amount of diluted net income per share for the three months ended June 30, 2011, the calculation method has been changed so that, in terms of stock options whose rights are secured after a certain period of time of employment, the amount of the fair value of stock options related to future services to be provided to the Company and its subsidiaries are included in the amount that is assumed to be received by the Company and its subsidiaries through exercise of the rights.

The Company and its subsidiaries do not disclose the diluted net income per share for the three months ended June 30, 2010, prior to the application of the accounting standard and the guidance, as there are no diluted shares.

- 2) Other changes in accounting policies: No
- 3) Changes in accounting estimates: No
- 4) Corrections of errors: No

- (4) Number of shares issued and outstanding (common stock)

- 1) Number of shares issued and outstanding at the end of the period (including treasury stock)

Three months ended June 30, 2011: 181,340,000 shares

Fiscal year ended March 31, 2011: 181,340,000 shares

- 2) Number of shares of treasury stock at the end of the period

Three months ended June 30, 2011: 10,310,944 shares

Fiscal year ended March 31, 2011: 9,066,623 shares

- 3) Average number of shares during the period

Three months ended June 30, 2011: 171,962,297 shares

Three months ended June 30, 2010: 174,049,416 shares

* Presentation regarding execution status of quarterly review procedures

The quarterly financial statement review procedures based on the Japanese Financial Instruments and Exchange Act are in progress at the time of the disclosure of these quarterly consolidated financial results.

* Explanation for the appropriate use of performance forecasts and other special notes:

Note that Stanley Electric made these projections based on currently available information and they do not take into account risks in foreign exchange, etc. and other uncertainties. Actual business performance may differ dramatically from these projections as a result of various important factors.

As business results have been largely on the track as originally expected, there is no change in the business forecast as of this date.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2011	As of June 30, 2011
Assets		
Current assets		
Cash and deposits	59,007	55,637
Notes and accounts receivable-trade	44,075	37,075
Short-term investment securities	11,139	9,877
Inventories	15,606	16,876
Deferred tax assets	3,056	2,477
Other	8,121	10,184
Allowance for doubtful accounts	(44)	(13)
Total current assets	140,961	132,114
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	40,483	39,841
Machinery, equipment and vehicles, net	27,133	26,398
Tools, furniture and fixtures, net	10,902	10,785
Land	12,566	12,554
Lease assets, net	307	363
Construction in progress	16,122	17,055
Total property, plant and equipment	107,516	106,999
Intangible assets	2,322	2,137
Investments and other assets		
Investment securities	42,526	42,816
Deferred tax assets	947	664
Other	3,693	3,752
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	47,166	47,232
Total noncurrent assets	157,005	156,369
Total assets	297,967	288,484

(Millions of Yen)

	As of March 31, 2011	As of June 30, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	31,867	26,988
Short-term loans payable	6,452	5,911
Lease obligations	103	119
Income taxes payable	2,315	1,313
Deferred tax liabilities	32	133
Provision for bonuses	3,301	1,389
Provision for directors' bonuses	148	53
Other	11,315	15,557
Total current liabilities	55,537	51,466
Noncurrent liabilities		
Bonds payable	10,000	10,000
Lease obligations	210	249
Deferred tax liabilities	8,150	7,876
Provision for retirement benefits	4,748	4,986
Provision for directors' retirement benefits	123	109
Asset retirement obligations	68	68
Other	2,358	2,422
Total noncurrent liabilities	25,660	25,713
Total liabilities	81,198	77,179
Net assets		
Shareholders' equity		
Capital stock	30,514	30,514
Capital surplus	29,825	29,825
Retained earnings	164,017	162,393
Treasury stock	(16,793)	(18,533)
Total shareholders' equity	207,564	204,200
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,329	13,570
Foreign currency translation adjustment	(19,686)	(21,472)
Total accumulated other comprehensive income	(6,356)	(7,902)
Subscription rights to shares	18	25
Minority interests	15,542	14,981
Total net assets	216,769	211,304
Total liabilities and net assets	297,967	288,484

