



## Consolidated Basis Results of the First Quarter for Fiscal 2015 (April 1, 2015 - June 30, 2015)

August 4<sup>th</sup>, 2015

**Registered Company name:** TOPY INDUSTRIES, LIMITED  
**Stock listing:** Tokyo, Nagoya stock exchanges  
**Code number:** 7231  
**URL:** <http://www.topy.co.jp/english/index.html>  
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**Scheduled date to submit Securities Report:** August 7<sup>th</sup>, 2015  
**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 First Quarter for Fiscal 2015

(April 1, 2015 - June 30, 2015)

#### (1) Consolidated Operating Results (Cumulative)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>First Quarter of Fiscal 2015</b>	<b>53,372</b>	<b>(3.9)</b>	<b>1,239</b>	<b>66.4</b>	<b>1,094</b>	<b>55.6</b>	<b>570</b>	<b>99.7</b>
First Quarter of Fiscal 2014	55,540	2.7	744	22.1	703	83.8	285	—

(Note) Comprehensive income: First Quarter of Fiscal 2015 ¥1,051 million 60.6%  
 First Quarter of Fiscal 2014 ¥654 million (81.1%)

	Net income per share	Net income per share after full dilution
	Yen	Yen
<b>First Quarter of Fiscal 2015</b>	<b>2.41</b>	—
First Quarter of Fiscal 2014	1.21	—

#### (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
<b>First Quarter of Fiscal 2015</b>	<b>255,362</b>	<b>108,280</b>	<b>41.8</b>	<b>450.26</b>
Fiscal 2014	252,456	107,941	42.1	448.36

(For reference) Shareholders' equity: First Quarter of Fiscal 2015 ¥106,635 million  
 Fiscal 2014 ¥106,187 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 2014	Yen —	Yen 1.00	Yen —	Yen 3.00	Yen 4.00
<b>Fiscal 2015</b>	—				
<b>Fiscal 2015 (Forecast)</b>		<b>1.00</b>	—	<b>5.00</b>	<b>6.00</b>

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

## 3. Consolidated Financial Forecasts for Fiscal 2015 (April 1, 2015-March 31, 2016)

(Percentage figures are changes from the same period of the previous fiscal year, or the same quarter period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Second Quarter (Cumulative)</b>	<b>116,000</b>	<b>2.3</b>	<b>3,000</b>	<b>36.7</b>	<b>2,500</b>	<b>52.7</b>	<b>1,200</b>	<b>40.4</b>
<b>Fiscal 2015</b>	<b>246,000</b>	<b>3.5</b>	<b>9,700</b>	<b>51.0</b>	<b>8,800</b>	<b>45.7</b>	<b>5,400</b>	<b>128.8</b>

	Net income per share
	Yen
<b>Second Quarter (Cumulative)</b>	<b>5.07</b>
<b>Fiscal 2015</b>	<b>22.80</b>

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 the 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: Yes

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

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

Note: For details, please refer to “Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements”.

(4) Number of Shares Issued (Common shares)

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

First Quarter of Fiscal 2015	240,775,103 shares
Fiscal 2014	240,775,103 shares

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

First Quarter of Fiscal 2015	3,944,111 shares
Fiscal 2014	3,939,837 shares

(c) Average number of shares issued during the period

First Quarter of Fiscal 2015	236,833,403 shares
First Quarter of Fiscal 2014	236,860,849 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 August 4<sup>th</sup>, 2015 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 Results of this Quarter

### (1) Explanation Regarding Consolidated Operating Results

The global economy during this consolidated cumulative first quarter showed an overall gradual recovery as the recovery of the United States' economy continued and the European economy picked back up; however, the downturn of economy strengthened in China and was at a standstill in other developing countries. The economy in Japan showed signs of gradual recovery supported by recovery in business improvement as company revenue increased. However, individual consumption and industrial production etc. were weak.

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 business structure. As one part of such plan, the manufacture of passenger wheels at Topy MW Manufacturing Mexico S.A. DE C.V. (Guanajuato, Mexico) has started. Also, business reformation has been conducted in the power business sector, and new power supply to Power Producer and Supplier (PPS) has begun. Furthermore, we have continued to work on determining the optimum sales price of steel material, as well as the establishment of a production system that responds to demand, and improvement of productivity and cost in relation to energy-conservation etc.

As a result, net sales for this consolidated cumulative first quarter for the Topy Industries Group ended at ¥53,372 million (year-to-year comparison, 3.9% decrease). However, operating income ended at ¥1,239 million (year-to-year comparison, 66.4% increase), ordinary income ended at ¥1,094 million (year-to-year comparison, 55.6% increase), and first quarter net profit, which is attributable to the shareholders of the parent company, ended at ¥570 million (year-to-year comparison, 99.7% increase).

