



**Consolidated Basis Results of the Third Quarter for Fiscal 2014
(April 1, 2014 - December 31, 2014)**

February 5th, 2015

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Stock listing: Tokyo, Nagoya stock exchanges
Code number: 7231
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Scheduled date to submit Securities Report: February 10th, 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 Third Quarter for Fiscal 2014

(April 1, 2014 - December 31, 2014)

(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 2014	176,988	2.4	4,841	38.8	4,601	61.1	2,619	126.0
Third Quarter of Fiscal 2013	172,841	1.0	3,489	(44.6)	2,855	(49.0)	1,159	(63.6)

(Note) Comprehensive income: Third Quarter of Fiscal 2014 ¥7,130 million 0.6%
 Third Quarter of Fiscal 2013 ¥7,088 million 86.8%

	Net income per share	Net income per share after full dilution
	Yen	Yen
Third Quarter of Fiscal 2014	11.06	—
Third Quarter of Fiscal 2013	4.89	—

(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 2014	258,437	102,728	39.1	426.24
Fiscal 2013	232,714	96,219	40.5	398.39

(For reference) Shareholders' equity: Third Quarter of Fiscal 2014 ¥ 100,949 million
 Fiscal 2013 ¥ 94,363 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 2013	Yen —	Yen 0.00	Yen —	Yen 2.00	Yen 2.00
Fiscal 2014	—	1.00	—		
Fiscal 2014 (Forecast)				3.00	4.00

(Note) Changes to the latest dividend forecast: None

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	%
Fiscal 2014	244,000	4.0	6,600	24.3	5,700	27.1	3,600	88.0

	Net income per share
	Yen
Fiscal 2014	15.20

(Note) Changes to the latest forecasts for consolidated figures: None

※ 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)

Third Quarter of Fiscal 2014 240,775,103 shares

Fiscal 2013 240,775,103 shares

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

Third Quarter of Fiscal 2014 3,935,853 shares

Fiscal 2013 3,912,870 shares

(c) Average number of shares issued during the period

Third Quarter of Fiscal 2014	236,851,863 shares
Third Quarter of Fiscal 2013	237,154,791 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 5th, 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.

Index of Attached Documents

1. Qualitative Information Regarding Results of this Quarter.....	2
(1) Explanation Regarding Consolidated Operating Results.....	2
(2) Financial Status.....	3
(3) Explanation Regarding Future Estimate Information such as Consolidated Financial Performance Estimates.....	3
2. Items Regarding Summary Information (Other).....	3
(1) Significant Transfer of Subsidiaries during this Consolidation Cumulative Third Quarter.....	3
(2) Application of Special Accounting Methods during the Preparation of Quarterly Consolidated Financial Statements	3
(3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements.....	4
3. Quarterly Consolidated Financial Statements.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	7
Quarterly Consolidated Statements of Income Third Quarter Consolidation Cumulative Accounting Term.....	7
Quarterly Consolidated Statements of Comprehensive Income Third Quarter Consolidation Cumulative Accounting Term.....	8
(3) Notes Regarding Quarterly Consolidated Financial Results.....	9
(Note on going concern)	9
(Note on significant changes in the amount of shareholders' equity).....	9

1. Qualitative Information Regarding Results of this Quarter

(1) Explanation Regarding Consolidated Operating Results

The global economy during this consolidated cumulative third quarter showed gradual recovery as the United States economy recovered and the European economy showed signs of picking back up; however, the growth slowed down in China and was at a standstill in other developing countries. The economy in Japan showed signs of gradual recovery supported by governmental economic policies, however, mining and manufacturing production, and personal spending showed weak movements due to the increased consumption tax.

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, we have built and commenced the operation of a new steel-making plant at Toyohashi Factory (Toyohashi City, Aichi Prefecture) in order to strengthen our domestic business base. Furthermore, we will continue working 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 third quarter for the Topy Industries Group ended at ¥176,988 million (year-to-year comparison, 2.4% increase), operating income ended at ¥4,841 million (year-to-year comparison, 38.8% increase), ordinary income ended at ¥4,601 million (year-to-year comparison, 61.1% increase), and the quarterly net income ended at ¥2,619 million (year-to-year comparison, 126.0% increase).

【Performance by Segment】

(Steel Business)

For the electric furnace industry, demand for domestic construction was steady. On the other hand, difficult condition continued overall due to increase in electricity and other costs despite decline of our main material cost, steel scrap price, from the second semester.

