Consolidated Basis Results for Fiscal 2013

(April 1, 2013- March 31, 2014)

May 9th, 2014

Company name:	TOPY INDUSTRIES, LIMITED
Stock listing:	Tokyo, Nagoya stock exchanges
Code number:	7231
URL:	http://www.topy.co.jp/english/index.html
Representative:	Yasuo Fujii, President and CEO
Contact:	Masayuki Yamaguchi, Operating Officer and General Manager, General Affairs Department
Telephone:	03-3493-0777 / (Overseas)81-3-3493-0777
Scheduled date of Ordinary General Meeting of Shareholders:	June 26th, 2014
Scheduled date to submit Securities Report:	June 26th, 2014
Scheduled date for dividend payout:	June 5th, 2014
Preparation of supplemental explanatory materials:	Yes
Holding of quarterly financial results meeting:	Yes (for analysts and institution investors, in Japanese)

（Figures less than ¥1 million have been omitted.）

1. Consolidated Financial and Operating Results through Fiscal 2013 (April 1, 2013- March 31, 2014)

(1) Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2013	**234,682**	**3.4**	**5,308**	**(24.1)**	**4,485**	**(28.1)**	**1,914**	**(43.8)**
Fiscal 2012	226,912	(5.7)	6,990	(33.8)	6,234	(14.6)	3,409	(13.0)

(For reference) Comprehensive income: **Fiscal 2013 ¥ 7,566 million (8.0%)**
Fiscal 2012 ¥ 8,222 million 84.4 %

	Net income per share	Net income per share after full dilution	Return on Equity	Return on Assets	Return on Sales
	Yen	Yen	%	%	%
Fiscal 2013	**8.08**	**-**	**2.1**	**2.0**	**2.3**
Fiscal 2012	14.38	-	4.0	3.0	3.1

(For reference) Equity in net income of unconsolidated subsidiaries and affiliates: **Fiscal 2013 ¥ (230) million**
Fiscal 2012 ¥ 220 million

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Assets shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2013	**232,714**	**96,219**	**40.5**	**398.39**
Fiscal 2012	208,781	91,258	42.9	377.47

(For reference) Shareholders' equity: **Fiscal 2013 ¥ 94,363 million**
Fiscal 2012 ¥ 89,522 million

(3) Consolidated Statements of Cash-Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2013	**7,251**	**(17,478)**	**7,538**	**17,485**
Fiscal 2012	16,770	(14,770)	(4,997)	19,798

2. Dividends

Base date	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2012	-	2.00	-	2.00	4.00
Fiscal 2013	**-**	**0.00**	**-**	**2.00**	**2.00**
Fiscal 2014(Forecast)	**-**	**1.00**	**-**	**3.00**	**4.00**

Base date	Cash dividends	Ratio of cash dividends to net income	Ratio of dividends to net assets
	Millions of yen	%	%
Fiscal , 2012	948	27.8	1.1
Fiscal , 2013	**473**	**24.8**	**0.5**
Fiscal , 2014(Forecast)		**26.3**	

3. Consolidated Financial Forecasts for Fiscal 2014 (April 1, 2014-March 31, 2015)

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of Fiscal 2014	**117,000**	**5.1**	**2,100**	**26.0**	**1,600**	**32.8**	**700**	**79.4**
Fiscal 2014	**244,000**	**4.0**	**6,600**	**24.3**	**5,700**	**27.1**	**3,600**	**88.0**

	Net income per share
	Yen
First half of Fiscal 2014	**2.96**
Fiscal 2014	**15.20**

※ NOTE

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

Newly included: － Excluded: －

(2) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements

(a) Changes in Accounting Principles Accompanying the Amendment of Accounting Standards: Yes

(b) Changes Other than those in (a) Above: None

(c) Changes in Accounting Estimates: None

(d) Retrospective Restatements: None

(3) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury stock)

Fiscal 2013 240,775,103 shares

Fiscal 2012 240,775,103 shares

(b) Number of treasury stock at the end of the period

Fiscal 2013 3,912,870 shares

Fiscal 2012 3,610,196 shares

(c) Average number of shares issued during the term

Fiscal 2013 237,107,792 shares

Fiscal 2012 237,174,531 shares

(Reference) Summary of Non-Consolidated Financial and Operating Results

1. Non-Consolidated Financial and Operating Results through Fiscal 2013 (April 1, 2013- March 31, 2014)

(1) Non-Consolidated Operating Results

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2013	**140,047**	**(2.5)**	**1,932**	**(46.4)**	**3,213**	**(34.4)**	**2,663**	**(20.9)**
Fiscal 2012	143,672	(11.2)	3,609	(41.6)	4,900	(24.0)	3,367	89.2

	Net income per share	Net income per share after full dilution
	Yen	Yen
Fiscal 2013	**11.23**	**-**
Fiscal 2012	14.20	-

(2) Non-Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Assets shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2013	**176,395**	**69,759**	**39.5**	**294.47**
Fiscal 2012	159,946	65,947	41.2	278.03

(For reference) Shareholders' equity: **Fiscal 2014 ¥ 69,759 million**
Fiscal 2013 ¥ 65,947 million

