Consolidated Basis Results of the First Quarter for Fiscal 2013
(April 1, 2013 - June 30, 2013)

August 1st, 2013

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:	August 8th, 2013
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 2013

(April 1, 2013 - June 30, 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	%
First Quarter of Fiscal 2013	**54,075**	**(10.1)**	**610**	**(72.3)**	**383**	**(80.8)**	**12**	**(98.8)**
First Quarter of Fiscal 2012	60,139	10.0	2,203	51.6	1,997	51.4	1,081	17.7

(Note) Comprehensive income: First Quarter of Fiscal 2013 ¥3,473 million (503.7%)

First Quarter of Fiscal 2012 ¥575 million (－34.0%)

	Net income per share	Net income per share after full dilution
	Yen	Yen
First Quarter of Fiscal 2013	**0.05**	**―**
First Quarter of Fiscal 2012	4.56	―

(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
First Quarter of Fiscal 2013	**223,173**	**94,257**	**41.4**	**389.95**
Fiscal 2012	208,781	91,258	42.9	377.47

(For reference) Shareholders' equity: First Quarter of Fiscal 2013 ¥ 92,482 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
	Yen	Yen	Yen	Yen	Yen
Fiscal 2012	－	2.00	－	2.00	4.00
Fiscal 2013					
Fiscal 2013（Forecast）		0.00	－	4.00	4.00

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, or the same quarter period)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second Quarter (Cumulative)	**111,000**	**(4.2)**	**1,200**	**(70.0)**	**700**	**(80.4)**	**100**	**(95.3)**
Fiscal 2013	**233,000**	**2.7**	**7,400**	**5.9**	**6,600**	**5.9**	**3,700**	**8.5**

	Net income per share
	Yen
Second Quarter (Cumulative)	**0.42**
Fiscal 2013	**15.60**

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

Note: For further 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 2013 240,775,103 shares

Fiscal 2012 240,775,103 shares

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

First Quarter of Fiscal 2013	3,613,096 shares
Fiscal 2012	3,610,196 shares

(c) Average number of shares issued during the term

First Quarter of Fiscal 2013	237,163,676 shares
First Quarter of Fiscal 2013	237,181,878 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 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 “Qualitative information regarding consolidated earnings forecast”.

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 1st, 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.

Index of Attached Documents

1. Qualitative Information Regarding Quarterly Results……2

(1) Explanation Regarding Consolidated Operating Results……2

(2) Explanation Regarding Financial Status……3

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

2. Items Regarding (Other) Summary Information……4

(1) Significant Transfer of Subsidiaries during the Period of Consolidation Total for this Quarter……4

(2) Application of Special Accounting Methods during Preparation of Quarterly Consolidated Financial Statements……4

(3) Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements……4

(4) Additional Information……4

3. Consolidated Financial Statements……5

(1) Consolidated Quarterly Balance Sheets……5

(2) Consolidated Quarterly Statements of Income……7

(3) Consolidated Quarterly Statements of comprehensive Income……8

1. Qualitative Information Regarding Quarterly Results

(1) Explanation Regarding Consolidated Operating Results

The global economy during the period of this consolidated cumulative first quarter resulted in a slight upswing from gradual recovery in the United States, but slowdown in growth in China and other developing countries, and the continuing European debt crisis. The economy in Japan seemed to pick up due to increase in public investments as part of the government economic policies, investment into housing, and increase in personal spending.

Under such conditions, the Topy Industries Group has formulated and launched a new 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, the decision has been made to establish a subsidiary, PT. TOPY UNDERCARRIAGE INDONESIA (West Java, Indonesia), for the sales of construction machinery tracks/components in response to increasing demand in the ASEAN region. 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 for mining sites and undercarriage components for construction machinery were significant and led to the following financial performance results. The Topy Industries Group financial performance marked net sales of ¥4,075 million (year-to-year comparison, 10.1% decrease), operating income of ¥610 million (year-to-year comparison, 72.3% decrease), ordinary income of ¥383 million (year-to-year comparison, 80.8% decrease), and a quarterly net income of ¥12 million (year-to-year comparison, 98.8% decrease) for this consolidated cumulative first quarter.

【Performance by Segment】

(Steel Business)

The environment surrounding the electric furnace mill industry continued to be extremely difficult due to continued slowdown in demand for civil engineering / construction and due to increasing metal scrap prices.

Under such circumstances, the Topy Industries Group has made all possible improvement efforts for intensive manufacture cost reduction. However, raising metal scrap prices and delay in recovery of steel demand for construction machinery undercarriage parts that are supplied to automobiles / industrial machinery components business resulted in net sales of ¥17,434 million (year-to-year comparison, 0.8% decrease), and operating income of ¥333 million (year-to-year comparison, 14.7% decrease).

(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, despite steady domestic demand with regards to recovery from the Earthquake, the environment for the construction machinery industry was very difficult as demand in the Southeast Asian market remained low.

Under such conditions, our wheels for trucks responded well to demand and sales showed steady increase. Furthermore, all possible improvement plans have been continued. However, due to decrease in sales volume of ultra-large wheels for mining sites and undercarriage components for construction machinery, net sales marked ¥33,654 million (year-to-year comparison, 14.0% decrease), and operating income marked ¥958 million (year-to-year comparison, 64.5% 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 ¥2,985 million , and operating income was ¥293 million.

(2) Explanation Regarding Financial Status

Total assets at the end of this first quarter consolidated accounting term marked ¥223,173 million, an increase of ¥14,391 million from the end of the previous consolidated accounting year. This was mainly due to increase in cash and deposits by ¥3,006 million, increase in notes and accounts receivables-trade by ¥4,532 million, increase in inventories by ¥ 3,077 million, and increase in investment securities by ¥2,807 million etc.

