

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: Yes

For adjustment of dividends forecast, please refer to today's announcement, "Announcement Regarding the Difference between Second Quarter Financial Forecast and Actual Results, and the Adjustment of Financial and Dividend Forecasts for Fiscal 2013".

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: Yes

For adjustment of consolidated financial forecasts, please refer to today's announcement, "Announcement Regarding the Difference between Second Quarter Financial Forecast and Actual Results, and the Adjustment of Financial Forecasts for Fiscal 2013".

※ 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)

Second 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

Second Quarter of Fiscal 2013 3,622,570 shares

Fiscal 2012 3,610,196 shares

(c) Average number of shares issued during the term

Second Quarter of Fiscal 2013 237,159,672 shares

Second Quarter of Fiscal 2012 237,179,394 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".

(How to obtain supplemental explanatory information of quarterly results)

A briefing session for institute investors and analysts is scheduled to be held. information materials and video recordings of this session are scheduled to be released on our homepage promptly after it is held.

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 November 6th, 2013 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 second 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 signs of steady and gradual recovery due to adjustment of the high Yen and the raising movements of stock prices as a result of government economic policies; increase in public investments, housing investment, and increase in personal spending etc.

Under such conditions, the Topy Industries Group has formulated and launched the mid-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 American markets. Furthermore, 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 been established. 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 our 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 second quarter marked net sales of ¥111,303 million (year-to-year comparison, 3.9% decrease), operating income of ¥1,667 million (year-to-year comparison, 58.4% decrease), ordinary income of ¥1,205 million (year-to-year comparison, 66.2% decrease), and a quarterly net income of ¥390 million (year-to-year comparison, 81.7% decrease).

【Performance by Segment】

(Steel Business)

The environment surrounding the electric furnace mill industry remain extremely difficult due to continued slowdown in demand, increase in metal scrap prices, and other costs such as electricity.

Under such circumstances, and despite price increase of metal scrap and electricity, and effects of low steel demand for construction machinery undercarriage components used in automobile/industrial components businesses, the Topy Industries Group has implemented all possible cost reduction measures and attempted to structure a sales price corresponding to material prices. As a result, net sales marked ¥35,171 million (year-to-year comparison, 2.1% increase), and operating income marked ¥580 million (year-to-year comparison, 37.6% increase).

(Automotive & Industrial Machinery Components Business)

In the automobile industry, continued recovery demand from the Great East Japan Earthquake led to steady sales increase of trucks, however, with the end of subsidy for ecologically-friendly vehicles, sales of passenger cars decreased resulting in the number of domestic manufactures falling short of the sales volume marked during the same period last year. On the other hand, the construction machinery industry saw strong domestic demand

due to recovery from the Earthquake and last minute demand before change in emission regulations. However, the overall environment continued to be very difficult as demand for mining machinery and the Southeast Asian market growth remained low.

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, net sales marked ¥69,336 million (year-to-year comparison, 6.4% decrease), and operating income marked ¥2,734 million (year-to-year comparison, 49.6% 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 ¥6,795 million, and operating income was ¥599 million.

(2) Explanation Regarding Financial Status

Total assets at the end of this second quarter consolidated accounting term marked ¥214,771 million, an increase of ¥5,989 million from the end of the previous consolidated accounting year. This was mainly due to increase in tangible fixed assets by ¥4,407 million, increase in investment securities by ¥4,325 million, and a decrease in cash and deposits by ¥3,767 million.

Liabilities ended at ¥117,998 million, an increase of ¥475 million from the end of the previous consolidated accounting year. This was mainly due to increase in interest-bearing debt by ¥3,779 million notes and a decrease in accrued liability included in current liabilities by ¥3,346 million.

Net assets marked ¥96,773 million, an increase of ¥5,514 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 ¥2,842 million and an increase in foreign currency translation adjustment by ¥2,690 million etc.

(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 mid-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 ending in March, 2014 (April 1st, 2013 to March 31st, 2014) has been changed from the announcement of May 9th, 2013. The expected financial performance is as follows: net sales ¥232,000 million, operating income ¥4,500 million, ordinary income ¥3,700 million, and net income ¥1,500 million. For additional information, please refer to today's announcement, "Announcement Regarding the Difference between Second Quarter Financial Forecast and Actual Results, and the Adjustment of Financial Forecasts for Fiscal 2013".