Under such circumstances, the Topy Industries Group has endeavored in the formulation of appropriate sales price structures and intensive cost reduction. This resulted in net sales of ¥54,553 million (year-to-year comparison, 1.6% increase), and operating income of ¥2,677 million (year-to-year comparison, 187.5% increase).

(Automotive & Industrial Machinery Components Business)

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

Under such conditions, the sales of wheels for passenger cars and trucks for the Topy Industries Group were steady. Net sales marked ¥111,805 million (year-to-year comparison, 2.8% increase); however, despite continued improvement actions that were taken, operating income remained at ¥4,807 million (year-to-year comparison, 5.2% decrease) due to decrease in sales volume in the Chinese and East Asian markets, and effects from severe competition.

(Others)

The Topy Industries Group also engages in businesses such as wholesale of 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, Koto-ku, Tokyo), and operation of sports club “OSSO”. Net sales resulted at ¥10,629 million, and operating income was ¥406 million.

(2) Financial Status

Total assets at the end of this third quarter consolidated accounting term marked ¥258,437 million, an increase of ¥25,723 million from the end of the previous consolidated accounting year. This was mainly due to increase trade receivables by ¥9,522 million, increase in tangible fixed assets by ¥8,658 million, and increase in investment securities by ¥5,046 million.

Liabilities ended at ¥155,709 million, an increase of ¥19,213 million from the end of the previous consolidated accounting year. This was mainly due to increase in interest-bearing debt by ¥15,571 million.

Net assets marked ¥102,728 million, an increase of ¥6,509 million from the end of the previous consolidated accounting year. This was mainly due to an increase in accumulated earnings by ¥1,962 million, an increase in valuation difference on available-for-sale securities by ¥3,196 million, and an increase in foreign currency translation adjustment by ¥1,005 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, the delay in recovery of personal consumption, decrease of resource price, and the declining trend of the overseas economy etc., leaves us to believe the business environment surrounding the Topy Industries Group will continue to be difficult.

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 9th, 2014. 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 this Consolidation Cumulative Third Quarter.

Not applicable

(2) Application of Special Accounting Methods during the 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 third quarter consolidated accounting term.

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

Change in Accounting Principles

(Application of accounting standards etc. regarding retirement benefits)

Provisions stated in Section 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, hereinafter referred to as the “Retirement Benefits Accounting Standard”) and Section 67 of the “Guidance on the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, hereinafter “Guidance on Retirement Benefits”) have been applied from the first quarter of this consolidated accounting term. With this application, calculation methods for retirement benefit obligations and service cost have been changed. Under this change, the calculation method for annual allocation expenses for projected benefit obligations is changed from the straight-line attribution standard pro-rated on employees’ years of service to benefit formula standard pro-rated on employees’ salaries. The method for determining the time period over which the discount rate is imputed is changed from the average remaining years of service for employees to mainly the expected period length of benefits payments and weighted average discount rate reflecting the amount to be paid in each period under the expected length of benefits payments for all employees under the plan.

In accordance with the transitional treatment prescribed in Section 37 of the Retirement Benefits Accounting Standard, the Company applied the Accounting Standard for Retirement Benefits at the beginning of the third quarter of this consolidated accounting term, and the effect of the accounting change in retirement benefit obligations and service cost was reflected in retained earnings.

This resulted in the allocation of net defined benefit liability decrease of ¥84 million for retirement benefit for this third quarter consolidated accounting term, and accumulated income increased by ¥53 million. Also, operating income, ordinary income and net income before taxes for this consolidate cumulative third quarter each decreased by ¥73 million.

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

(Millions of yen)

	Previous Consolidated Accounting Term (March 31, 2014)	Third Quarter Consolidated Accounting Term (December 31, 2014)
Assets		
Current assets		
Cash and deposits	17,638	18,653
Notes and accounts receivable-trade	46,073	55,596
Merchandise and finished goods	12,790	15,075
Work in process	4,835	5,094
Raw materials and supplies	8,943	9,554
Deferred tax assets	1,657	1,693
Other	6,447	5,876
Allowance for doubtful accounts	(36)	(36)
Total current assets	98,349	111,509
Non-current assets		
Property, plant and equipment		
Buildings and structures	76,107	78,635
Accumulated depreciation	(50,592)	(52,133)
Buildings and structures, net	25,514	26,502
Machinery, equipment and vehicles	163,403	165,104
Accumulated depreciation	(134,910)	(137,615)
Machinery, equipment and vehicles, net	28,493	27,489
Land	18,387	18,374
Leased assets	3,610	3,598
Accumulated depreciation	(817)	(1,099)
Leased assets, net	2,792	2,499
Construction in progress	24,284	33,328
Other	31,668	32,625
Accumulated depreciation	(29,538)	(30,558)
Other, net	2,129	2,067
Total property, plant and equipment	101,602	119,261
Intangible assets		
Other	1,270	1,303
Total intangible assets	1,270	1,303
Investments and other assets		
Investment securities	26,426	31,472
Long-term loans receivable	597	602
Deferred tax assets	2,643	1,447
Claims provable in bankruptcy, claims provable in rehabilitation and other	1	1
Other	1,903	1,886
Allowance for doubtful accounts	(79)	(47)
Total investments and other assets	31,492	35,363
Total non-current assets	134,365	146,928
Total assets	232,714	258,437

