Consolidated Basis Results for Fiscal 2011

(April 1, 2011- March 31, 2012)

May 10, 2012

Company name:	TOPY INDUSTRIES, LIMITED
Stock listing:	Tokyo, Osaka, Nagoya stock exchanges
Code number:	7231
URL:	http://www.topy.co.jp/english/index.html
Representative:	Yasuo Fujii, President and CEO
Contact:	Satoshi Kumazawa, Operating Officer and General Manager, General Affairs Department
Telephone:	81-3-3493-0777
Scheduled date of Ordinary General Meeting of Shareholders:	June 28, 2012
Scheduled date to submit Securities Report:	June 28, 2012
Scheduled date for dividend payout:	June 7, 2012
Preparation of supplemental explanatory materials:	Yes
Holding of quarterly financial results meeting:	Yes (for analysts and institution investors, in Japanese)

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

1. Consolidated Financial and Operating Results through Fiscal 2011
(April 1, 2011- March 31, 2012)

(1) Consolidated Operating Results

（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	**240,534**	**8.6**	**10,554**	**50.6**	**7,304**	**39.3**	**3,918**	**89.0**
Fiscal 2010	221,413	12.5	7,006	-	5,241	736.9	2,072	-

(For reference) Comprehensive income: **Fiscal 2011 ¥4,459 million(-%)**
Fiscal 2010 ¥ (340) million(-%)

	Net income per share	Net income per share after full dilution	Return on Equity	Return on Assets	Return on Sales
	Yen	Yen	%	%	%
Fiscal 2011	**16.52**	**-**	**4.8**	**3.5**	**4.4**
Fiscal 2010	8.64	-	2.6	2.6	3.2

(For reference) Equity in net income of unconsolidated subsidiaries and affiliates: **Fiscal 2011 ¥(2,509) million**
Fiscal 2010 ¥(802) million

(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
Fiscal 2011	**212,828**	**83,096**	**38.7**	**347.37**
Fiscal 2010	203,956	80,165	39.0	335.16

(For reference) Shareholders' equity: **Fiscal 2012 ¥ 82,389 million**
Fiscal 2011 ¥ 79,500 million

(3) Consolidated Statements of Cash-Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2011	**16,010**	**(7,703)**	**(4,983)**	**22,124**
Fiscal 2010	6,236	(3,681)	(1,952)	18,741

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**	**-**	**2.00**	**4.00**
Fiscal 2012(Forecast)	**-**	**3.00**	**-**	**3.00**	**6.00**

Base date	Cash dividends	Ratio of cash dividends to net income	Ratio of dividends to net assets
	Millions of yen	%	%
Fiscal , 2010	948	46.3	1.2
Fiscal , 2011	**948**	**24.2**	**1.2**
Fiscal , 2012(Forecast)		**25.0**	

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

(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 2012	**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
First half of Fiscal 2012	**10.96**
Fiscal 2012	**24.03**

※ NOTE

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): Yes

Newly included: 1 company (Company name) TOPY UNDERCARRIAGE (CHINA) CO.,LTD.

Excluded: -

Note: For details, please refer to the attached document “Changes regarding specific companies that accompanying changes in the scope of consolidation”

(2) 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

(3) Number of shares issued (common shares)

(a) Number of shares issued at the end of the period (including treasury stock)

Fiscal 2011 240,775,103 shares

Fiscal 2010 240,775,103 shares

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

Fiscal 2011 3,592,942 shares

Fiscal 2010 3,576,679 shares

(c) Average number of shares issued during the term

Fiscal 2011 237,191,427 shares

Fiscal 2010 239,989,360 shares

(Reference) Summary of Non-Consolidated Financial and Operating Results
1. Non-Consolidated Financial and Operating Results through Fiscal 2011 (April 1, 2011- March 31, 2012)
(1) Non-Consolidated Operating Results

(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	**161,788**	**8.2**	**6,179**	**72.2**	**6,452**	**64.4**	**1,780**	**(17.9)**
Fiscal 2010	149,510	27.2	3,589	-	3,925	-	2,167	-

	Net income per share	Net income per share after full dilution
	Yen	Yen
Fiscal 2011	**7.50**	**-**
Fiscal 2010	9.03	-