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three-month period

(Millions of Yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Net sales	62,535	48,195
Cost of sales	47,022	36,295
Gross profit	15,512	11,900
Selling, general and administrative expenses	7,743	7,574
Operating income	7,768	4,325
Non-operating income		
Interest income	133	132
Dividends income	104	105
Equity in earnings of affiliates	331	238
Royalty income	234	211
Foreign exchange gains	-	23
Miscellaneous income	160	444
Total non-operating income	964	1,155
Non-operating expenses		
Interest expenses	70	72
Foreign exchange losses	317	-
Miscellaneous loss	44	95
Total non-operating expenses	432	168
Ordinary income	8,300	5,312
Extraordinary income		
Gain on sales of noncurrent assets	18	20
Total extraordinary income	18	20
Extraordinary loss		
Loss on disaster	-	3,108
Loss on retirement of noncurrent assets	59	24
Loss on adjustment for changes of accounting standard for asset retirement obligations	33	-
Total extraordinary losses	93	3,132
Income before income taxes and minority interests	8,226	2,200
Income taxes	2,528	938
Income before minority interests	5,698	1,261
Minority interests in income	876	645
Net income	4,821	616

Quarterly Consolidated Statements of Comprehensive Income
 Three-month period

(Millions of Yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Income before minority interests	5,698	1,261
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,307)	239
Foreign currency translation adjustment	(4,250)	(1,695)
Share of other comprehensive income of affiliates accounted for using equity method	(445)	(354)
Other comprehensive income	(8,003)	(1,810)
Comprehensive income	(2,305)	(548)
Comprehensive income attributable to shareholders of the parent	(2,565)	(930)
Comprehensive income attributable to minority interests	259	381

(3) Review of Segment Operations

Segment information

Sales and income or loss by reportable segment

Three months ended June 30, 2010 (from April 1, 2010 to June 30, 2010)

(Millions of Yen)

	Automotive Equipment Business	Electronic Components Business	Applied Electronic Products Business	Others (Note 1)	Adjustment (Note 2)	Total amount recognized in quarterly consolidated statements of income (Note 3)
Sales						
Sales to outside customers	43,054	7,766	11,669	44	-	62,535
Intersegment sales or transfer	18	2,002	21	521	(2,563)	-
Total	43,073	9,768	11,690	566	(2,563)	62,535
Segment income or loss	5,904	1,210	861	(5)	(202)	7,768

Notes: 1. "Others" mainly includes the following project and services not included in the reportable segments: the project for promotion of employment of the physically disabled; and financial and management services provided within the Stanley Group.

2. The (202) million yen adjustment to segment income mainly includes elimination of intersegment transactions of 657 million yen, amortization of goodwill of (9) million yen, company-wide expenses not included in the reportable segments of (846) million yen and inventory adjustment of (40) million yen. The company-wide expenses are mainly basic research and development expenses and administrative expenses not included in the reportable segments.

3. Segment income is adjusted to be consistent with operating profit shown on the quarterly consolidated statements of income.

Three months ended June 30, 2011 (from April 1, 2011 to June 30, 2011)

(Millions of Yen)

	Automotive Equipment Business	Electronic Components Business	Applied Electronic Products Business	Others (Note 1)	Adjustment (Note 2)	Total amount recognized in quarterly consolidated statements of income (Note 3)
Sales						
Sales to outside customers	33,237	5,839	9,086	32	-	48,195
Intersegment sales or transfer	59	2,020	65	393	(2,539)	-
Total	33,296	7,860	9,152	426	(2,539)	48,195
Segment income	4,995	176	218	(22)	(1,041)	4,325

Notes: 1. "Others" mainly includes the following project and services not included in the reportable segments: the project for promotion of employment of the physically disabled; and financial and management services provided within the Stanley Group.

2. The (1,041) million yen adjustment to segment income mainly includes company-wide expenses not included in the reportable segments of (1,465) million yen and elimination of intersegment transactions of 519 million yen. The company-wide expenses are mainly basic research and development expenses and administrative expenses not included in the reportable segments.

3. Segment income is adjusted to be consistent with operating profit shown on the quarterly consolidated statements of income.