2. Non-Consolidated Financial Forecasts for Fiscal 2014 (April 1, 2014-March 31, 2015)

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of Fiscal 2014	**68,700**	**1.3**	**1,200**	**177.0**	**1,700**	**81.8**	**1,200**	**67.7**
Fiscal 2014	**142,400**	**1.7**	**2,900**	**50.0**	**4,000**	**24.5**	**2,900**	**8.9**

	Net income per share
	Yen
First half of Fiscal 2014	**5.07**
Fiscal 2014	**12.24**

<u>* Status of Performance of Audit Procedures</u>

This note on the settlement of accounts is an exception to the audit process based on the Financial Instruments and Exchange Law, and such audit process based on the Financial Instruments and Exchange Law has not been completed at the time of disclosure of this note on the settlement of accounts.

<u>* Explanation of the appropriate use of performance forecasts and other related items</u>

(Caution concerning future descriptions etc.)

The above estimate has been complied based on information available at the time of issue of this document. The actual earnings are subject to change from the estimated values due to various factors. For assumed conditions of earnings forecast and precaution statement in using earnings forecast, please refer to page 3 of the attached document "Qualitative Information Regarding Consolidated Earnings Forecast".

(Accessing quarterly results supplemental explanation documentation)

The quarterly results supplemental explanation documentation is scheduled to be uploaded onto our company website.

Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail.
The original disclosure in Japanese was released on May 9th, 2014 at 13:30(GMT+9).
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Index of Attached Documents

1.Analysis of Operation Results and Financial Situation

(1)Analysis Regarding Operation Results

【Operation Results for this Consolidated Accounting Year】

Despite gentle recovery in the United States and signs of the economy picking up in Europe, the global economy during this consolidated accounting year continued to show a weak recovery due to slowdown in growth in China and other developing countries. The economy in Japan showed a gentle recovery supported by the depreciation of the Yen, increase in public investments, raise in personal spending and capital expenditure.

Under such conditions, the Topy Industries Group has implemented the medium-term consolidated management plan "Growth & Change 2015" with its basic principle being global "Growth" and "Change" to achieve a highly-profitable structure. As one part of such plan, the construction of the factory has begun at TOPY MW MANUFACTURING MEXICO S.A.DE C.V. (State of Guanajuato, Mexico), a subsidiary for the manufacture of passenger car steel wheels in response to the demand increase in North and South America. Also, PT. TOPY UNDERCARRIAGE INDONESIA (West Java, Indonesia), a subsidiary for the sales of construction machinery tracks/components in response to increasing demand in the ASEAN region has commenced its business. Furthermore, the Topy Industries Group has continued its efforts to improve corporate value by establishing a production structure in response to demand, improving productivity etc. for further cost performance improvements.

As a result, net sales for this consolidated accounting year for the Topy Industries Group ended at ¥234,682 million (year-to-year comparison, 3.4% increase). However, due to the large impact of decrease in sales volume of ultra-large wheels used at mining sites and escalation in competition of construction machinery undercarriage components, operating income ended at ¥5,308 million (year-to-year comparison, 24.1% decrease), ordinary income ended at ¥4,485 million (year-to-year comparison, 28.1% decrease), and net income ended at ¥1,914 million (year-to-year comparison, 43.8% decrease).

【Performance by Segment】

(Steel Business)

In the steel industry, steel for construction did well, recovery was also seen for the manufacturing sector centering on automobiles, and the volume of crude steel production surpassed that of the same period last year. As for the electric furnace mill industry, demand increased from the second semester and movements of improvement were seen as crude steel production exceeded what was marked during the same period last year.

Under such conditions, and despite effects from price increase of metal scrap and electricity costs, the Topy Industries Group has taken all possible improvement methods and intensive cuts in manufacturing costs to structure appropriate selling prices. This resulted in net sales of ¥72,955 million (year-to-year comparison, 7.9% increase), and operating income of ¥1,630 million (year-to-year comparison, 126.3% increase).

(Automobile & Industrial Machinery Components Business)

In the automobile industry, the sales of passenger cars decreased as the subsidy for ecologically-friendly vehicles ended, however, last minute demand before the tax raise pushed domestic production to exceed that of the same period last year. On the other hand, the construction machinery industry saw steady domestic demand due to earthquake recovery and last minute demand before the new emission regulation, however, the environment surrounding the industry remained severe as demand for mining machinery continued to be low and the South East Asian market growth decelerated.

Under such conditions, the Topy Industries Group was able to acquire steady demand of wheels for trucks and passenger cars, and sales of such wheels were strong. Furthermore, all possible improvement plans are being continued. As a result, net sales marked ¥147,423 million (year-to-year comparison, 1.4% increase), however, due to the large impact of decrease in sales volume of ultra-large wheels used at mining sites and escalation in competition of construction machinery undercarriage components, operating income remained at ¥7,360 million (year-to-year comparison, 26.2% decrease).

