



January 27, 2012

Company Name: TOPY INDUSTRIES, LIMITED

Representative: President and CEO, Yasuo Fujii

(Code: 7231 Tokyo, Osaka and Nagoya Stock Exchange; first section)

## Announcement Regarding the Liquidation of an Equity Method Affiliate due to withdrawal from Bridge Business, and Non-Operating Expense and Extraordinary Loss Recordings

Resolution was passed by the Board of Directors meeting on January 27<sup>th</sup> 2012 to withdraw from bridge business and liquidate our equity method affiliate, Nippon Steel Topy Bridge Co., Ltd. (“NTB”) after completion of all undergoing constructions.

### 1. Circumstances leading to Business Withdrawal

NTB was established in April of 2010 by merger of our consolidated subsidiary Topy Steel Structures, Limited and Nippon Steel Bridge Co., Ltd, a consolidated subsidiary of Nippon Steel Engineering Corporation (“NSE”) under the management goal and business development to become a leading existence in the bridge / steel structure industry. However, since the establishment of NTB, the domestic bridge market has fallen far more than expected due to effects of reduced public projects, and severe competition has led to extremely difficult management conditions. Under such circumstances, NTB has worked on management reformations. However, under the forecasted domestic conditions of the bridge business market, the possibility of recovery in earnings through continued business cannot be expected. Therefore, the decision to liquidate NTB and withdraw from the bridge business was concluded.

The Topy Group will invest its management resources in businesses of high profitability by “selection and focus” to formulate a firm business structure.

### 2. Summary of equity method affiliate to be liquidated:

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|-------------------------|--|
| ① Corporate Name        | Nippon Steel Topy Bridge Co., Ltd.   |
| ② Location              | 1 Akemi-cho, Toyohashi-shi, Aichi  |
| ③ Representative        | Kozaburo Yoshitake   |
| ④ Date of Establishment | April 1 <sup>st</sup> 2010   |
| ⑤ Capital               | 450 million Yen  |
| ⑥ Business Description  | Steel bridge construction (Domestic / Overseas)<br>Sales of steel structure products for bridges<br>Production of marine steel structures (breakwater / pier etc.) |
| ⑦ Shareholder Ratio     | Topy Industries, LTD. 35%, NSE 65%   |

### 3. Schedule

- |                                      |   |
|--------------------------------------|---|
| After January 27 <sup>th</sup> 2012  | Cessation of operating activity regarding new bridge business (with the exception of bridge products).<br>Bridge products and marine steel structure business are to continue at NSE. |
| (Around) March 31 <sup>st</sup> 2016 | Withdrawal from business and NTB liquidation after existing constructions of steel bridges are complete. (Plan)   |

#### 4. Impact on operating performance

A 20 billion Yen equity method investment loss for consolidated earnings and 38 billion Yen extraordinary loss for non-consolidated earnings are expected as a result of the liquidation of the equity method affiliate.

For the term earnings forecast, please refer to the announcement titled “Announcement Concerning Adjustment of Earnings and Dividend Forecasts”.