	Previous Consolidated Accounting Term (March 31, 2014)	Third Quarter Consolidated Accounting Term (December 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	26,279	31,102
Electronically recorded obligations-operating	7,552	11,677
Short-term loans payable	22,607	23,311
Current portion of bonds	5,000	5,000
Lease obligations	389	385
Income taxes payable	1,103	951
Other	19,259	13,466
Total current liabilities	82,192	85,895
Non-current liabilities		
Bonds payable	18,900	23,900
Long-term loans payable	15,946	25,813
Lease obligations	2,403	2,114
Deferred tax liabilities	52	750
Provision for corporate officers' retirement benefits	98	138
Reserve for repairs	478	572
Net defined benefit liability	11,441	11,745
Asset retirement obligations	271	268
Liabilities from application of equity method	774	825
Other	3,937	3,686
Total non-current liabilities	54,303	69,814
Total liabilities	136,495	155,709
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,824	18,824
Retained earnings	51,695	53,658
Treasury shares	(919)	(924)
Total shareholders' equity	90,584	92,541
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,447	8,643
Deferred gains or losses on hedges	(4)	12
Foreign currency translation adjustment	534	1,539
Remeasurements of defined benefit plans	(2,196)	(1,787)
Total accumulated other comprehensive income	3,779	8,407
Minority interests	1,855	1,779
Total net assets	96,219	102,728
Total liabilities and net assets	232,714	258,437

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

(Millions of yen)

	Previous Third Quarter Consolidated Cumulative Accounting Term (April 1, 2013 - December 31, 2013)	Third Quarter Consolidated Cumulative Accounting Term (April 1, 2014 - December 31, 2014)
Net sales	172,841	176,988
Cost of sales	147,975	151,112
Gross profit	24,866	25,876
Selling, general and administrative expenses	21,377	21,034
Operating income	3,489	4,841
Non-operating income		
Interest income	33	49
Dividends income	484	569
Share of profit of entities accounted for using equity method	—	23
insurance proceeds	43	483
Other	249	224
Total non-operating income	811	1,350
Non-operating expenses		
Interest expenses	718	814
Share of loss of entities accounted for using equity method	106	—
Other	620	775
Total non-operating expenses	1,444	1,590
Ordinary income	2,855	4,601
Extraordinary income		
Gain on sales of non-current assets	17	8
Other	4	—
Total extraordinary income	21	8
Extraordinary losses		
Loss on sales of non-current assets	6	30
Loss on retirement of non-current assets	250	195
Other	26	15
Total extraordinary losses	283	241
Income before income taxes and minority interests	2,593	4,368
Income taxes	1,329	1,934
Income before minority interests	1,264	2,433
Minority interests in income (loss)	105	(185)
Net income	1,159	2,619

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

	Previous Third Quarter Consolidated Cumulative Accounting Term (April 1, 2013 - December 31, 2013)	Third Quarter Consolidated Cumulative Accounting Term (April 1, 2014 - December 31, 2014)
	(Millions of yen)	
Income before minority interests	1,264	2,433
Other comprehensive income		
Valuation difference on available-for-sale securities	3,649	3,163
Deferred gains or losses on hedges	7	16
Foreign currency translation adjustment	2,142	1,072
Remeasurements of defined benefit plans, net of tax	—	404
Share of other comprehensive income of associates accounted for using equity method	25	38
Total other comprehensive income	5,824	4,696
Comprehensive income	7,088	7,130
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,093	7,247
Comprehensive income attributable to minority interests	(5)	(117)

(3) Notes Regarding Quarterly Consolidated Financial Results

(Note on going concern)

None

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

None