Liabilities ended at ¥128,915 million, an increase of ¥11,392 million from the end of the previous consolidated accounting year. This was mainly due to increase in notes and accounts payable-trade by ¥4,788, and an increase in interest-bearing debt by ¥8,428 million.

Net assets marked ¥94,257 million, an increase of ¥2,998 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 ¥1,821 million and an increase in foreign currency translation adjustment by ¥1,618 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, there is hope for recovery of the domestic economy as a result of governmental economical stimulations. However, the European economic debt crisis and the economic movement in China left the global financial status unclear, and the demand movement surrounding the Topy Industries Group will continue to require great care and caution.

Under such management conditions, and in promoting the new 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 has not been changed from the announcement of May 9th, 2013. All decisions are based on information accessible at the time of issue of this document. Actual business performance and forecast values are subject to change due to various 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 first 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, will be disposed during this 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 first 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)	First Quarter Consolidated Accounting Term (June 30, 2013)
Assets		
Current assets		
Cash and deposits	19,914	22,920
Notes and accounts receivable-trade	42,251	46,784
Merchandise and finished goods	12,353	14,542
Work in process	3,862	4,618
Raw materials and supplies	7,870	8,003
Deferred tax assets	1,862	1,983
Other	5,877	5,451
Allowance for doubtful accounts	△38	△37
Total current assets	93,954	104,266
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	74,101	74,907
Accumulated depreciation	△48,651	△49,262
Buildings and structures, net	25,449	25,644
Machinery, equipment and vehicles	159,794	161,429
Accumulated depreciation	△130,533	△132,077
Machinery, equipment and vehicles, net	29,260	29,351
Land	17,618	17,659
Lease assets	3,610	3,610
Accumulated depreciation	△425	△524
Lease assets, net	3,184	3,086
Construction in progress	6,212	7,805
Other	29,927	30,496
Accumulated depreciation	△28,039	△28,579
Other, net	1,887	1,916
Total property, plant and equipment	83,614	85,465
Intangible assets		
Other	1,164	1,201
Total intangible assets	1,164	1,201
Investments and other assets		
Investment securities	25,566	28,374
Long-term loans receivable	595	598
Deferred tax assets	2,024	1,406
Claims provable in bankruptcy, claims provable in rehabilitation and other	1	1
Other	1,915	1,912
Allowance for doubtful accounts	△55	△53
Total investments and other assets	30,048	32,240
Total noncurrent assets	114,827	118,906
Total assets	208,781	223,173

(Millions of yen)

	Previous Consolidated Accounting Term (March 31, 2013)	First Quarter Consolidated Accounting Term (June 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	33,630	38,418
Short-term loans payable	24,697	23,976
Current portion of bonds	300	300
Lease obligations	392	390
Income taxes payable	730	326
Asset retirement obligations	3	4
Other	12,863	11,275
Total current liabilities	72,617	74,693
Noncurrent liabilities		
Bonds payable	13,900	23,900
Long-term loans payable	14,637	13,786
Lease obligations	2,793	2,695
Deferred tax liabilities	2	418
Provision for retirement benefits	7,127	7,445
Provision for directors' retirement benefits	448	—
Provision for corporate officers' retirement benefits	86	82
Reserve for repairs	687	347
Asset retirement obligations	274	272
Liabilities from application of equity method	903	935
Other	4,043	4,337
Total noncurrent liabilities	44,905	54,222
Total liabilities	117,522	128,915
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,824	18,824
Retained earnings	50,255	49,793
Treasury stock	△866	△867
Total shareholders' equity	89,196	88,734
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,706	5,527
Deferred gains or losses on hedges	△1	△19
Foreign currency translation adjustment	△3,377	△1,759
Total accumulated other comprehensive income	326	3,748
Minority interests	1,735	1,775
Total net assets	91,258	94,257
Total liabilities and net assets	208,781	223,173

(2)Consolidated Quarterly Statements of Income

(Millions of yen)

	Previous First Quarter Consolidated Cumulative Accounting Term (April 1, 2012 - June 30, 2012)	First Quarter Consolidated Cumulative AccountingTerm (April 1, 2013 - June 30, 2013)
Net sales	60,139	54,075
Cost of sales	51,168	46,719
Gross profit	8,971	7,355
Selling, general and administrative expenses	6,767	6,745
Operating income	2,203	610
Non-operating income		
Interest income	8	9
Dividends income	189	239
Other	62	101
Total non-operating income	261	350
Non-operating expenses		
Interest expenses	225	196
Foreign exchange losses	165	82
Equity in losses of affiliates	63	19
Other	13	279
Total non-operating expenses	468	577
Ordinary income	1,997	383
Extraordinary income		
Gain on sales of noncurrent assets	1	10
Other	—	0
Total extraordinary income	1	11
Extraordinary loss		
Loss on retirement of noncurrent assets	5	81
Loss on valuation of membership	14	
Other	1	11
Total extraordinary losses	21	92
Income before income taxes and minority interests	1,976	301
Income taxes	892	263
Income before minority interests	1,083	37
Minority interests in income	2	24
Net income	1,081	12

(3)Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Previous First Quarter Consolidated Cumulative Accounting Term (April 1, 2012 - June 30, 2012)	First Quarter Consolidated Cumulative AccountingTerm (April 1, 2013 - June 30, 2013)
Income before minority interests	1,083	37
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,172	1,839
Deferred gains or losses on hedges	△3	△17
Foreign currency translation adjustment	690	1,632
Share of other comprehensive income of associates accounted for using equity method	△22	△17
Total other comprehensive income	△508	3,436
Comprehensive income	575	3,473
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	538	3,434
Comprehensive income attributable to minority interests	37	39