



Consolidated Basis Results of the Third Quarter for Fiscal 2011
(April 1, 2011- December 31, 2011)

February 6, 2012

Company name: TOPY INDUSTRIES, LIMITED
Stock listing: Tokyo, Osaka, Nagoya stock exchanges
Code number: 7231
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Scheduled date to submit Securities Report: February 10, 2012
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 2011
(April 1, 2011- December 31, 2011)

(1) Consolidated Operating Results (Accumulated)

(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	%
Third Quarter of Fiscal 2011	177,332	7.2	7,390	37.1	4,632	6.8	2,923	62.3
Third Quarter of Fiscal 2010	165,414	15.4	5,390	-	4,338	-	1,801	-

(For reference) Comprehensive income: Third Quarter of Fiscal 2011 ¥817 million (_ %)

Third Quarter of Fiscal 2010 ¥ (279) million (_ %)

	Net income per share	Net income per share
	Yen	after full dilution Yen
Third Quarter of Fiscal 2011	12.32	-
Third Quarter of Fiscal 2010	7.50	-

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
Third Quarter of Fiscal 2011	207,884	79,434	37.9
Fiscal 2010	203,956	80,165	39.0

(For reference) Shareholders' equity: Third Quarter of Fiscal 2011 ¥ 78,807 million

Fiscal 2010 ¥ 79,500 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 2010	-	0.00	-	4.00	4.00
Fiscal 2011	-	2.00	-		
Fiscal 2011 (Forecast)				2.00	4.00

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

3. Consolidated Financial Forecasts for Fiscal 2011 (April 1, 2011-March 31, 2012)

(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 2011	236,000	6.6	9,800	39.9	6,500	24.0	3,400	64.0

	Net income per share
	Yen
Fiscal 2011	14.33

Note: Whether changes to the latest forecasts for consolidated figures has been made: No

4. Others

(1) Changes in the state of material subsidiaries during the period: None

Newly included: - Excluded: -

Note: Changes regarding specific companies that accompanying changes in the scope of consolidation

(2) Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

Note: This indicates whether special accounting methods were applied for the preparation of the quarterly consolidated financial statements.

(3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements

(a) Changes in accounting principles accompanying revisions in accounting standards: None

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

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

Note: This indicates whether there were changes in accounting principles, changes in accounting estimates, and retrospective restatements for the preparation of the quarterly consolidated financial statements.

(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 2011 240,775,103 shares

Fiscal 2010 240,775,103 shares

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

Third quarter of Fiscal 2011	3,587,205 shares
Fiscal 2010	3,576,679 shares

(c) Average number of shares issued during the term

Third quarter of Fiscal 2011	237,193,513 shares
Third quarter of Fiscal 2010	240,226,087 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 page 2 of the attached document “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 Feb. 6, 2012 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 our results

(1) Qualitative information regarding consolidated management performance

The Japanese economy for the consolidated cumulative 3rd quarter is still at difficult circumstances due to effects from the Great East Japan Earthquake, but with gradual recovery in mining, manufacturing production, and personal consumption. However, the continuation of the record high Yen, the monetary tightening in China, the European debt crisis and effects of the floods in Thailand left the economic conditions uncertain.

Under such circumstances, the Topy Group has engaged in responding to the growing global market to improve track assembly capacity and localization of undercarriage parts for construction machinery by building a second manufacturing site in China. Also, the decision to construct a manufacturing facility in Vietnam for industrial fasteners used for motor bikes was made in efforts to further increase the value of the company.

Despite recording equity in losses of affiliates due to the decision to liquidate Nippon Steel Topy Bridge Co., Ltd., the financial performance for the consolidated cumulative 3rd quarter resulted in Sales of 177,332 million Yen (7.2% increase, year-to-year comparison), Operating Income of 7,390 million Yen (37.1% increase, year-to-year comparison), Ordinary Profit of 4,362 million Yen (6.8% increase, year-to-year comparison) and 4th Quarter Net Income of 2,923 million Yen (62.3% increase, year-to-year comparison).

【Performance by Segment】

(Steel Products Business)

Stagnation continued in steel demand for civil engineering and construction despite showing signs of bottoming out at one point. On the other hand, firm steel demand for construction machinery undercarriage components and wheels used in automobile / industrial machinery components business was noted. Furthermore, efforts were made to maintain appropriate sales price even as steel scrap price decreased during the middle of the quarter.

This resulted in Sales of 52,084 million Yen (4.7% increase, year-to-year comparison), and an Operating Income of 3,017 million Yen (9.1% increase, year-to-year comparison).

