



Consolidated Basis Results of the Third Quarter for Fiscal 2013
(April 1, 2013 - December 31, 2013)

February 6th, 2014

Registered Company name: TOPY INDUSTRIES, LIMITED
Stock listing: Tokyo, Nagoya stock exchanges
Code number: 7231
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Scheduled date to submit Securities Report: February 13th, 2014
Scheduled date to pay dividends —
Preparation of supplemental explanatory materials: No
Holding of quarterly financial results meeting: No

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

1. Consolidated Financial and Operating Results of the Third Quarter for Fiscal 2013

(April 1, 2013 - December 31, 2013)

(1) Consolidated Operating Results (Cumulative)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third Quarter of Fiscal 2013	172,841	1.0	3,489	(44.6)	2,855	(49.0)	1,159	(63.6)
Third Quarter of Fiscal 2012	171,077	(3.5)	6,296	(14.8)	5,601	20.9	3,181	8.8

(Note) Comprehensive income: Third Quarter of Fiscal 2013 ¥7,088 million (86.8%)
 Third Quarter of Fiscal 2012 ¥3,794 million (364.1%)

	Net income per share	Net income per share after full dilution
	Yen	Yen
Third Quarter of Fiscal 2013	4.89	—
Third Quarter of Fiscal 2012	13.41	—

(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
Third Quarter of Fiscal 2013	227,154	97,953	42.3	405.41
Fiscal 2012	208,781	91,258	42.9	377.47

(For reference) Shareholders' equity: Third Quarter of Fiscal 2013 ¥ 96,135 million
 Fiscal 2012 ¥ 89,522 million

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
Fiscal 2012	Yen —	Yen 2.00	Yen —	Yen 2.00	Yen 4.00
Fiscal 2013	—	0.00	—		
Fiscal 2013 (Forecast)				2.00	2.00

Note: Whether changes to the latest dividend forecast has been made: No

3. Consolidated Financial Forecasts for Fiscal 2013 (April 1, 2013-March 31, 2014)

(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	232,000	2.2	4,500	(35.6)	3,700	(40.7)	1,500	(56.0)

	Net income per share
	Yen
Fiscal 2013	6.33

Note: Whether changes to the latest forecasts for consolidated figures has been made: No

※ NOTE

(1) Changes in the State of Material Subsidiaries during the Period: None

Newly included: — Excluded: —

(2) Adoption of Special Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: Yes

Note: For details, please refer to "Application of special accounting methods during preparation of quarterly consolidated financial statements".

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

(a) Changes in accounting principles accompanying the amendment of accounting standards: None

(b) Changes other than those in (a) above: None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

(4) Number of Shares Issued (Common shares)

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

Third Quarter of Fiscal 2013 240,775,103 shares

Fiscal 2012 240,775,103 shares

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

Third Quarter of Fiscal 2013 3,643,594 shares

Fiscal 2012 3,610,196 shares

(c) Average number of shares issued during the term

Third Quarter of Fiscal 2013 237,154,791 shares

Third Quarter of Fiscal 2012 237,176,947 shares

* Status of Performance of Quarterly Review Procedures

This note on the settlement of accounts is an exception to the quarter review process based on the Financial Instruments and Exchange Law, and such quarter review 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.

* Explanation of the Appropriate Use of Performance Forecasts and other Related Items

(Caution concerning future descriptions etc.)

The above estimate has been compiled 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 “Explanation Regarding Future Estimate Information Such as Consolidated Financial Performance Estimates”.

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 February 6th, 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.

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1. Qualitative Information Regarding Quarterly Results

(1) Explanation Regarding Consolidated Operating Results

The global economy during the period of this consolidated cumulative third quarter resulted in a continued slight upswing as a result of gradual recovery in the United States, and despite delay in European recovery and slowdown in growth in developing countries. The economy in Japan showed gradual recovery supported by adjustment of the high Yen as a result of government economic policies; increase in public investments, increase in personal spending, and pickup in capital investments etc.

Under such conditions, the Topy Industries Group has formulated and launched 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 decision has been made to establish a subsidiary, TOPY MW MANUFACTURING MEXICO S.A.DE C.V. (State of Guanajuato, Mexico), for the manufacture of steel wheels for passenger cars in response to demand increase in the North and South America. Furthermore, the Topy Industries Group has continued its efforts to establish a production structure in response to demand, and to improve productivity and cost performance for further improvement of corporate value.

However, the effects from sales volume decrease of ultra-large wheels used at mining sites and undercarriage components for construction machinery were significant and the Topy Industries Group performance for this consolidated cumulative third quarter marked net sales of ¥172,841 million (year-to-year comparison, 1.0% increase), operating income of ¥3,489 million (year-to-year comparison, 44.6% decrease), ordinary income of ¥2,855 million (year-to-year comparison, 49.0% decrease), and a quarterly net income of ¥1,159 million (year-to-year comparison, 63.6% decrease).