#### 【Performance by Segment】

##### (Steel Business)

In the steel industry, production of crude steel fell below that of the same period of last year due to decline in demand from the main market of construction steel.

Under such circumstances, the Topy Industries Group was affected by the slowdown in demand for steel material towards the automotive and industrial machinery components business; however, continued efforts were taken for intensive cost reduction by securing volume of export, maintaining appropriate sales price, realizing the positive impact of the new steel making facilities. This resulted in net sales of ¥15,974 million (year-to-year comparison, 9.5% decrease), however, operating income ended at ¥911 million (year-to-year comparison, 15.0% increase).

##### (Automotive & Industrial Machinery Components Business)

The automobile industry saw volume of domestic production decrease below that of same period last year due to the downfall in demand after the tax raise of light vehicles. As for the construction machinery industry, the Chinese and South East Asian markets further stagnated and demand for mining machinery continued to be low.

Under such conditions, the decrease in sales of construction machinery components at the Topy Industries Group resulted in net sales of ¥33,757 million (year-to-year comparison, 2.7% decrease). Despite continued improvement actions that were taken, the effects from slowdown in demand for construction machinery components in China and other emerging countries led to an operating income of ¥588 million (year-to-year

comparison, 35.5% decrease).

(Power Business)

We have changed the supply destination of electricity, and started the power supply to Power Producer and Suppliers. Net sales ended at ¥1,953 million (year-to-year comparison, 25.9% increase) and operating income ended at ¥315 million (year-to-year comparison, ¥210 million operating deficit).

(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 ¥1,686 million, and operating income was ¥359 million.

“Power Business” had been included under “Others”; however, as its volume significance has increased we have changed the method of report to an individual reporting segment. Year-to-year comparison has been calculated by extracting the figures of the power business under “Others” from the same period of last year.

(2) Explanation Regarding Financial Status

Total assets at the end of this first quarter consolidated accounting term marked ¥255,362 million, an increase of ¥2,906 million from the end of the previous consolidated accounting year. This was mainly due to increase in inventories by ¥2,553 million and increase in investment securities by ¥921 million.

Liabilities ended at ¥147,082 million, an increase of ¥2,566 million from the end of the previous consolidated accounting year. This was mainly due to an increase in accounts payable by ¥1,317 million.

Net assets marked ¥108,280 million, an increase of ¥339 million from the previous consolidated accounting year. This was mainly due to an increase in valuation difference on available-for-sale securities by ¥648 million and a decrease in foreign currency translation adjustment by ¥123 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, there is hope for gradual recovery as a result of governmental economic policies. However, there are unclear elements that remain such as the economic trend in China and other emerging countries, movement of U.S. credit policies and the European debt problems etc. which leaves us to believe the business environment surrounding the Topy Industries Group will continue to be unpredictable.

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 May 8th, 2015. 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 Summary Information (Other)

### (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 first 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.

Change in Accounting Principles

(Application of Accounting Standard for Business Combination)

“Accounting Standard for Business Combination” (Accounting Standard No. 21 Sept. 13, 2013), “Accounting Standard for Consolidated Financial Statements” (Accounting Standard No. 22 Sept. 13, 2013) and “Accounting Standard for Business Divestitures” (Accounting Standard No. 7 Sept. 13, 2013) have been applied from this first quarter consolidated accounting term and the display of quarterly net profit etc. has been changed along with the display change of minority interests to non-controlling interests. In order to reflect the display changes, the quarterly consolidated financial statement and the consolidated financial statement for the previous first quarter consolidated accounting term and the previous consolidated accounting term have been modified.

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

(Millions of yen)

	Previous Consolidated Accounting Term (March 31, 2015)	First Quarter Consolidated Accounting Term (June 30, 2015)
Assets		
Current assets		
Cash and deposits	22,048	21,725
Notes and accounts receivable-trade	43,988	43,969
Merchandise and finished goods	13,324	15,684
Work in process	4,418	4,577
Raw materials and supplies	9,910	9,944
Deferred tax assets	2,079	2,116
Other	5,737	5,534
Allowance for doubtful accounts	(34)	(35)
Total current assets	101,471	103,516
Non-current assets		
Property, plant and equipment		
Buildings and structures	85,547	85,611
Accumulated depreciation	(52,932)	(53,518)
Buildings and structures, net	32,615	32,092
Machinery, equipment and vehicles	191,503	192,521
Accumulated depreciation	(139,852)	(140,255)
Machinery, equipment and vehicles, net	51,651	52,266
Land	18,479	18,442
Leased assets	4,314	4,283
Accumulated depreciation	(1,199)	(1,302)
Leased assets, net	3,114	2,981
Construction in progress	4,450	4,495
Other	33,385	33,748
Accumulated depreciation	(31,290)	(31,622)
Other, net	2,095	2,125
Total property, plant and equipment	112,406	112,402
Intangible assets		
Other	1,417	1,400
Total intangible assets	1,417	1,400
Investments and other assets		
Investment securities	33,359	34,281
Long-term loans receivable	607	608
Deferred tax assets	1,302	1,295
Other	1,937	1,904
Allowance for doubtful accounts	(46)	(46)
Total investments and other assets	37,161	38,043
Total non-current assets	150,985	151,846
Total assets	252,456	255,362