(Others)

The Topy Industries Group also engages in wholesale electricity utility, indoor and outdoor sign systems, manufacture of synthetic mica used in cosmetics etc., manufacture and sales of LED display and crawler robots, civil engineering and construction, real estate lease such as "Topy-Rec Plaza" (Minami-Suna, Kotoku, Tokyo), and operation of sports club "OSSO". Net sales resulted at ¥14,303 million, and operating income was ¥632 million.

【Next Accounting Year Forecast】

With regards to the outlook of the economic environment from here onward, there is hope for gradual recovery as a result of governmental economic policies. However, the rebound from last minute demand before the tax raise, cutback of credit expansion in the United States, the unclear trend of the economy in China and other developing countries leave concerns, and all of which leave us to believe the business environment surrounding the Topy Industries Group will continue to be extremely harsh.

Under such management conditions, and in promoting the new medium-term consolidated management plan, "Growth & Change 2015", the Topy Industries Group will strive to further improve its corporate value by active business development into oversea markets where growth can be expected, and by solidifying the domestic manufacturing base to establish a business structure strong enough to withstand drastically changing environments. The Topy Industries Group will continue to pursue consecutive profit and seek further progression by exerting its competitive advantage of "integrated manufacture from raw material to product" as define by the corporate message "One-piece Cycle".

We will continue structuring appropriate price settings and make further efforts to reduce cost. Expected net sales is ¥244,000 million, operating income is ¥6,600 million, ordinary income is ¥5,700 and quarterly net income is ¥3,600 million.

(2)Analysis Regarding Financial Situation

【Assets, Debt and Net Assets】

Total assets at the end of this consolidated fiscal year increased by ¥23,933 million compared to the end of last year's consolidated fiscal year and resulted at ¥232,714 million. This was mainly due to an increase of ¥3,822 million in trade receivables and a ¥17,988 million increase in tangible fixed assets as a result of increase in sales.

Total debt at the end of this consolidated fiscal year increased by ¥18,972 million compared to the end of last year's consolidated fiscal year and resulted at ¥136,495 million. This was mainly due to an increase of ¥8,919 million as a result of bond issues, increase in debt for employee retirement benefits by ¥11,441 million and a decrease in accrued retirement benefits for employees by ¥7,127 million etc.

Net assets at the end of this consolidated fiscal year increased by ¥4,960 million and resulted at ¥96,219 million. This was mainly due to an increase of ¥1,741 million in valuation difference on available-for-sale securities and a ¥3,911 million increase of foreign currency translation adjustments as a result of recovery in the stock market. As a result, net assets per share marked ¥398.39 and ratio of net worth was 40.5%.

【Cash Flow】

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of this consolidated fiscal year was ¥17,485 million (decrease of ¥2,312 million, year-to-year comparison) as a result of appropriating the income from financial activities relating to bond issue to the investment activities of payment for acquiring tangible fixed assets.

(Cash Flow from Operating Activities)

Funds from operation activities during this consolidated fiscal year resulted in an increase of ¥7,251 million (decrease of ¥9,519 million, year-to-year comparison) due to net income before taxes and other adjustment resulting at ¥4,249 million (decrease of ¥1,593 million, year-to-year comparison), and depreciation cost resulting at ¥10,086 million (increase of ¥1,128 million, year-to-year comparison), while net operating trade funds, the total of trade receivables, trade payables, and inventory assets, decreased by ¥5,405 million (decrease of ¥11,518 million, year-to-year comparison) and corporate tax payment etc. of ¥2,099 million (increase of ¥2,218 million, year-to-year comparison).

(Cash Flow from Investment Activities)

Funds from investment activities during this consolidated fiscal year resulted in a decrease of ¥17,478 million (decrease of ¥2,707 million, year-to-year comparison) as a result of expenditure of ¥19,093 million (decrease of ¥4,077 million, year-to-year comparison) for the acquisition of tangible fixed assets, while on the other hand, earning ¥1,617 million (increase of ¥1,612 million, year-to-year comparison) from selling out tangible fixed assets.

(Cash Flow from Financial Activities)

Funds from financial activities during this consolidated fiscal year resulted in an increase of ¥7,538 million (increase of ¥12,536 million, year-to-year comparison) due to earnings from the issue of bonds etc. of ¥9,927 million (increase of ¥9,640 million, year-to-year comparison).

(Reference) Transition of Cash Flow Associated Indicators

	FY ending Mar. 2010	FY ending Mar. 2011	FY ending Mar. 2012	FY ending Mar. 2013	FY ending Mar. 2014
Ratio of Net Worth（%）	40.3	39.0	38.7	42.9	40.5
Ratio of Net Worth（%） at market price	25.3	25.4	28.6	25.0	18.5
Debt Redemption Term (years)	5.2	9.9	3.6	3.2	8.6
Interest Coverage Ratio（times）	10.1	6.1	15.8	18.4	8.0

Ratio of Net Worth: Owner’s Equity ÷ Total Assets

Ratio of Net Worth at Market Price: Current Aggregate Value of Shares ÷ Total Assets

Debt Redemption Term: Interest-bearing Debt ÷ Cash Flow

Interest Coverage Ratio: Cash Flow ÷ Interest Expenses

(Note 1) All indicators are calculated based on figures in the consolidated financial statement.

