



September 18th, 2015

Company Name: TOPY INDUSTRIES, LIMITED
Representative: President and CEO, Yasuo Fujii
(Code: 7231 Tokyo and Nagoya Stock Exchange; first section)
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Notice regarding the allocation of extraordinary income and extraordinary loss due to capital increase/decrease and decrease of capital reserve of consolidated subsidiary

Topy Industries, Ltd. has, as one part of a restructuring plan of the group's aluminum wheel business for passenger cars, resolved in the Board of Directors Meeting held today, to acquire 100% ownership of and to increase the capital of our consolidated subsidiary company, Kyushu Wheel Kogyo, Ltd., and to subscribe for the full amount of its stock.

As a result, we expect to allocate extraordinary income and extraordinary loss, as detailed below, on our individual settlement of accounts at the end of this second quarter.

1. Acquisition of 100% Ownership, Capital Increase/Decrease, and Capital Reserve Decrease of Consolidated Subsidiary

(1) Acquisition of 100% Ownership, and Capital Increase/Decrease of Consolidated Subsidiary

Topy Industries, Ltd. will purchase the shares of Kyushu Wheel Kogyo, Ltd. held by Yamamoto Industries, Ltd. (shareholding ratio: 30%) to acquire 100% ownership of Kyushu Wheel Kogyo, Ltd.

Due to registration of a large deficit, Kyushu Wheel Kogyo, Ltd. has marked a negative net worth of 1,331 million Yen at the end of March, 2015. Topy Industries, Ltd. will acquire 100% ownership of Kyushu Wheel Kogyo, Ltd. and subsequently increase capital and perform a reduction of capital without compensation to resolve the negative net worth and cumulative loss.

With the 100% acquisition of ownership and improvement in financial strength, we will reconstruct the supply structure of value-added products and achieve rapid earnings recovery of Kyushu Wheel Kogyo, Ltd. The Topy Group will make a collective effort to strengthen the aluminum wheel business for passenger cars.

(2) Summary of Consolidated Subsidiary

Name of Company	Kyushu Wheel Kogyo, Limited
Address	45 Nagahamacho, Kandamachi, Miyakogun, Fukuoka
Representative	President and CEO, Genya Ookubo
Business Content	Manufacture and sales of passenger car wheels
Capital	480 million Yen
Date of Establishment	November 1976

(3) Content of Capital Increase

Total Issue Price	3,500 million Yen
Credit to Capital	1,750 million Yen

Capital after Increase	2,230 million Yen
Credit to Capital Reserve	1,750 million Yen
Due Date of Payment	September 25 th , 2015

(4) Content of Capital Decrease and Decrease of Capital Reserves

Amount of Capital Decrease 2,130 million Yen

Capital after Decrease 100 million Yen

Amount of Capital Reserve Decreased 1,750 million Yen

Method of Reduction We will not reduce the number of shares issued. Once capital and capital reserves have been changed into capital surplus, a part will be changed into retained earnings carried forward and used to resolve cumulative loss.

Schedule of Capital Decrease (to be confirmed)

Resolution Date of Extraordinary Meeting of Shareholders of Subsidiary

September 24th, 2015

Deadline of Creditors' Objection October 30th, 2015

Date of Effect October 31st, 2015

2. Allocation of Extraordinary Income and Extraordinary Loss on Individual Settlement of Accounts

Since the financial position of Kyushu Wheel Kogyo, Ltd. will improve with capital increase, Topy Industries, Ltd. will perform the reversal of the provision for doubtful receivables that was allocated in our individual settlement of accounts during the previous accounting term, and will allocate in this second quarter, 1,331 million Yen as extraordinary gain from reversal of allowance for doubtful receivables.

Furthermore, since most of the capital increase into Kyushu Wheel Kogyo, Ltd. will be allocated to resolve its negative net worth, the real value of its shares will be the net assets amount after capital increase. Therefore, Topy Industries, Ltd. will allocate into our second quarter individual settlement of accounts, a 1,331 million Yen extraordinary loss for stock evaluation loss of an affiliate company.

Reversal of allowance for doubtful receivables and stock evaluation loss of an affiliate company will be eliminated in terms of consolidated settlement of accounts.

3. Future Prospects

Effects to the consolidated and individual business performance for the business year ending in March 2016 are expected to be minimal.

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 September 18th, 2015 at 15:00(GMT+9).

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