【Performance by Segment】

(Steel Business)

Although a slight recovery in demand was seen, the conditions around the electric furnace mill industry remained extremely difficult due to increase in metal scrap price, our main raw material, and other costs such as electricity.

Under such circumstances, the Topy Industries Group has undergone vigorous cost reductions and attempted in the formulation of appropriate sales price structures. However, we were affected by the rise in metal scrap and electricity costs etc. leading to net sales of ¥53,719 million (year-to-year comparison, 7.5% increase), and operating income of ¥931 million (year-to-year comparison, 12.1% decrease).

(Automotive & Industrial Machinery Components Business)

In the automobile industry, sales of passenger cars decreased as subsidy for ecologically-friendly vehicles ended, however, last minute demand before the increase in consumption tax resulted in roughly the same number of domestic vehicle production marked during the same period last year. On the other hand, the construction machinery industry saw strong domestic demand. However, the overall environment continued to be very difficult as the Southeast Asian market growth remained low and the mining machinery industry continued to be stagnant.

Under such conditions, our wheels for trucks responded well to demand and sales showed steady increase. Furthermore, all possible improvement plans are being continued. However, due to decrease in sales volume of

ultra-large wheels and undercarriage components for construction machinery used at mining sites, and decrease in unit sales price as a result of competition against other manufacturers led to net sales of ¥108,766 million (year-to-year comparison, 1.9% decrease), and operating income of ¥5,073 million (year-to-year comparison, 36.7% decrease).

(Others)

The Topy Industries Group also engages in wholesale electricity utility, indoor and outdoor sign systems, manufacture and sales of synthetic mica used in cosmetics etc., manufacture and sales of 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 ¥10,355 million, and operating income was ¥697 million.

(2) Explanation Regarding Financial Status

Total assets at the end of this third quarter consolidated accounting term marked ¥227,154 million, an increase of ¥18,372 million from the end of the previous consolidated accounting year. This was mainly due to increase in trade receivables by ¥4,592 million, increase in tangible fixed assets by ¥4,771 million, increase in investment securities by ¥5,618 million.

Liabilities ended at ¥129,201 million, an increase of ¥11,678 million from the end of the previous consolidated accounting year. This was mainly due to increase in trade payables by ¥7,353 million, increase in interest-bearing debt by ¥4,855 million.

Net assets marked ¥97,953 million, an increase of ¥6,694 million from the end of the previous consolidated accounting year. This was mainly due to an increase in valuation difference on available-for-sale securities by ¥3,674 million and an increase in foreign currency translation adjustment by ¥2,253 million.

(3) Explanation Regarding Future Estimate Information Such as Consolidated Financial Performance Estimates

With regards to the outlook of the economic environment from here onward, we anticipate a steady and gradual recovery of the Japanese domestic economy as a result of governmental economical stimulations. However, the policy trend in the United States, the economic trend in China and other developing countries leave the global financial status unclear, and the business environment surrounding the Topy Industries Group will most likely continue to remain in a severe condition.

Under such management conditions, and in promoting the medium-term consolidated management plan, “Growth & Change 2015”, the Topy Industries Group will strive to further improve its cooperate 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 cooperate message “One-piece Cycle”. The consolidated business performance forecast for the full business year has not changed from the announcement made on November 6th, 2013. This decision is based on the information available at the time of issue of this document. The actual performance is subject to change from the forecast due to unforeseeable contributing factors.

2. Items Regarding (Other) Summary Information

(1) Significant Transfer of Subsidiaries during The Period of Consolidation Total for this Quarter.

Not applicable

(2) Application of Special Accounting Methods during Preparation of Quarterly Consolidated Financial Statements.

(Calculation of tax expense)

Tax expense is calculated by multiplying the third quarter net income before tax with the estimated effective tax rate. The estimated effective tax rate is the rational estimate of tax rate after application of tax effect accounting on current net earnings before tax of the consolidated accounting year including this second quarter consolidated accounting term.

(3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements.

Not applicable

(4) Additional Information

(Abolition of retirement benefits for directors)

The domestic subsidiaries of Topy Industries Limited have passed the resolution at the General Meeting of Shareholders and at the Board of Directors Meeting held in June, 2013, to compensate for the discontinuance of retirement benefits for officers (payout timing will be when the individual officer or auditor resigns) due to the abolishment of the said system, which is a part of the officers' compensation system review.

In accordance to this decision, the ¥312 million provision for director's retirement benefits of our domestic affiliate companies, has been disposed during the first consolidated accounting year and accounts payable from cutoff payment are included in "Others" under noncurrent liabilities.

The current system of retirement benefits for operating officers will apply to operating officers of Topy Industries. In preparation for payment of retirement benefits to these operating officers, necessary payment at the end of this third quarter consolidated accounting term based on internal regulations has been accounted for under "Provision for operating officers' retirement benefits".