(Note 2) Current Aggregate Value of Shares are calculated based on issued shares except owner’s Equity

(Note 3) For Cash Flow, Operating Cash Flow is used.

(Note 4) Interest-bearing Debt includes all debt allocated in the consolidated balance sheet that have interest.

(3)Basic Policy Regarding Profit Allocation and Dividend for this year and next year

The basic policy regarding profit allocation at Topy is to return profit to our customers appropriately according to consolidated business results, to retain earnings for future business development, and for strengthening our corporate structure. Retained earnings will be appropriated to new business investments and new technology/product developments for long-term and stable business deployment in order to strengthen our corporate structure and global competitiveness. Profit return index based on consolidated business earnings are targeted at consolidated payout ratio of 25%. However, decisions are made with careful consideration for stable and continuous dividend.

In view of the circumstances for a stable and continuous payout, end of the year dividend for this consolidated accounting year is scheduled to be ¥2 per share. Mid-dividend will be deferred and therefore, annual dividend will be ¥2 per share.

Based on the basic policy, next period dividend is scheduled to be increased by ¥2, resulting in an annual dividend of ¥4.

2.Management Policy

(1)Basic Policy for Company Management

The fundamental principal at Topy is “To fulfill our duty to society as a public institution and earn trust at home and abroad through the preservation and development of our Company”.

The basic belief of our management is to contribute to the development of society by supplying high quality and competitive products that satisfy our customers and users, to disclose appropriate information in a duly manner to our shareholders, to coordinate with local societies, to actively tackle environmental problems, to fulfill our obligation to society as well as to become a valuable corporate group company for our employees.

(2)Mid to Long-term Company Management Strategies and Challenges

The Topy Group holds a wide business portfolio backed by our policy of integrated manufacture from raw materials to final products. However, mid to long-term decline in domestic demand at each of our business sectors cannot be avoided, and inter-corporate competition at the global level is expected to escalate drastically.

Under such conditions, the Topy Industries Group has implemented the medium term consolidated management plan “Growth & Change 2015” for which the 4 year action started in 2012. The basic principle of this plan is “Growth” on a global scale and “Change” to a highly profitable structure. We will seek further improvement of corporate value by strengthening our business base to respond to expanding demand from emerging countries and the maturation of the domestic economy.

The challenges to be handled by each segment are as follows.

(Steel Business)

We will aim to become “the leading company in the industry by taking advantage of our distinctive special section steel and preparing a cost competitiveness of the highest domestic level”.

We will strengthen our cost competitiveness by ensuring the construction of the new steel making facilities that will start test operation this year, and full operation in April 2015. This will enable a drastically lower electric power consumption rate, improve productivity and quality, reduce environmental effects, and enable self-support of iron. Furthermore, all companies of the Topy Industries Group will come together to promote efficiency to obtain improvement in revenue by reducing the cost of our integrate production from raw materials to product delivery.

(Automotive & Industrial Machinery Components Business)

Strengthen our presence as a “world top class general wheel manufacturer” and work toward establishing our status as a “general undercarriage components manufacturer of construction machinery”. In addition, we will endeavor further cost reduction to enable a profitable structure even under difficult business conditions. Also, we will continue to work in the formulation of a global optimum production structure by expansion of our oversea manufacturing sites and by strengthening cooperation with our global business partners.

(Others)

We will work toward expanding our business by product development that satisfies the needs of our customers in all areas of energy, service etc. and during other various business developments.

3.Consolidated financial statements

(1)Consolidated balance sheet

(Millions of yen)

	March 31,2013	**March 31,2014**
Assets		
Current assets		
Cash and deposits	19,914	17,638
Notes and accounts receivable - trade	42,251	46,073
Merchandise and finished goods	12,353	12,790
Work in process	3,862	4,835
Raw materials and supplies	7,870	8,943
Deferred tax assets	1,862	1,657
Other	5,877	6,447
Allowance for doubtful accounts	(38)	(36)
Total current assets	93,954	98,349
Non-current assets		
Property, plant and equipment		
Buildings and structures	74,101	76,107
Accumulated depreciation	(48,651)	(50,592)
Buildings and structures, net	25,449	25,514
Machinery, equipment and vehicles	159,794	163,403
Accumulated depreciation	(130,533)	(134,910)
Machinery, equipment and vehicles, net	29,260	28,493
Land	17,618	18,387
Leased assets	3,610	3,610
Accumulated depreciation	(425)	(817)
Leased assets, net	3,184	2,792
Construction in progress	6,212	24,284
Other	29,927	31,668
Accumulated depreciation	(28,039)	(29,538)
Other, net	1,887	2,129
Total property, plant and equipment	83,614	101,602
Intangible assets		
Other	1,164	1,270
Total intangible assets	1,164	1,270
Investments and other assets		
Investment securities	25,566	26,426
Long-term loans receivable	595	597
Deferred tax assets	2,024	2,643
Claims provable in bankruptcy, claims provable in rehabilitation and other	1	1
Other	1,915	1,903
Allowance for doubtful accounts	(55)	(79)
Total investments and other assets	30,048	31,492
Total non-current assets	114,827	134,365
Total assets	208,781	232,714

