



Consolidated Basis Results of the First Quarter for Fiscal 2012 (April 1, 2012 June 30, 2012)

August 2nd, 2012

Registered 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: August 2nd, 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 First Quarter for Fiscal 2012 (April 1, 2012~June 30, 2012)

(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 2012	60,139	10.0	2,203	51.6	1,997	51.4	1,081	17.7
First Quarter of Fiscal 2011	54,690	4.9	1,453	66.9	1,318	52.4	918	698.6

(Note) Comprehensive income: First Quarter of Fiscal 2012 ¥575 million (△34.0%)

First Quarter of Fiscal 2011 ¥871 million (-%)

	Net income per share	Net income per share after full dilution
	Yen	Yen
First Quarter of Fiscal 2012	4.56	-
First Quarter of Fiscal 2011	3.87	-

(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 2012	213,540	83,197	38.6	347.64
Fiscal 2011	212,828	83,096	38.7	347.37

(For reference) Shareholders' equity: First Quarter of Fiscal 2012 ¥ 82,453 million

Fiscal 2011 ¥ 82,389 million

2. Dividends

Base date	Dividends per share				
	End of first quarter	End of second quarter	End of First quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2011	-	2.00	-	2.00	4.00
Fiscal 2012	-				
Fiscal 2011 (Forecast)		3.00	-	3.00	6.00

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

3. Consolidated Financial Forecasts for Fiscal 2012 (April 1, 2012~March 31, 2013)

(Percentage figures are the ratio of increase/decrease compared to either the previous term for fiscal year, or the same quarter of the previous year for quarter comparison)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second Quarter (Cumulative)	123,000	8.2	5,400	62.9	4,900	72.2	2,600	87.9
Fiscal 2012	253,000	5.2	11,500	9.0	10,500	43.8	5,700	45.5

	Net income per share
	Yen
Second Quarter (Cumulative)	10.96
Fiscal 2012	24.03

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: -

Note: Changes regarding specific subsidiaries that accompany changes in the scope of consolidation: None

(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 in 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: Yes

(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 quarter of Fiscal 2012	240,775,103 shares
Fiscal 2011	240,775,103 shares

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

First quarter of Fiscal 2012	3,593,162 shares
Fiscal 2011	3,592,942 shares

(c) Average number of shares issued during the term

First quarter of Fiscal 2012	237,181,878 shares
First quarter of Fiscal 2011	237,198,055 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”.

Index of Attached Documents

1. Qualitative information regarding our quarterly results	2
2. Items Regarding (Other) Summary Information.....	4
3. Summary of key events regarding assumption of going business.....	5
4. Consolidated Financial Statements	
(1) Consolidated First quarter balance sheets	6
(2) Consolidated First quarter statements of (comprehensive) income	7
(3) Consolidated First quarter statements of comprehensive income	8

1. Qualitative information regarding our results

(1) Qualitative information regarding consolidated management performance

Despite gradual recovery in the United States, the global economy during this consolidated cumulative 1st quarter showed wide-spread slowdown due to stagnation in Europe from surfacing debt crisis and braking growth in developing countries. The economy in Japan showed positive transition backed by steady domestic demand following government subsidy for ecologically-friendly vehicles and recovery demand from the Great East Japan Earthquake. Company revenue and personal spending gradually recovered. However, downward swing in oversea markets and continuing high Yen left economic conditions uncertain.

Under such conditions, the Topy 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 a highly-profitable structure. As one part of such plan, Tianjin Topy Machinery Co., LTD, a subsidiary for the manufacture of ultra-large wheel components used in mines, was established in Tianjin, China to respond to markets where continued growth is expected due to increase in resource development demands. Furthermore, we have continued to formulate production systems responding to demand, and cost improvement by reforming productivity.

As a result, we were able to mark Net sales of 60,139 mil. Yen (year-to-year comparison 10.0% increase), Operating income of 2,203 mil. Yen (year-to-year comparison 51.6% increase), Ordinary income of 1,997 mil. Yen (year-to-year comparison 51.4% increase), and a quarterly Net income of 1,081 mil. Yen (year-to-year comparison 17.7% increase) for the Topy Group business performance during this consolidated accounting year.

【Performance by Segment】

(Steel Business)

The environment surrounding the electric furnace industry continued to be extremely difficult due to delay in recovery demand from the Earthquake and fall in market conditions for products.

Under such circumstances, the Topy Group strove to maintain its sales volume in construction steel, ending with Net sales of 17,581 mil. Yen (year-to-year comparison 4.6% increase). However, decline in sales price and slowdown of steel for automobile/construction machinery components and vessels led to an Operating income of 391 mil. Yen (year-to-year comparison 57.7% decrease).