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 second 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 second 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)	Second Quarter Consolidated Accounting Term (September 30, 2013)
Assets		
Current assets		
Cash and deposits	19,914	16,146
Notes and accounts receivable-trade	42,251	41,746
Merchandise and finished goods	12,353	13,388
Work in process	3,862	4,280
Raw materials and supplies	7,870	8,542
Deferred tax assets	1,862	1,976
Other	5,877	5,746
Allowance for doubtful accounts	(38)	(36)
Total current assets	93,954	91,789
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	74,101	75,554
Accumulated depreciation	(48,651)	(49,725)
Buildings and structures, net	25,449	25,829
Machinery, equipment and vehicles	159,794	163,131
Accumulated depreciation	(130,533)	(133,263)
Machinery, equipment and vehicles, net	29,260	29,867
Land	17,618	18,271
Lease assets	3,610	3,610
Accumulated depreciation	(425)	(622)
Lease assets, net	3,184	2,988
Construction in progress	6,212	9,114
Other	29,927	30,706
Accumulated depreciation	(28,039)	(28,755)
Other, net	1,887	1,950
Total property, plant and equipment	83,614	88,022
Intangible assets		
Other	1,164	1,240
Total intangible assets	1,164	1,240
Investments and other assets		
Investment securities	25,566	29,891
Long-term loans receivable	595	599
Deferred tax assets	2,024	1,412
Claims provable in bankruptcy, claims provable in rehabilitation and other	1	1
Other	1,915	1,864
Allowance for doubtful accounts	(55)	(49)
Total investments and other assets	30,048	33,719
Total noncurrent assets	114,827	122,982
Total assets	208,781	214,771

(Millions of yen)

	Previous Consolidated Accounting Term (March 31, 2013)	Second Quarter Consolidated Accounting Term (September 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	33,630	28,215
Electronically recorded obligations-operating	-	5,043
Short-term loans payable	24,697	20,618
Current portion of bonds	300	5,000
Lease obligations	392	390
Income taxes payable	730	596
Asset retirement obligations	3	6
Other	12,863	9,401
Total current liabilities	72,617	69,271
Noncurrent liabilities		
Bonds payable	13,900	18,900
Long-term loans payable	14,637	12,795
Lease obligations	2,793	2,598
Deferred tax liabilities	2	958
Provision for retirement benefits	7,127	7,531
Provision for directors' retirement benefits	448	-
Provision for corporate officers' retirement benefits	86	96
Reserve for repairs	687	375
Asset retirement obligations	274	272
Liabilities from application of equity method	903	968
Other	4,043	4,229
Total noncurrent liabilities	44,905	48,726
Total liabilities	117,522	117,998
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,824	18,824
Retained earnings	50,255	50,171
Treasury stock	(866)	(868)
Total shareholders' equity	89,196	89,109
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,706	6,548
Deferred gains or losses on hedges	(1)	(8)
Foreign currency translation adjustment	(3,377)	(686)
Total accumulated other comprehensive income	326	5,853
Minority interests	1,735	1,809
Total net assets	91,258	96,773
Total liabilities and net assets	208,781	214,771

(2)Consolidated Quarterly Statements of Income

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Accounting Term (April 1, 2012 - September 30, 2012)	Second Quarter Consolidated Cumulative Accounting Term (April 1, 2013 - September 30, 2013)
Net sales	115,852	111,303
Cost of sales	98,058	95,464
Gross profit	17,793	15,838
Selling, general and administrative expenses	13,788	14,171
Operating income	4,004	1,667
Non-operating income		
Interest income	17	21
Dividends income	196	249
Other	240	263
Total non-operating income	454	534
Non-operating expenses		
Interest expenses	440	486
Equity in losses of affiliates	40	103
Foreign exchange losses	210	21
Other	203	384
Total non-operating expenses	895	996
Ordinary income	3,563	1,205
Extraordinary income		
Gain on sales of noncurrent assets	39	11
Other	0	0
Total extraordinary income	39	11
Extraordinary loss		
Loss on sales of noncurrent assets	21	1
Loss on retirement of noncurrent assets	174	178
Other	20	16
Total extraordinary losses	217	196
Income before income taxes and minority interests	3,386	1,020
Income taxes	1,189	551
Income before minority interests	2,196	468
Minority interests in income	63	78
Net income	2,133	390

(3) Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Previous Second Quarter Consolidated Cumulative Accounting Term (April 1, 2012 - September 30, 2012)	Second Quarter Consolidated Cumulative Accounting Term (April 1, 2013 - September 30, 2013)
Income before minority interests	2,196	468
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,704)	2,840
Deferred gains or losses on hedges	(15)	(6)
Foreign currency translation adjustment	99	2,736
Share of other comprehensive income of associates accounted for using equity method	(22)	2
Total other comprehensive income	(1,643)	5,573
Comprehensive income	553	6,042
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	481	5,917
Comprehensive income attributable to minority interests	71	124