(Millions of yen)

	March 31,2013	**March 31,2014**
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,630	26,279
Electronically recorded obligations - operating	-	7,552
Short-term loans payable	24,697	22,607
Current portion of bonds	300	5,000
Lease obligations	392	389
Income taxes payable	730	1,103
Asset retirement obligations	3	-
Other	12,863	19,259
Total current liabilities	72,617	82,192
Non-current liabilities		
Bonds payable	13,900	18,900
Long-term loans payable	14,637	15,946
Lease obligations	2,793	2,403
Deferred tax liabilities	2	52
Provision for retirement benefits	7,127	-
Net defined benefit liability	-	11,441
Provision for directors' retirement benefits	448	-
Provision for corporate officers' retirement benefits	86	98
Reserve for repairs	687	478
Asset retirement obligations	274	271
Liabilities from application of equity method	903	774
Other	4,043	3,937
Total non-current liabilities	44,905	54,303
Total liabilities	117,522	136,495
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,824	18,824
Retained earnings	50,255	51,695
Treasury shares	(866)	(919)
Total shareholders' equity	89,196	90,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,706	5,447
Deferred gains or losses on hedges	(1)	(4)
Foreign currency translation adjustment	(3,377)	534
Remeasurements of defined benefit plans	-	(2,196)
Total accumulated other comprehensive income	326	3,779
Minority interests	1,735	1,855
Total net assets	91,258	96,219
Total liabilities and net assets	208,781	232,714

(2)Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Millions of yen)

	Fiscal 2012	**Fiscal 2013**
Net sales	226,912	234,682
Cost of sales	191,916	200,416
Gross profit	34,995	34,265
Selling, general and administrative expenses	28,005	28,957
Operating income	6,990	5,308
Non-operating income		
Interest income	35	45
Dividend income	341	489
Share of profit of entities accounted for using equity method	220	-
Other	369	575
Total non-operating income	966	1,111
Non-operating expenses		
Interest expenses	884	996
Foreign exchange losses	386	-
Share of loss of entities accounted for using equity method	-	230
Other	451	706
Total non-operating expenses	1,722	1,933
Ordinary income	6,234	4,485
Extraordinary income		
Gain on sales of non-current assets	182	21
Gain on sales of investment securities	2	436
Other	17	4
Total extraordinary income	202	461
Extraordinary losses		
Loss on sales of non-current assets	26	9
Loss on retirement of non-current assets	352	398
Loss on sales of investment securities	-	262
Loss on valuation of investment securities	199	-
Other	16	27
Total extraordinary losses	594	697
Income before income taxes and minority interests	5,842	4,249
Income taxes - current	2,404	2,311
Income taxes - deferred	(48)	(55)
Total income taxes	2,355	2,256
Income before minority interests	3,486	1,992
Minority interests in income	77	77
Net income	3,409	1,914

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal 2012	**Fiscal 2013**
Income before minority interests	3,486	1,992
Other comprehensive income		
Valuation difference on available-for-sale securities	2,442	1,728
Deferred gains or losses on hedges	0	(2)
Foreign currency translation adjustment	2,244	3,834
Share of other comprehensive income of entities accounted for using equity method	48	13
Total other comprehensive income	4,735	5,573
Comprehensive income	8,222	7,566
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,085	7,565
Comprehensive income attributable to minority interests	137	1

(3)Consolidated statement of changes in equity
Fiscal 2012

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	20,983	18,824	47,794	(863)	86,739
Changes of items during period					
Dividends of surplus			(948)		(948)
Net income			3,409		3,409
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	2,460	(3)	2,457
Balance at end of current period	20,983	18,824	50,255	(866)	89,196

	Accumulated Other Comprehensive					Minority interests	Total Equity
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,216	(2)	(5,563)	-	(4,349)	706	83,096
Changes of items during period							
Dividends of surplus							(948)
Net income							3,409
Purchase of treasury shares							(3)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	2,489	(0)	2,185		4,675	1,028	5,704
Total changes of items during period	2,489	(0)	2,185	-	4,675	1,028	8,162
Balance at end of current period	3,706	(1)	(3,377)	-	326	1,735	91,258

Fiscal 2013

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	20,983	18,824	50,255	(866)	89,196
Changes of items during period					
Dividends of surplus			(474)		(474)
Net income			1,914		1,914
Purchase of treasury shares				(52)	(52)
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,440	(52)	1,387
Balance at end of current period	20,983	18,824	51,695	(919)	90,584

	Accumulated Other Comprehensive					Minority interests	Total Equity
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,706	(1)	(3,377)	-	326	1,735	91,258
Changes of items during period							
Dividends of surplus							(474)
Net income							1,914
Purchase of treasury shares							(52)
Disposal of treasury shares							
Net changes of items other than shareholders' equity	1,741	(2)	3,911	(2,196)	3,453	119	3,572
Total changes of items during period	1,741	(2)	3,911	(2,196)	3,453	119	4,960
Balance at end of current period	5,447	(4)	534	(2,196)	3,779	1,855	96,219