(Automobile & Construction Machinery Components Business)

The construction machinery industry continued steadily backed by domestic recovery demand from the Earthquake and despite credit crunch leading to decline in demand in

China. Also, the automobile industry saw huge increases compared to the previous year in terms of domestic production volume as supply chains that were cut recovered and government subsidy for ecologically-friendly vehicle became effective.

Under such conditions, the Topy Group was affected by the downturn in demand for construction machinery components in China; however, sales of ultra-large wheels for use in mines continued firm progression. Furthermore, Topy captured demand for trucks and passenger car wheels leading to increasing growth. In addition, Topy has continued every effort of improvement measures. This resulted in marking Net sales of 39,136 mil. Yen (year-to-year comparison 13.4% increase) and Operating income of 2,701 mil. Yen (year-to-year comparison 120.3% increase).

(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 Plaza (Minami-Suna, Kotoku, Tokyo), operation of sports club “OSSO”. These together resulted in Net sales of 3,421 mil. Yen, and Operating income of 196 mil. Yen.

The newly developed crawler robot “Survey Runner” is producing successful results in the interior inspection at Fukushima Daiichi Nuclear Power Plant. Topy will continue to contribute in the efforts to make practical use of service robots under various situations by responding to users needs of undercarriage parts for mobile robots that require high mobility and reliability.

(2) Qualitative information regarding consolidated financial status

Total assets at the end of this 1st quarter consolidated accounting term marked 213,540 million Yen, a 712 million Yen increase from the end of the previous consolidated accounting year. This was mainly due to increase in inventory by 1,867 million Yen, increase in property, plant and equipment by 3,327 million Yen, decrease in cash and deposits by 2,021 million Yen, and decrease in investment securities by 1,853 million Yen. Liabilities ended at 130,343 million Yen, an increase of 611 million Yen from the end of the previous consolidated accounting year. This was mainly due to decrease in interest-bearing debt by 2,463 million Yen and increase in account payables within other current liabilities by 3457 mil. Yen.

Net assets marked 83,197 million Yen, an increase of 100 million Yen from the end of the previous consolidated accounting year. This was mainly due to increase in retained earnings by 606 million Yen, increase in foreign currency translation adjustment by 656 mil. Yen, and decrease in difference on available-for-sale securities by 1,195 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, due to downturn concerns of the overseas economy backed by exchange rate trends and the European debt crisis, a strong sense of uncertainty continues. It is expected that the demand trend environment in which the Topy Group stands continues to require great caution.

Under such management conditions, and in promoting our new mid-term consolidated management plan, “Growth & Change 2015”, the Topy Group will strive to further improve its cooperate value by active business development into overseas markets where growth can be expected, and establishing a business structure strong enough to withstand drastically changing environments. The Topy 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 defined 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 10th, 2012. All decisions were based on information accessible at the time of issue of this document. Actual business performances 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 1st 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 1st quarter consolidated accounting term.

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

a. Changes in accounting principles that are difficult to distinguish from changes in accounting estimates

(Change in Depreciation Method)

Following the amendment of the Corporate Tax Act, Topy Industries and our domestic consolidated subsidiaries will change the depreciation method in accordance to the revised Corporate Tax Act from this 1st quarter consolidated accounting term for property, plant and

equipment acquired after April 1st, 2012.

This will result in an increase of, compared to the previous method, 5 million Yen in each of Operating Income, Ordinary Income and Quarterly income before income taxes and minority interests.

b. Changes in Accounting Estimates

(Changes in Depreciable Life)

Topy Industries passed the resolution to enhance the steel making facilities at Toyohashi Factory during the Board of Directors meeting held on March 27th, 2012. Full operation is scheduled to commence in April 2015.

In response to this, the depreciable life of property, plant and equipment expected to be disposed has been reviewed and hereafter changed to have an expiration date at the end of March, 2015.

This will result in a decrease of, compared to the previous method, 89 million Yen in each of Operating Income, Ordinary Income and Quarterly income before income taxes and minority interests for this consolidated cumulative 1st quarter.

(4) Additional Information

(Abolition of Retirement Benefits for Directors)

As one step of the review process of the compensation structure for directors, Topy Industries, during the ordinary general meeting of shareholders held on June 28th, 2012, passed the resolution for cutoff payment (the timing of payment shall be at the retirement of the director and auditor) following the abolition of retirement benefits for directors.

In response to this decision, the provision for director's retirement benefits 314 million Yen, has been disposed and accounts payable from cutoff payment are displayed as included in "Others" under noncurrent liabilities.

The operating officers of Topy Industries and directors of our consolidated subsidiaries will retain the system of retirement benefits for directors. In preparation to payment of retirement benefit payment to these directors, necessary payment at the end of this 1st quarter consolidated accounting term based on internal regulations has been accounted for under "Provision for directors' retirement benefits".