(2) Non-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
Fiscal 2011	**166,129**	**61,129**	**36.8**	**257.70**
Fiscal 2010	158,590	60,578	38.2	255.36

(For reference) Shareholders' equity: **Fiscal 2012** ¥ 61,129 million
Fiscal 2011 ¥ 60,578 million

2. Non-Consolidated Financial Forecasts for Fiscal 2012 (April 1, 2012-March 31, 2013)

(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 2012	**79,600**	**3.6**	**3,400**	**74.0**	**3,500**	**66.3**	**1,900**	**43.2**
Fiscal 2012	**160,900**	**(0.5)**	**6,700**	**8.4**	**7,100**	**10.0**	**4,200**	**136.0**

	Net income per share
	Yen
First half of Fiscal 2012	**8.01**
Fiscal 2012	**17.71**

<u>* Status of Performance of Audit Procedures</u>

This note on the settlement of accounts is an exception to the audit process based on the Financial Instruments and Exchange Law, and such audit 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.

<u>* Explanation of the appropriate use of performance forecasts and other related items</u>

(Caution concerning future descriptions etc.)

The above estimate has been complied 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 3 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.

Index of Attached Documents

1. Results of Operation

(1) Results of Operation Analysis

【Results of Operation for this Consolidated Accounting Year】

The Japanese economy during this consolidated accounting year was severely affected by the Great East Japan Earthquake, but mining and manufacturing production and personal spending gradually recovered as supply chains were restored. However, effects of the historically high Yen, damages from the flood in Thailand, apparent debt crisis in Europe, and slowdown of growth in developing countries left the economic outlook unclear in the latter half of the semester.

Under such circumstances, the Topy Group has worked to expand local procurement at its overseas manufacturing sites, has implemented production structures in response to demand, and has improved productivity by means of cost reform. Furthermore, modernization to our steelmaking facilities at Toyohashi Factory (City of Toyohashi, Aichi Prefecture) has been decided. Our steelmaking business serves as an upstream operation for undercarriage compartments such as shoes for industrial machinery, and ultra-large wheels and wheels for trucks for which growth in demand is expected to continue. Additionally, in order to respond to expanding oversea markets, we have established a second manufacturing site in China, Topy Undercarriage (China) Co., Ltd. (Shandong, China) and Topy Fasteners Vietnam Co., Ltd. (Hung Yen Province, Vietnam), a manufacturing plant for industrial fasteners in Vietnam to further enhance our corporate value.

As a result, despite allocating equity method investment loss due to decision to liquidated Nippon Steel Topy Bridge Co., Ltd., the financial performance of the Topy Group for this consolidated accounting year were as follows: Sales 240,534 million Yen (+8.6% from previous quarter), Operating Income 10,554 million Yen (+50.6% from previous quarter), Ordinary Profit 7,304 million Yen (+39.3% from previous quarter), Current Net Earnings 3,918 million Yen (+89.0% from previous quarter).

【Business by Segment】

(Steel Business)

In the steel business, crude steel production volume decreased compared to the previous year due to reduced demand in domestic vessel and automobile production as well as reduction in export volume due to the rising Yen. Furthermore, the electric furnace business also saw low demand in our primary market of construction and building sectors leaving us under difficult environments.

Under such circumstances, export and demand for undercarriage components for construction machinery declined. The Topy Group, however, tackled to secure steel sales volume to the construction and building sector, and made efforts to structure optimum sales price. As a result, the Steel Segment was able to record 71,271 million Yen (+6.0% from previous quarter) in Sales, and 3,833 million Yen (+42.3% from previous quarter) in

Operating Income.

The Steel Segment will continue in its efforts to expand sales of new products with high added-value, and to reduce cost as the oxygen plant at Toyohashi Factory begins operation in September of this year. Furthermore, constructions for modernization of the steel making facilities to start operation in 2015 will continue.

(Automobile ・Industrial Machinery Components Business)

In the construction machinery industry, demand in China declined due to credit restraints, however, oversea demand for infrastructure and resource exploitation etc. and domestic demand related to recovery from the earthquake led to a continued, steady growth. Furthermore, as supply chains that were affected by the Great East Japan Earthquake and the flood in Thailand made speedy recoveries, and with favorable influences from subsidy systems when buying ecologically-friendly cars, domestic manufacture volume exceeded records from last year.