(4)Consolidated statement of cash flows

(Millions of yen)

	Fiscal 2012	**Fiscal 2013**
Cash flows from operating activities		
Income before income taxes and minority interests	5,842	4,249
Depreciation	8,957	10,086
Increase (decrease) in allowance for doubtful accounts	(15)	20
Increase (decrease) in provision for retirement benefits	654	-
Increase (decrease) in provision for directors' retirement benefits	(361)	(448)
Increase (decrease) in provision for corporate officers' retirement benefits	-	11
Increase (decrease) in provision for scheduled repairs	214	(209)
Increase (decrease) in net defined benefit liability	-	945
Interest and dividend income	(376)	(535)
Interest expenses	884	996
Foreign exchange losses (gains)	1	-
Share of (profit) loss of entities accounted for using equity method	(220)	230
Loss on valuation of inventories	(84)	(9)
Loss (gain) on sales of short-term and long-term investment securities	0	(173)
Loss (gain) on valuation of short-term and long-term investment securities	199	-
Gain(loss)on sales and disposal of property,plant and equipment,net	196	386
Loss on valuation of golf club memberships	7	5
Decrease (increase) in notes and accounts receivable - trade	15,191	(2,945)
Decrease (increase) in inventories	2,512	(1,241)
Increase (decrease) in notes and accounts payable - trade	(11,591)	(1,218)
Increase/decrease in other assets/liabilities	(901)	(824)
Subtotal	21,112	9,326
Interest and dividend income received	421	552
Interest expenses paid	(913)	(910)
Proceeds from subsidy income	417	-
Income taxes paid	(4,317)	(2,099)
Income taxes refund	49	382
Net cash provided by (used in) operating activities	16,770	7,251

(Millions of yen)

	Fiscal 2012	**Fiscal 2013**
Cash flows from investing activities		
Net decrease (increase) in time deposits	0	(17)
Purchase of property, plant and equipment	(15,015)	(19,093)
Proceeds from sales of property, plant and equipment	349	86
Purchase of investment securities	(60)	(24)
Proceeds from sales of investment securities	4	1,617
Payments of loans receivable	(17)	(17)
Collection of loans receivable	16	12
Purchase of intangible assets	(87)	(56)
Proceeds from sales of intangible assets	0	15
Change inoperative other assets	39	-
Other, net	-	0
Net cash provided by (used in) investing activities	(14,770)	(17,478)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	753	(2,640)
Proceeds from long-term loans payable	2,300	7,716
Repayments of long-term loans payable	(7,745)	(6,389)
Proceeds from issuance of bonds	287	9,927
Redemption of bonds	(300)	(300)
Increase (decrease) in deposit payable in cash	30	(19)
Repayments of lease obligations	(264)	(392)
Proceeds from disposal of treasury shares	0	
Purchase of treasury shares	(3)	(7)
Proceeds from share issuance to minority shareholders	1,001	236
Cash dividends paid	(945)	(475)
Cash dividends paid to minority shareholders	(110)	(116)
Net cash provided by (used in) financing activities	(4,997)	7,538
Effect of exchange rate change on cash and cash equivalents	670	376
Net increase (decrease) in cash and cash equivalents	(2,326)	(2,312)
Cash and cash equivalents at beginning of period	19,798	17,485
Cash and cash equivalents at end of period	19,798	17,485

(5) Notes regarding the Consolidated Financial Statement

(Note regarding going concern assumption)

Not applicable

(Important matters needed for the preparation of consolidated financial statement)

1. Change in matters regarding scope of consolidation

(1) Change of scope of consolidation

PT. TOPY UNDERCARRIAGE INDONESIA and TOPY MW MANUFACTURING MEXICO S.A. DE C.V. were newly established during this consolidated accounting year and will be included in the scope of consolidation.

(2) Number of Consolidated Subsidiaries after change of scope

22 companies

2. Matters regarding Accounting Standards

(1) Basis for recording significant reserves

Provision for operating directors' retirement benefits

In order to prepare for the payment of retirement benefits for our operating directors, the necessary payment at the end of the consolidated accounting year is allocated according to our internal company rule.

(2) Accounting method regarding employee retirement benefit

① Method of cutoff for expected benefit payment

For the method of cutoff for expected benefit payment until the end of this consolidated accounting year, the straight-line attribution method is used to calculate the projected benefit obligations.

② Method of recording expenses from variance when changing accounting method and actual differences

The variance at the time of accounting standard change are amortized by the straight-line method over 15 years using mainly the retirement benefit trust balance after such setting.

The actual difference is amortized by the straight-line method over a period within the average remaining service years for employees (mainly 15 years) at the time of recognition and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

For your information, there are no other significant changes from the latest securities report (submitted on June 26th, 2013) other than the above "Change in matters regarding scope of consolidation" and "Matters regarding accounting standards", thus, other disclosures have been left out.