	Previous Consolidated Accounting Term (March 31, 2015)	First Quarter Consolidated Accounting Term (June 30, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	26,707	27,082
Electronically recorded obligations-operating	8,263	8,504
Short-term loans payable	21,954	21,125
Current portion of bonds	5,300	5,300
Lease obligations	403	384
Income taxes payable	1,750	570
Other	10,861	13,701
Total current liabilities	75,241	76,670
Non-current liabilities		
Bonds payable	23,600	23,600
Long-term loans payable	26,662	27,704
Lease obligations	2,729	2,656
Deferred tax liabilities	1,544	1,869
Provision for corporate officers' retirement benefits	140	138
Reserve for repairs	518	253
Net defined benefit liability	9,574	9,832
Asset retirement obligations	257	256
Liabilities from application of equity method	838	851
Other	3,409	3,247
Total non-current liabilities	69,274	70,411
Total liabilities	144,515	147,082
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,824	18,824
Retained earnings	53,399	53,259
Treasury shares	(925)	(926)
Total shareholders' equity	92,281	92,140
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,399	11,047
Deferred gains or losses on hedges	(8)	(12)
Foreign currency translation adjustment	3,796	3,673
Remeasurements of defined benefit plans	(281)	(213)
Total accumulated other comprehensive income	13,906	14,495
Non-controlling interests	1,753	1,645
Total net assets	107,941	108,280
Total liabilities and net assets	252,456	255,362

(2) Quarterly Consolidated Statements of Income and Quarterly  
(Quarterly Consolidated Statements of Income)  
(First Quarter Consolidation Cumulative Accounting Term)

(Millions of yen)

	Previous First Quarter Consolidated Cumulative Accounting Term (April 1, 2014 - June 30, 2014)	First Quarter Consolidated Cumulative Accounting Term (April 1, 2015 - June 30, 2015)
Net sales	55,540	53,372
Cost of sales	48,104	45,342
Gross profit	7,435	8,029
Selling, general and administrative expenses	6,691	6,790
Operating income	744	1,239
Non-operating income		
Interest income	10	19
Dividends income	315	379
Share of profit of entities accounted for using equity method	0	3
Other	73	75
Total non-operating income	400	477
Non-operating expenses		
Interest expenses	262	291
Foreign exchange losses	11	228
Other	167	102
Total non-operating expenses	441	621
Ordinary income	703	1,094
Extraordinary income		
Gain on sales of non-current assets	6	0
Gain on sales of investment securities	—	23
Total extraordinary income	6	23
Extraordinary losses		
Loss on sales of non-current assets	1	—
Loss on retirement of non-current assets	66	28
Other	1	—
Total extraordinary losses	69	28
Income before income taxes and minority interests	641	1,090
Income taxes	402	582
Net income	239	508
Profit (loss) attributable to non-controlling interests	(46)	(62)
Profit (loss) attributable to owners of parent	285	570

(Quarterly Consolidated Statements of Income)  
(First Quarter Consolidation Cumulative Accounting Term)

(Millions of yen)

	Previous First Quarter Consolidated Cumulative Accounting Term (April 1, 2014 - June 30, 2014)	First Quarter Consolidated Cumulative Accounting Term (April 1, 2015 - June 30, 2015)
Net income	239	508
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	954	604
Deferred gains or losses on hedges	(4)	(4)
Foreign currency translation adjustment	(677)	(168)
Remeasurements of defined benefit plans, net of tax	134	68
Share of other comprehensive income of associates accounted for using equity method	8	43
<b>Total other comprehensive income</b>	<b>415</b>	<b>543</b>
<b>Comprehensive income</b>	<b>654</b>	<b>1,051</b>
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of the parent	669	1,159
Comprehensive income attributable to non-controlling interests	(14)	(107)

(3) Notes regarding Quarterly Consolidated Financial Results

(Note related to Going Concern)

None

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

None