Under such circumstances, the Topy Group was able to maintain solid sales of the ultra-large wheels for mines and although demand for construction machinery undercarriage components in China declined, high demand in other countries resulted in continued and steady sales. Wheels for automobiles also saw recovery in demand, especially for trucks, as domestic manufacture improved from the middle of the quarter. Furthermore, complete cost management and all possible improvement efforts were continued. This resulted in Sales of 154,031 million Yen (+10.8% from previous quarter), and Operating Income of 10,392 million Yen (+ 35.5% from previous year).

The Topy Group will continue to strive towards reinforcing its presence as a "World Top Class Wheel Manufacturer" and to establishing its position as a "General Construction Machinery Undercarriage Components Manufacturer". Furthermore, we will continue to cut cost to establish a system to secure profit under whatever difficult condition it may be. We will also engage in the establishment of an optimum manufacturing framework on a global scale by expanding our manufacturing sites in China and South East Asia, as well as by strengthening relationships with our overseas alliance partners.

(Others)

The Topy Group also engages in wholesale electricity utility business, indoor and outdoor sign systems business, manufacture of synthetic mica used in cosmetics etc., manufacture and sales of LED display and crawler robots, civil engineering and construction, real estate lease business such as "Topy-Rec Plaza" (Minami-Suna, Kotoku, Tokyo), and operation of sports club "OSSO". The above together resulted in Sales of 15,232 million Yen and an Operating Income of 801 million Yen.

The newly-developed "Survey Runner" crawler robot is making considerable achievements in the aid of interior search and exploration at Fukushima Daiichi Nuclear Power Plant. The Topy Group will continue to contribute in the commercial viability of robots that are able to aid people in every situation by responding to the needs of users of mobile robot undercarriage where high mobility and reliability are required.

【Next Quarter Forecast】

Although we hold hope for economic recovery backed by “reconstruction demand” after the earthquake and other governmental policies, the economic crisis in Europe, rising oil prices, and declining oversea economies continue to leave us under a knife-edge situation.

Under such management environments, the Topy Group will continue to make efforts to expand our business into oversea markets, to re-establish our domestic business base, and improve our corporate value. We will pursue and headway towards consistent profit for the Topy Group by making full use of our “integrated manufacture from raw material to products” as represented by our corporate message “One-piece Cycle”.

Consolidated earning forecast for the next term are expected to be 253,000 million Yen in Sales, 11,500 million Yen in Operating Income, 10,500 million Yen in Ordinary Profit and 5,700 million Yen in Current Net Profit as we pursue further increase in sales volume and cost reductions.

(2) Analysis Regarding Financial Situation

【Assets, Debt and Net Assets】

Total assets at the end of this consolidated fiscal year increased by 8,871 million Yen compared to the end of last year’s consolidated fiscal year and resulted at 212,828 million Yen. This was mainly due to a 9,401 million Yen increase in sales and trade receivables as the closing day fell on a non-business day for financial institutions.

Total debt at the end of this consolidated fiscal year increased by 5,940 million Yen compared to the end of last year’s consolidated fiscal year and resulted at 129,731 million Yen. This was mainly due to a 5,789 million Yen increase in trade payables as the closing day fell on a non-business day for financial institutions.

Net assets at the end of this consolidated fiscal year increased by 2,931 million Yen and resulted at 83,096 million Yen. This was mainly due to a 2,494 million Yen increase in accumulated earnings as a result of increased profit. Therefore, net assets per share marked 347.43 Yen and ratio of net worth was 38.7%.

【Cash Flow】

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of this consolidated fiscal year was 22,124 million Yen (+3,383 million Yen from previous period) as increase in funds from operating activities were appropriated to payment of investment activities in tangible fixed assets and financing activities.

(Cash Flow from Operating Activities)

Funds from operation activities during this consolidated fiscal year resulted in an increase of 16,010 million Yen (+9,774 million Yen from previous period) due to net income before taxes and other adjustment resulting at 6,118 million Yen (+1,352 million Yen from previous period), depreciation cost of 9,310 million Yen (+747 million Yen from previous period), and net operating trade, the total of trade receivables, trade payables, and inventory asset, funds decreasing by 2,258 million Yen (+6,335 million Yen from previous period).