(Automobile & Construction Machinery Components Business)

The construction machinery industry saw slowdown of Chinese demand in the latter half of the quarter, but was supported by oversea demand from developing countries for infrastructure construction and resource exploitation etc. and continued firm progression. On the other hand, the automobile industry was severely effected by the Great East Japan Earthquake and the floods in Thailand leading to a decrease in domestic production volume when compared year-to-year.

Under such conditions, for the Topy Group, extra large wheels for mines and undercarriage components for construction machinery showed strong progression. Also, demand recovered for automobile wheels, especially for trucks, as domestic production of automobiles came out of slump from the middle of the quarter. This resulted in Sales of 114,046 million Yen (9.0% increase, year-to-year comparison), and an Operating Income of 6,872 million Yen (26.3% increase, year-to-year comparison).

(Others)

The Topy 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 Ltd. (Minami-Suna, Kotoku, Tokyo), operation of sports club "OSSO". The above together resulted in Sales of 11,202 million Yen and an Operating Income of 606 million Yen.

(2) Qualitative information regarding consolidated financial status

The Net Assets at the end of the 3rd quarter consolidated accounting period resulted in 207,884 million Yen, an increase of 3,928 million Yen by year-to-year comparison. This was mainly due to a 7,037 million Yen increase in notes receivable and accounts receivable, and a 4,678 million Yen decrease in securities etc.

Liabilities accounted at 128,449 million Yen, an increase of 4,659 million Yen by year-to-year comparison. This was mainly due to increase of notes payable and accounts payable by 6,001 million Yen, increase in loans payable by 7,037 million Yen, decrease of straight bond reimbursement by 3,300 million Yen.

Net Assets resulted at 79,434 million Yen, a decrease by 730 million Yen from the previous fiscal year. This was mainly due to increase in retained earnings by 1,499 million Yen, decrease in valuation difference on available-for-sale securities by 1,977 million Yen, and decrease in foreign currency translation adjustment by 205 million Yen.

(3) Qualitative Information Regarding Consolidated Earnings Forecast

Concerning the economic prospects for Japan, a domestic demand expansion is expected from recovery of the Great East Japan Earthquake. However, revisions in electricity price, continuation of a record high Yen, the European debt crisis, and slowdown in growth of developing countries are expected to feed into the continuation of an unpredictable economic situation.

Under such business environment, the Topy Group will strive to enhance its corporate value by ensuring business expansion into the global market and restructuring the domestic business platform. The Topy Group will continue to pursue constant profit and progress by

exerting its advantages of the corporate message “One-piece Cycle” representing its “integrated production from material to product”.

The contents of the consolidated earnings forecast for the full financial year has not changed from that announced on January 27th 2011. The 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.

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.

Tax expense is calculated by first, making a rational estimate of the effective tax ratio of the current net income before tax, after application of tax effect accounting, of the consolidated accounting year, including this 3rd quarter consolidated accounting period, and multiplying such estimated effective tax ratio to the previous quarter's net income before tax.

- (3) Change in Accounting Policy / Change in Accounting Estimates / Restatement

Not Applicable

- (4) Additional Information

(Changes in accounting practices and application of accounting standards regarding revision of errors)

We have applied “Changes in accounting practices and application of accounting standards regarding revision of errors” (Corporate Accounting Standards Issue 24 December 4th 2009) and “Application Policy of changes in accounting practices and application of accounting standards regarding revision of errors” (Corporate Accounting Standards Application Policy Issue 24 December 4th 2009) for accounting changes and revision of past errors that were put in place after the beginning of the 1st quarter consolidated accounting period.

(Impact of the Change in Corporate Tax Rates etc.)

Following the promulgation on December 2nd, 2011 of the “Act for Partial Amendment of the Income Tax Act etc., for the Purpose of Creating a Taxation System responding to Changes in Economic and Social Structures” (Act no. 114 of 2011) and “Act on Special Measure for Securing Financial Resources Necessary for Reconstruction from the Great East Japan Earthquake” (Act no. 117 of 2011) decrease corporation tax rates and special cooperation tax will be applied for the consolidated fiscal years beginning on or after April

1st 2012. In line with these changes, the effective statutory tax rate has been lowered and reflected in the calculation of deferred income tax assets and deferred tax liabilities for the end of the 3rd quarter consolidated accounting period.

With these changes in tax rates, deferred income tax assets (after deferred tax liabilities deduction) increased by 17 million Yen, and income taxes-deferred included in income taxes increased by 64 million Yen.