(Change in accounting policy)

Application of accounting standards etc. regarding retirement benefits

The "accounting standard regarding retirement benefits" (Accounting Standard for Business Combinations Statement No.26 May 17th, 2012, hereinafter referred to as "Accounting Standard") and the "Implementation Guidance of Accounting Standards for retirement benefits" (Implementation Guidance of Corporate Accounting Standards, No. 25 May 17th, 2012, hereinafter referred to as "Implementation Guidance") will be implemented from the end of this consolidated accounting year (however, excluding the provisions under the main article of Accounting

Standard No. 35 and the main article of Implementation Guidance No. 67), and the method will be changed to allocating the amount after deducting plan assets from the projected benefit obligations as the debt regarding retirement benefits, and the unsettled difference at change of accounting standards, along with unrecognized gain and loss, will be allocated as liabilities.

Regarding the application of accounting standards for retirement benefits, we have followed the transitional management stipulated under article 37 of the Accounting Standard, and the effect amount from this change has been adjusted into the re-measurement of defined benefit plans within the comprehensive income at the end of this accounting year.

This resulted in the allocation of net defined benefit liability of ¥11,441 million, and comprehensive income decreased by ¥2,196 million, and minority interests by ¥1 million.

Amounts of net assets per 1 share decreased by ¥9.28.

(Change in Presentation)

Consolidated Balance Sheet

Provision for operating directors' retirement benefits had been presented within the "provision for directors' retirement benefits" under fixed liabilities until the previous accounting year. However, due to the abolishment of the provision for directors' retirement benefits system, the provision for operating directors' retirement benefits will be presented separately from this consolidated accounting year. To reflect this change in presentation, the consolidated financial statements from the previous consolidated accounting year has been reclassified.

As a result, the ¥535 million "provision for directors' retirement benefits" under the consolidated balance sheet of last year's consolidated accounting year has been reclassified to ¥448 million "provision for directors' retirement benefits" and ¥86 million "provision for operating directors' retirement benefits".

(Additional Information)

1. Abolishment of provision for directors' retirement benefits system

Our domestic consolidated subsidiaries passed the resolution of payout associated with the discontinuance of provision for directors' retirement benefits system (payout timing to be at the time of retirement of each director or auditor) as one part of the revision of directors' compensation structure during the each of their general meeting of shareholders held in June of 2013.

In association with this, the ¥312 million "provision for directors' retirement benefits" for our domestic consolidated subsidiaries has been dissembled and the outstanding balance of the payout associated with the abolishment has been presented as included in "Others" under current liabilities and "Others" under fixed liabilities from this consolidated accounting year.

With regards to our operating directors, the current system of provision for operating directors' retirement benefits will apply and in order to prepare for the payment of retirement benefits for our operating directors, the necessary payment at the end of the consolidated accounting year is allocated according to our internal company rule as "provision for operating directors' retirement benefits".

2. Adjustment of deferred tax assets and deferred tax liabilities associated with change in corporate tax etc.

The “Partial revision of income tax and other laws” (Act No. 10 of 2014) was published on March 31st, 2014, and Special Corporate Tax for Reconstruction will no longer be applied to the consolidated accounting year starting after April 1st, 2014. In view of this, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will change from 37.3% to 34.9%. The same rate change will apply to the temporary difference expected to resolve during the accounting year starting in April 1st, 2014.

As a result of this tax rate change, the amount of deferred tax assets (the amount after deduction of deferred tax liabilities) will decrease by ¥97 million, and the Corporate Tax Adjustment will increase by the same amount.

(Segment Information)

1. Overview of Reporting Segment

Our reporting segments are those within the corporate business unit for which segregated financial information can be achieved and those which are targets for periodic review at the board of directors meeting to decide the allocation of management resources and evaluation of business performance.

At Topy Industries, several divisions exist depending on the product and services provided. Each division performs its business activities by planning a comprehensive domestic and global strategy for the product and services it provides.

Therefore, our reporting segments are the “steel business” and the “automotive and industrial machinery components business” which are structured by different segments depending on the products and services based of each division.

The “steel business” manufactures steel products such as section steel, special section steels, and deformed bars. The “automotive and industrial machinery components business” manufactures products such as wheels for automotive, industrial, and construction machinery, press-worked products, components for construction machinery, and industrial fasteners.

2. Method of calculation of sales, earnings or loss, assets and others for each reporting segment

The accounting method for the reported business segment is the same as presented under “Important matters needed for the preparation of consolidated financial results”. Earnings of the reported segments are operating income. Internal sales between segments or transfer amounts are based on current market prices.