3.Consolidated Financial Statements
(1)Consolidated Quarterly Balance Sheets

(Millions of yen)

	Previous Consolidated Accounting Term (March 31, 2013)	Third Quarter Consolidated Accounting Term (December 31, 2013)
Assets		
Current assets		
Cash and deposits	19,914	18,831
Notes and accounts receivable-trade	42,251	46,844
Merchandise and finished goods	12,353	14,527
Work in process	3,862	5,202
Raw materials and supplies	7,870	8,708
Deferred tax assets	1,862	1,923
Other	5,877	6,549
Allowance for doubtful accounts	(38)	(50)
Total current assets	93,954	102,537
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	74,101	75,404
Accumulated depreciation	(48,651)	(50,112)
Buildings and structures, net	25,449	25,291
Machinery, equipment and vehicles	159,794	162,982
Accumulated depreciation	(130,533)	(134,210)
Machinery, equipment and vehicles, net	29,260	28,772
Land	17,618	18,336
Lease assets	3,610	3,610
Accumulated depreciation	(425)	(719)
Lease assets, net	3,184	2,890
Construction in progress	6,212	10,953
Other	29,927	31,220
Accumulated depreciation	(28,039)	(29,080)
Other, net	1,887	2,140
Total property, plant and equipment	83,614	88,385
Intangible assets		
Other	1,164	1,222
Total intangible assets	1,164	1,222
Investments and other assets		
Investment securities	25,566	31,185
Long-term loans receivable	595	600
Deferred tax assets	2,024	1,427
Claims provable in bankruptcy, claims provable in rehabilitation and othe	1	1
Other	1,915	1,840
Allowance for doubtful accounts	(55)	(45)
Total investments and other assets	30,048	35,009
Total noncurrent assets	114,827	124,617
Total assets	208,781	227,154

	Previous Consolidated Accounting Term (March 31, 2013)	Third Quarter Consolidated Accounting Term (December 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	33,630	30,306
Electronically recorded obligations-operating	-	10,678
Short-term loans payable	24,697	22,033
Current portion of bonds	300	5,000
Lease obligations	392	389
Income taxes payable	730	617
Asset retirement obligations	3	8
Other	12,863	10,939
Total current liabilities	72,617	79,972
Noncurrent liabilities		
Bonds payable	13,900	18,900
Long-term loans payable	14,637	12,456
Lease obligations	2,793	2,501
Deferred tax liabilities	2	1,402
Provision for retirement benefits	7,127	7,975
Provision for directors' retirement benefits	448	-
Provision for corporate officers' retirement benefits	86	110
Reserve for repairs	687	429
Asset retirement obligations	274	271
Liabilities from application of equity method	903	997
Other	4,043	4,183
Total noncurrent liabilities	44,905	49,228
Total liabilities	117,522	129,201
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,824	18,824
Retained earnings	50,255	50,940
Treasury stock	(866)	(873)
Total shareholders' equity	89,196	89,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,706	7,380
Deferred gains or losses on hedges	(1)	5
Foreign currency translation adjustment	(3,377)	(1,124)
Total accumulated other comprehensive income	326	6,261
Minority interests	1,735	1,817
Total net assets	91,258	97,953
Total liabilities and net assets	208,781	227,154

(2) Consolidated Quarterly Statements of Income

(Millions of yen)

	Previous Third Quarter Consolidated Cumulative Accounting Term (April 1, 2012 - December 31, 2012)	Third Quarter Consolidated Cumulative Accounting Term (April 1, 2013 - December 31, 2013)
Net sales	171,077	172,841
Cost of sales	144,046	147,975
Gross profit	27,030	24,866
Selling, general and administrative expenses	20,734	21,377
Operating income	6,296	3,489
Non-operating income		
Interest income	26	33
Dividends income	337	484
Equity in earnings of affiliates	57	-
Other	193	293
Total non-operating income	615	811
Non-operating expenses		
Interest expenses	652	718
Foreign exchange losses	332	53
Equity in losses of affiliates	-	106
Other	324	566
Total non-operating expenses	1,310	1,444
Ordinary income	5,601	2,855
Extraordinary income		
Gain on sales of noncurrent assets	65	17
Other	2	4
Total extraordinary income	67	21
Extraordinary loss		
Loss on sales of noncurrent assets	23	6
Loss on retirement of noncurrent assets	273	250
Other	26	26
Total extraordinary losses	324	283
Income before income taxes and minority interests	5,345	2,593
Income taxes	2,115	1,329
Income before minority interests	3,230	1,264
Minority interests in income	48	105
Net income	3,181	1,159

(3) Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Accounting Term (April 1, 2012 - September 30, 2012)	Third Quarter Consolidated Cumulative Accounting Term (April 1, 2013 - December 31, 2013)
Income before minority interests	3,230	1,264
Other comprehensive income		
Valuation difference on available-for-sale securities	557	3,649
Deferred gains or losses on hedges	(1)	7
Foreign currency translation adjustment	16	2,142
Share of other comprehensive income of associates accounted for using equity	(7)	25
Total other comprehensive income	564	5,824
Comprehensive income	3,794	7,088
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,737	7,093
Comprehensive income attributable to minority interests	57	(5)