3. Summary of key events regarding assumption of going business.

Not Applicable

4.Consolidated Financial Statements

(1)Consolidated quarterly balance sheets

(Millions of yen)

	March 31,2011	December 31,2011
Assets		
Current assets		
Cash and deposits	18,853	19,596
Notes and accounts receivable-trade	47,490	54,527
Merchandise and finished goods	14,386	14,132
Work in process	4,316	4,933
Raw materials and supplies	8,932	8,907
Deferred tax assets	2,383	2,840
Other	4,789	4,302
Allowance for doubtful accounts	△45	△39
Total current assets	101,106	109,201
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	70,406	70,215
Accumulated depreciation	△46,009	△47,019
Buildings and structures, net	24,396	23,196
Machinery, equipment and vehicles	151,658	152,129
Accumulated depreciation	△123,193	△126,099
Machinery, equipment and vehicles, net	28,465	26,029
Land	18,261	18,233
Lease assets	1,005	1,052
Accumulated depreciation	△95	△152
Lease assets, net	909	900
Construction in progress	766	2,433
Other	30,433	28,410
Accumulated depreciation	△28,593	△26,764
Other, net	1,840	1,645
Total property, plant and equipment	74,640	72,438
Intangible assets		
Other	555	1,360
Total intangible assets	555	1,360
Investments and other assets		
Investment securities	23,132	18,453
Deferred tax assets	1,798	3,815
Other	2,803	2,680
Allowance for doubtful accounts	△80	△65
Total investments and other assets	27,653	24,884
Total noncurrent assets	102,849	98,683
Total assets	203,956	207,884
Liabilities		
Current liabilities		
Notes and accounts payable-trade	38,549	44,551
Short-term loans payable	25,666	28,461
Current portion of bonds	3,300	300
Lease obligations	71	78
Income taxes payable	1,169	1,559
Asset retirement obligations	18	
Other	8,805	9,379
Total current liabilities	77,580	84,330
Noncurrent liabilities		
Bonds payable	13,900	13,600
Long-term loans payable	18,829	16,829
Lease obligations	834	817
Deferred tax liabilities	308	84
Provision for retirement benefits	5,650	6,560
Provision for directors' retirement benefits	876	852
Reserve for repairs	731	431
Asset retirement obligations	260	260
Negative goodwill	114	
Liabilities from application of equity method		842
Other	4,703	3,842
Total noncurrent liabilities	46,210	44,119
Total liabilities	123,790	128,449
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,824	18,824
Retained earnings	45,299	46,799
Treasury stock	△859	△861
Total shareholders' equity	84,247	85,745
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	937	△1,040
Deferred gains or losses on hedges	1	△4
Foreign currency translation adjustment	△5,686	△5,892
Total accumulated other comprehensive income	△4,747	△6,937
Minority interests	665	627
Total net assets	80,165	79,434
Total liabilities and net assets	203,956	207,884

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	Third quarter of fiscal 2010	Third quarter of fiscal 2011
Net sales	165,414	177,332
Cost of sales	140,625	150,307
Gross profit	24,789	27,025
Selling, general and administrative expenses	19,398	19,634
Operating income	5,390	7,390
Non-operating income		
Interest income	25	30
Dividends income	280	359
Amortization of negative goodwill	172	114
Other	462	311
Total non-operating income	941	815
Non-operating expenses		
Interest expenses	775	741
Equity in losses of affiliates	440	2,421
Foreign exchange losses	461	89
Other	315	322
Total non-operating expenses	1,993	3,574
Ordinary income	4,338	4,632
Extraordinary income		
Gain on sales of noncurrent assets	22	35
Gain on sales of investment securities	32	
Gain on a pension plan system	86	
Other	1	5
Total extraordinary income	143	40
Extraordinary loss		
Loss on sales of noncurrent assets	1	0
Loss on retirement of noncurrent assets	169	307
Loss on foreign currency translation adjustment with liquidation of foreign subsidiaries		380
Loss on adjustment for changes of accounting standard for asset retirement obligations	175	
Other	17	90
Total extraordinary losses	364	778
Income before income taxes and minority interests	4,117	3,894
Income taxes	2,231	845
Income before minority interests	1,886	3,048
Minority interests in income	85	125
Net income	1,801	2,923

(3) Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Third quarter of fiscal 2010	Third quarter of fiscal 2011
Income before minority interests	1,886	3,048
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,295	△1,963
Deferred gains or losses on hedges	△7	△6
Foreign currency translation adjustment	△877	△245
Share of other comprehensive income of associates accounted for using equity method	14	△15
Total other comprehensive income	△2,165	△2,230
Comprehensive income	△279	817
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	△356	733
Comprehensive income attributable to minority interests	77	84