



Consolidated Basis Results for the First Half of Fiscal 2011
(April 1, 2011-September 30, 2011)

November 4, 2011

Company name: TOPY INDUSTRIES, LIMITED

Stock listing: Tokyo, Osaka, Nagoya stock exchanges

Code number: 7231

URL: <http://www.topy.co.jp/english/index.html>

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Scheduled date to submit Securities Report: November 10, 2011

Scheduled date to pay dividends December 6, 2011

Preparation of supplemental explanatory materials: Yes

Holding of quarterly financial results meeting: Yes (for analysts and institution investors, in Japanese)

(Figures of less than ¥1 million have been omitted.)

1. Consolidated Financial and Operating Results through the First Half of Fiscal 2011
(April 1, 2011-September 30, 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	%
First half of Fiscal 2011	113,692	6.5	3,314	22.8	2,845	40.2	1,383	168.1
First half of Fiscal 2010	106,723	17.1	2,699	-	2,029	-	516	-

(For reference) Comprehensive income: First half of Fiscal 2011 ¥233 million (__%)

First half of Fiscal 2010 ¥ (1,817) million (__%)

	Net income per share	Net income per share after full dilution
	Yen	Yen
First half of Fiscal 2011	5.83	-
First half of Fiscal 2010	2.15	-

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First half of Fiscal 2011	199,617	79,447	39.4
Fiscal 2010	203,956	80,165	39.0

(For reference) Shareholders' equity: First half of Fiscal 2011 ¥ 78,736 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
Fiscal 2010	Yen -	Yen 0.00	Yen -	Yen 4.00	Yen 4.00
Fiscal 2011	-	2.00			
Fiscal 2011			-	3.00	5.00

Note: Whether the dividend forecast under review has been revised: 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	244,000	10.2	9,800	39.9	8,600	64.1	4,400	112.3

	Net income per share
	Yen
Fiscal 2011	18.55

Note: Whether the forecasts for consolidated figures under review have been revised: No

4. Others

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

Newly included: - Excluded: -

Note: Changes regarding specific companies 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)

First half of Fiscal 2011 240,775,103 shares

Fiscal 2010 240,775,103 shares

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

First half of Fiscal 2011 3,584,482 shares

Fiscal 2010 3,576,679 shares

(c) Average number of shares issued during the term

First half of Fiscal 2011 237,195,279 shares

First half of Fiscal 2010 240,229,583 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”.

(Accessing quarterly results supplemental explanation documentation)

The quarterly results supplemental explanation documentation is scheduled to be uploaded onto our company website.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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 quarterly results

(1) Qualitative information regarding consolidated management performance

The Japanese economy during the period of consolidation total for the 2nd quarter has shown gradual recovery of mining and manufacturing production due to restoration of the supply chains that were damaged by the Great East Japan Earthquake. However, affected by the Earthquake, corporate performance and personal spending recovery has been slow. Furthermore, uncertainty of the Western financial markets, the continuing high yen, and the slowdown of growth in developing countries has left the future economical progression unclear.

Under such circumstances, the Topy Group has engaged in responding to the growing global market to improve the company value by establishing a second manufacturing site in China to increase local procurement rate and for the assembly of tracks, undercarriage components of construction machinery, and has decided on the construction of a manufacturing plant for industrial fasteners that are used in motorcycles. With regards to sales in our main business area of automobiles and industrial machinery components, there has been solid global demand of undercarriage components for construction machinery, and recovery of automobile wheel demand from our customers that had still been adjusting production capacity at the beginning of the year.

As a result, we have been able to record a Sales of 113,692 million yen (6.5% increase compared to the corresponding period in the previous year), Operating Income of 3,314 million yen (22.8% increase compared to the corresponding period in the previous year), Ordinary Profit of 2,845 million yen (40.2% increase compared to the corresponding period in the previous year), and a Quarter Net Profit of 1,383 million yen (168.1% increase compared to the corresponding period in the previous year).

【Performance by Segment】

(Steel Products Business)

The market environment of the steel industry was greatly effected by the Great East Japan Earthquake. The electric furnace industry saw decline in sales price due to decreased demand in their main market of engineering and construction steel.

Under such circumstances, the Topy Group has made efforts to maintain a reasonable sales price, as well as maintaining the demand for construction machinery undercarriage components and wheels to be supplied to the automobile / industrial machinery components' business. As a result, we have been able to record Sales of 342,640 million yen (3.8% increase compared to the corresponding period in the previous year), and Operating Profit of 17,480 million yen (4.3% increase compared to the corresponding period in the previous year).

(Automobile & Construction Machinery Components Business)

Although affected somewhat by the Great East Japan Earthquake, the construction machinery industry has remained strong due to overseas demand for infrastructure and resource exploitation in developing countries. On the other hand, although improvements were seen in the 2nd quarter, the broken supply chain caused by the Great East Japan Earthquake had a great effect on the automobile industry resulting in production decline compared to the corresponding period in the previous year.

Under such circumstances, the Topy Group has seen continued strength for large wheels aimed for mine use and construction machinery components. Furthermore, the pick up of automobile production has led to the recovery of demand mainly for truck wheels. As a result, we have been able to record Sales of 72,133 million yen (8.3% increase compared to the corresponding period in the previous year), and Operating Profit of 3,376 million yen (11.8% increase compared to the corresponding period in the previous year).

(Others)

Other businesses include wholesale power supply business, outdoor sign systems business, manufacture and sales of synthetic mica used in cosmetics, manufacture and sales of LED displays and crawler robots, engineering and construction business, lease of real estate such as “Topy-Rec” (Minami-Suna, Koto-ku, Tokyo) etc., operation of sports club “OSSO” etc. Recorded Sales were 7,294 million yen, and 33 million yen for Operating Profit.