3. Information regarding sales, earnings or loss, assets and others for each reporting segment

Previous consolidated accounting year（April 1st 2012 to March 31st 2013）

（Unit：Million Yen）

	Reporting segment			Others (Note) 1	Total	Adjustment （Note） 2	Recorded Consolidated Financial Statement （Note） 3
	Steel	Automobile and Industrial Components	Total				
Sales							
Sales to external customers	67,621	145,398	213,020	13,891	226,912	－	226,912
Internal sales between segments or transfer amount	19,167	－	19,167	－	19,167	(19,167)	－
Total	86,789	145,398	232,187	13,891	246,079	(19,167)	226,912
Segment Earnings	720	9,966	10,687	542	11,229	(4,239)	6,990
Segment Assets	66,518	93,322	159,840	25,629	185,470	23,311	208,781
Others							
Depreciation	2,972	4,893	7,865	989	8,855	101	8,957
Amount increase of tangible fixed assets and intangible fixed assets	8,896	10,951	19,848	614	20,462	14	20,477

(Note)

1. "Others" refer to reporting segments not included in the business segment and cover wholesale and supply of electricity, indoor and outdoor sign systems, synthetic mica, crawler robots, civil engineering and construction, real estate lease, and operation of sports club facilities etc

2. The content of the adjustment column are as below:

(1) Segment earnings of ¥(4,239) million have not been allocated to each reporting segment and thus are the company-wide expenses etc. Company-wide expenses are mainly expenses related to the administrative departments that do not belong to any reporting segments.

(2) Segment assets of ¥23,311 million include company-wide assets of ¥27,993 million that have not been allocated to each reporting segment and elimination of internal transaction between segments of ¥(4,682) million. Company-wide assets are mainly assets related to the administrative departments that do not belong to any reporting segments.

(3) Depreciation of ¥101 million under Others is mainly the depreciation related to equipment at the administrative departments. The increase of 14 million Yen of tangible fixed assets and intangible fixed assets are mainly the amount of capital investment at the administrative departments.

3. The segment earnings have been adjusted with the operating income in the consolidated financial statement.

This consolidated accounting year（April 1st 2013 to March 31st 2014

（Unit : Million Yen）

	Reporting Segment			Others (Note) 1	Total	Adjustment（Note） 2	Recorded Consolidated Financial Statement（Note） 3
	Steel	Automobile and Industrial Components	Total				
Sales							
Sales to external customers	72,955	147,423	220,378	14,303	234,682	—	234,682
Internal sales between segments or transfer amount	19,655	—	19,655	—	19,655	(19,655)	—
Total	92,610	147,423	240,034	14,303	254,338	(19,655)	234,682
Segment Earnings	1,630	7,360	8,991	632	9,624	(4,316)	5,308
Segment Assets	82,791	103,490	186,281	24,344	210,626	22,088	232,714
Others							
Depreciation	3,102	5,846	8,949	1,045	9,995	90	10,086
Amount increase of tangible fixed assets and intangible fixed assets	16,652	8,554	25,207	218	25,425	33	25,458

(Note)

1. “Others” refer to reporting segments not included in the business segment and cover wholesale and supply of electricity, indoor and outdoor sign systems, synthetic mica, crawler robots, civil engineering and construction, real estate lease, and operation of sports club facilities etc.

2. The content of the adjustment column are as below:

(1) Segment earnings of (4,316) million Yen have not been allocated to each reporting segment and thus are the company-wide expenses etc. Company-wide expenses are mainly expenses related to the administrative departments that do not belong to any reporting segments.

(2) Segment assets of 22,088million Yen include company-wide assets of 27,492million Yen that have not been allocated to each reporting segment and elimination of internal transaction between segments of (5,403) million Yen. Company-wide assets are mainly assets related to the administrative departments that do not belong to any reporting segments.

(3) Depreciation of 90 million Yen under Others is mainly the depreciation related to equipment at the administrative departments. The increase of 33 million Yen of tangible fixed assets and intangible fixed assets are mainly the amount of capital investment at the administrative departments.

3. The segment earnings have been adjusted with the operating income in the consolidated financial statement.

（Information per 1 share）

	Previous consolidated accounting year （April 1st 2012 to March 31st 2013）	This consolidated accounting year （April 1st 2013 to March 31st 2014）
Net assets amount per 1 share	¥377.47	¥398.39
Current net income per 1 share	¥14.38	¥8.8

(Note)

1. There are no common stock equivalents and therefore the diluted net income per share has not been presented.

2. The basis of calculation of net income per share are as below.

	Previous consolidated accounting year （April 1st 2012 to March 31st 2013）	This consolidated accounting year （April 1st 2013 to March 31st 2014）
Current net income （million Yen）	3,409	1,914
Amount not attributable to common stockholders （million Yen）	―	―
Current net earnings for common stock （million Yen）	3,409	1,914
Average number of shares during the accounting year （1000 shares）	237,174	237,107

(Important subsequent events)

Issue of bonds

Topy Industries has passed the comprehensive resolution during the board of directors meeting held on May 9th, 2014 to issue domestic unsecured straight bonds.

The summary is as follows.

(1) Type of bonds	Domestic unsecured straight bonds.
(2) Total value of bonds offered	Maximum of 100 million Yen However, may be issued in multiple parts
(3) Period of issue	May to July, 2014
(4) Interest rate	Less than 2.0% annual
(5) Paid-in amount	100 Yen per 100 Yen of each offered bond
(6) Period of redemption	Bullet maturity amortization of less than 7 years
(7) Purpose of loan	Scheduled to be used for equipment fund and bond retirement fund

4. Others

Changes in officers

Changes in officers have been announced on March 4th, 2014.