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

Not Applicable

4. Consolidated Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	Previous Consolidated Accounting Term (March 31, 2012)	First Quarter Consolidated Accounting Term (June 30, 2012)
Assets		
Current assets		
Cash and deposits	22,232	20,211
Notes and accounts receivable-trade	56,891	56,697
Merchandise and finished goods	13,129	14,520
Work in process	4,319	4,644
Raw materials and supplies	8,380	8,531
Deferred tax assets	2,113	2,222
Other	4,918	3,961
Allowance for doubtful accounts	△50	△50
Total current assets	111,936	110,739
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	70,120	70,448
Accumulated depreciation	△47,121	△47,685
Buildings and structures, net	22,999	22,763
Machinery, equipment and vehicles	152,281	153,660
Accumulated depreciation	△126,450	△128,078
Machinery, equipment and vehicles, net	25,831	25,582
Land	17,681	17,707
Lease assets	1,045	1,045
Accumulated depreciation	△170	△189
Lease assets, net	875	856
Construction in progress	3,019	6,743
Other	28,292	28,795
Accumulated depreciation	△26,769	△27,190
Other, net	1,522	1,604
Total property, plant and equipment	71,930	75,257
Intangible assets		
Other	1,525	1,476
Total intangible assets	1,525	1,476
Investments and other assets		
Investment securities	21,779	19,925
Long-term loans receivable	594	596
Deferred tax assets	3,135	3,650
Bankruptcy rehabilitation claim etc.	2	2
Other	1,981	1,943
Allowance for doubtful accounts	△57	△51
Total investments and other assets	27,435	26,067
Total noncurrent assets	100,891	102,081
Total assets	212,828	213,540
Liabilities		
Current liabilities		
Notes and accounts payable-trade	44,338	44,881
Short-term loans payable	25,044	23,752
Current portion of bonds	300	300
Lease obligations	77	76
Income taxes payable	2,616	1,115
Other	10,883	14,594
Total current liabilities	83,261	84,721
Noncurrent liabilities		
Bonds payable	13,900	13,900
Long-term loans payable	18,846	17,675
Lease obligations	797	779
Deferred tax liabilities	86	0
Provision for retirement benefits	6,473	6,880
Provision for directors' retirement benefits	896	520
Reserve for repairs	473	526
Asset retirement obligations	260	259
Liabilities from application of equity method	949	1,011
Other	3,786	4,068
Total noncurrent liabilities	46,470	45,621
Total liabilities	129,731	130,343
Net assets		
Shareholders' equity		
Capital stock	20,983	20,983
Capital surplus	18,824	18,824
Retained earnings	47,794	48,401
Treasury stock	△863	△863
Total shareholders' equity	86,739	87,345
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,216	20
Deferred gains or losses on hedges	△2	△5
Foreign currency translation adjustment	△5,563	△4,907
Total accumulated other comprehensive income	△4,349	△4,892
Minority interests	706	744
Total net assets	83,096	83,197
Total liabilities and net assets	212,828	213,540

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	Previous First Quarter Consolidated Cumulative Accounting Term (April 1, 2011~June 30, 2011)	First Quarter Consolidated Cumulative Accounting Term (April 1, 2012~June 30, 2012)
Net sales	54,690	60,139
Cost of sales	46,812	51,168
Gross profit	7,877	8,971
Selling, general and administrative expenses	6,423	6,767
Operating income	1,453	2,203
Non-operating income		
Interest income	10	8
Dividends income	227	189
Amortization of negative goodwill	57	-
Other	105	62
Total non-operating income	401	261
Non-operating expenses		
Interest expenses	245	225
Foreign exchange losses	-	165
Equity in losses of affiliates	198	63
Other	91	13
Total non-operating expenses	535	468
Ordinary income	1,318	1,997
Extraordinary income		
Gain on sales of noncurrent assets	22	1
Other	1	-
Total extraordinary income	24	1
Extraordinary loss		
Loss on retirement of noncurrent assets	16	5
Losses on valuation of membership right	-	14
Other	6	1
Total extraordinary losses	22	21
Income before income taxes and minority interests	1,320	1,976
Income taxes	453	892
Income before minority interests	866	1,083
Minority interests in income or Minority interests in loss	△51	2
Net income	918	1081

(3) Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Previous First Quarter Consolidated Cumulative Accounting Term (April 1, 2011~June 30, 2011)	First Quarter Consolidated Cumulative Accounting Term (April 1, 2012~June 30, 2012)
Income before minority interests	866	1,083
Other comprehensive income		
Valuation difference on available-for-sale securities	△192	△1,172
Deferred gains or losses on hedges	△9	△3
Foreign currency translation adjustment	223	690
Share of other comprehensive income of associates accounted for using equity method	△16	△22
Total other comprehensive income	5	△508
Comprehensive income	871	575
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	915	538
Comprehensive income attributable to minority interests	△44	37