(2) Qualitative information regarding consolidated financial status

The Total Assets at the end of the 2nd quarter of the consolidated accounting period was 199,617 million yen, a 4,338 million yen decrease compared to the previous year end consolidated account. The main reasons for this decline are due to 1,660 million yen decrease in notes receivables and accounts receivables, and 2,718 million yen decrease in investment securities.

Total debt was 1,201,700 million yen; a decrease of 36,200 million yen compared to the previous year end consolidated account. The main reason for this decline is due to redemption of 3,300 million yen straight bonds.

Net Assets was 79,470 million yen; a decrease of 7,170 million yen compared to the previous year end consolidated account. This was mainly due to a 4,340 million yen increase in retained earnings, a 2,320 million yen increase in foreign currency translation adjustment account, and a 14,160 million yen decrease in valuation difference on available-for-sale securities etc.

(3) Qualitative Information Regarding Consolidated Earnings Forecast

Unpredictable situations are thought to continue for the Japanese economy as recovery from the Great East Japan Earthquake is anticipated, yet, uncertainty of the Western financial markets, the continuing high yen, slowdown of growth in developing countries,

and effects of the flood in Thailand etc. leave great concerns.

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 July 20th 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 2nd 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.

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	September 30, 2011
Assets		
Current assets		
Cash and deposits	18,853	18,975
Notes and accounts receivable-trade	47,490	45,829
Merchandise and finished goods	14,386	14,937
Work in process	4,316	4,287
Raw materials and supplies	8,932	9,228
Deferred tax assets	2,383	2,834
Other	4,789	5,211
Allowance for doubtful accounts	△45	△39
Total current assets	101,106	101,266
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	70,406	70,323
Accumulated depreciation	△46,009	△46,650
Buildings and structures, net	24,396	23,672
Machinery, equipment and vehicles	151,658	152,296
Accumulated depreciation	△123,193	△125,055
Machinery, equipment and vehicles, net	28,465	27,241
Land	18,261	18,256
Lease assets	1,005	1,053
Accumulated depreciation	△95	△132
Lease assets, net	909	920
Construction in progress	766	475
Other	30,433	28,374
Accumulated depreciation	△28,593	△26,731
Other, net	1,840	1,642
Total property, plant and equipment	74,640	72,208
Intangible assets		
Other	555	625
Total intangible assets	555	625
Investments and other assets		
Investment securities	23,132	20,414
Deferred tax assets	1,798	2,463
Other	2,803	2,712
Allowance for doubtful accounts	△80	△72
Total investments and other assets	27,653	25,517
Total noncurrent assets	102,849	98,351
Total assets	203,956	199,617
Liabilities		
Current liabilities		
Notes and accounts payable-trade	38,549	38,056
Short-term loans payable	25,666	27,524
Current portion of bonds	3,300	300
Lease obligations	71	79
Income taxes payable	1,169	1,142
Asset retirement obligations	18	
Other	8,805	8,505
Total current liabilities	77,580	75,608
Noncurrent liabilities		
Bonds payable	13,900	13,600
Long-term loans payable	18,829	18,436
Lease obligations	834	836
Deferred tax liabilities	308	110
Provision for retirement benefits	5,650	6,209
Provision for directors' retirement benefits	876	795
Reserve for repairs	731	395
Asset retirement obligations	260	260
Negative goodwill	114	
Other	4,703	3,917
Total noncurrent liabilities	46,210	44,562
Total liabilities	123,790	120,170
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,824	18,824
Retained earnings	45,299	45,734
Treasury stock	△859	△861
Total shareholders' equity	84,247	84,680
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	937	△478
Deferred gains or losses on hedges	1	△11
Foreign currency translation adjustment	△5,686	△5,454
Total accumulated other comprehensive income	△4,747	△5,944
Minority interests	665	711
Total net assets	80,165	79,447
Total liabilities and net assets	203,956	199,617

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	First half of fiscal 2010	First half of fiscal 2011
Net sales	106,723	113,692
Cost of sales	91,214	97,467
Gross profit	15,508	16,224
Selling, general and administrative expenses	12,809	12,909
Operating income	2,699	3,314
Non-operating income		
Interest income	17	19
Dividends income	208	232
Amortization of negative goodwill	115	114
Other	393	269
Total non-operating income	734	636
Non-operating expenses		
Interest expenses	521	493
Equity in losses of affiliates	392	269
Foreign exchange losses	292	118
Other	197	224
Total non-operating expenses	1,404	1,105
Ordinary income	2,029	2,845
Extraordinary income		
Gain on sales of noncurrent assets	7	26
Gain on sales of investment securities	32	
Gain on discontinuation of approved retirement annuity system	86	
Other	1	4
Total extraordinary income	127	30
Extraordinary loss		
Loss on sales of noncurrent assets	1	0
Loss on retirement of noncurrent assets	168	257
Loss on foreign currency translation adjustment with liquidation of foreign subsidiaries		354
Loss on adjustment for changes of accounting standard for asset retirement obligations	175	
Other	11	67
Total extraordinary losses	357	680
Income before income taxes and minority interests	1,799	2,195
Income taxes	1,217	753
Income before minority interests	582	1,442
Minority interests in income	65	58
Net income	516	1,383

(3) Consolidated quarterly statements of comprehensive income

(Millions of yen)

	First half of fiscal 2010	First half of fiscal 2011
Income before minority interests	582	1,442
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,980	△1,396
Deferred gains or losses on hedges	△8	△13
Foreign currency translation adjustment	△414	220
Share of other comprehensive income of associates accounted for using equity method	4	△20
Total other comprehensive income	△2,399	△1,208
Comprehensive income	△1,817	233
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	△1,873	187
Comprehensive income attributable to minority interests	55	46