(Cash Flow from Investment Activities)

Funds from investment activities during this consolidated fiscal year resulted in a decrease of 7,703 million Yen (△4,022 million Yen from previous period) due to spending 7,254 million Yen (△1,760 million Yen from previous period) for the acquisition of tangible fixed assets, and spending 1,025 million Yen (△978 million Yen from previous period) for the acquisition of intangible fixed assets, while earning 542 million Yen (△432 million Yen from previous period) from selling out tangible fixed assets.

(Cash Flow from Financial Activities)

Funds from financial activities during this consolidated fiscal year resulted in a decrease of 4,983 million Yen (△3,030 million Yen from previous period) due to tightening spending for interest-bearing debt to result in 3,611 million Yen (△3,001 million Yen from previous period).

(Reference) Transition of Cash Flow Associated Indicators

	FY ending Mar. 2008	FY ending Mar. 2009	FY ending Mar. 2010	FY ending Mar. 2011	FY ending Mar. 2012
Ratio of Net Worth （%）	35.3	39.6	40.3	39.0	38.7
Ratio of Net Worth （%） at market price	26.8	17.0	25.3	25.4	28.6
Debt Redemption Term (years)	7.3	3.0	5.2	9.9	3.6
Interest Coverage Ratio （times）	7.9	18.1	10.5	6.1	15.8

Ratio of Net Worth: Owner’s Equity ÷ Total Assets

Ratio of Net Worth at Market Price: Current Aggregate Value of Shares ÷ Total Assets

Debt Redemption Term: Interest-bearing Debt ÷ Cash Flow

Interest Coverage Ratio: Cash Flow ÷ Interest Expenses

(Note 1) All indicators are calculated based on figures in the consolidated financial statement.

(Note 2) Current Aggregate Value of Shares are calculated based on issued shares except owner’s Equity

(Note 3) For Cash Flow, Operating Cash Flow is used.

(Note 4) Interest-bearing Debt includes all debt allocated in the consolidated balance sheet that have interest.

(3) Basic Policy Regarding Profit Allocation and Dividend for this year and next year

The basic policy regarding profit allocation at Topy is to return profit to our customers appropriately according to consolidated business results, to retain earnings for future business development, and for strengthening our corporate structure. Retained earnings will be appropriated to new business investments and new technology/product developments for long-term and stable business deployment in order to strengthen our corporate structure and global competitiveness. Profit return index based on consolidated business earnings are targeted at consolidated payout ratio of 25%. However, decisions are made with careful consideration for stable and continuous dividend.

In view of the circumstances for a stable and continuous payout, end of the year dividend for this consolidated accounting year is scheduled to be 2 Yen per share. Annual dividend including mid-dividend, therefore, shall be 4 Yen per share.

Based on the basic policy, next period dividend is scheduled to be increased by 2 Yen per share for an annual dividend of 6 Yen.

2. Management Policy

(1) Basic Policy for Company Management

The fundamental principal at Topy is “To fulfill our duty to society as a public institution and earn trust at home and abroad through the preservation and development of our Company”.

The basic belief of our management is to contribute to the development of society by supplying high quality and competitive products that satisfy our customers and users, to disclose appropriate information in a duly manner to our shareholders, to coordinate with local societies, to actively tackle environmental problems, to fulfill our obligation to society as well as to become a valuable corporate group company for our employees.

(2) Mid to Long-term Company Management Strategies and Challenges

The Topy Group holds a wide business portfolio backed by our policy of integrated manufacture from raw materials to final products. However, mid to long-term decline in domestic demand at each of our business sectors cannot be avoided, and inter-corporate competition at the global level is expected to escalate drastically.

We have engaged in several structural reforms and promoted mid to long-term consolidated management plans in order to head toward an ideal future. Currently, mid to long-term consolidated management plans are being formulated with significant consideration to the tempestuous management environment. The Topy Group will join together in efforts to improve corporate value in order to continue being a valuable company and to strengthen corporate competitiveness.