

TOPY Report 2012



The Topy Industries Group, a challenger to create new values in the global business arena

The Topy Industries Group seeks to create new values by boldly taking up challenges from a global perspective. Topy has developed its business centered around “iron”, a valuable natural resource on the Earth. Through years of experience working with and processing iron, we have intimate knowledge about the characteristics of iron that enable us to discover unimaginable new values. We work beyond borders and continue to contribute to national and regional development. Topy is firmly determined to explore every possibility and address the challenges with uncompromising spirit. The Topy Industries Group has accumulated knowledge, experience and resources over its 90 year history and is committed to building a better tomorrow by establishing closer ties with people and corporations, as well as countries and regions all over the world.



At the Topy Industries Group, we use the phrase “One-piece Cycle” to describe our approach to building a richer, prosperous society. Our Group’s most distinctive quality is our integrated production system, which covers everything from raw materials to finished products. The know-how cultivated by each of our many business divisions is shared throughout the Group, enabling us to develop technologies with greater ingenuity and to make products with greater added-value. From design to production, from raw materials to finished products, we at Topy Industries conglomerate are committed to working alongside other the Topy Industries Group companies and the society that uses our products to create new ways of doing business.

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Editorial Policy

Basic policy

Topy Report 2012 has been prepared to provide all stakeholders with information on the involvements and activities of the Topy Industries Group regarding CSR in comprehensible manner. This report is largely divided into 2 parts: the first part introduces the philosophy of the Topy Industries Group, topics of activities in fiscal year 2011 and involvement with society and the environment, and the second part consists mainly of financial information. This report has been integrated with the annual report that had been published separately until last year. This report has been prepared with reference to Sustainability Reporting Guidelines 2006 of ISO26000:2010 GRI and Environment Reporting Guidelines 2012 of the Environment, Labor, Health and Welfare Ministry.

Reporting scope

This report covers the companies listed as an affiliated company of the Topy Industries Group (consolidated basis), but a part of the activities and data represents Topy Industries alone. Activities where the scope has not been specified refer, in principle, to Topy Industries alone. When there is a necessity to specify the applicable scope, activities by Topy Industries alone is expressed as Topy Industries in the headline or within the sentences, and activities by individual group companies are identified by the name of the group company involved.

Reporting period

Covering mainly the fiscal year 2011 (April 1, 2011 to March 31, 2012), but includes some activities that occurred after April 1, 2012.

Date of issue

December 2012

Inquiries regarding this report

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Top Message

The CSR initiatives of the Topy Industries Group

A Symphony of People, Technology and Dreams



Topy Industries, Ltd.
President and CEO

Y. Fujii

◆ Mid-term Consolidated Management Plan “Growth & Change 2015” (G&C 2015)

The business environment surrounding the Topy Industries Group, while overseas demand centered around emerging countries will grow, is anticipated to be tough when viewed in the long-term perspective as gross demand remains stagnant from domestic population decrease and shrinking labor force due to Japan’s aging society.

The fundamental policy of the on-going New Mid-term Consolidated Management Plan “Growth & Change 2015 (G&C 2015)” is “Growth” on a global scale and “Transformation” for high profitability structures. The goal is to further grow by strengthening our business base in order to respond to expanding demand in emerging countries and to respond to the maturing domestic economy. We will establish a strong business structure that can withstand the rapidly changing environment by making full use of the Topy Industries Group product identity, by active business development into overseas markets where growth can be expected, and by establishing a solid domestic manufacturing base. We will seek to improve consolidated earnings and further advance the Topy Industries Group in order to gain the satisfaction of our shareholders as well as all stakeholders.

◆ From Japan to the world

As the movement of globalization continues, the domain of business activities is expanding to a world-wide level. The Topy Industries Group performs global business activities with the notion to maximize corporate value by detecting every possibility in the global field and producing best performances. The fundamental base behind such performance stems from our strong feeling towards “iron”, nurtured through our 90 years of history with iron, and our technical ability to “shape” them at our domestic mother factories. We have found new values by deeply embedding into local communities and by being able to freely manipulate “iron” – a precious natural resource from the Earth. With this overall strength as a cornerstone, the Topy Industries Group continues to expand its ties with people and corporations, as well as countries and regions of the world and contributes to creating a better tomorrow.

◆ Environmental initiatives [Topy Industries, Ltd.]

The 20th century was an era of great scientific and technological progress. Our lifestyles, industries and the face of society changed dramatically, and brought prosperity.

At the same time, however, this was an age characterized by environmental pollution and global warming brought about by the economics of mass production, mass consumption, and mass disposal.

Now, in the 21st century, systematic initiatives have begun with a common recognition shared world-wide towards building a “Recyclable Society” and a “Sustainable Society” by taking into consideration the limited resources and purification capacity of the Earth.

As a comprehensive manufacturer of processed metals, Topy Industries has years of integrated raw material-to-finished product manufacturing experience and a basic management policy to construct future business strategies that prioritize environmental consideration.

At Topy Industries, our approach to the environment is based on three key themes: “Preserving the Global Environment”, “Harmony with the Environment”, and “Coexisting with Local Communities”. As part of this approach, Topy Industries completed ISO14001 environmental management system certification at all of its plants by 1999, and promptly implemented the new 2004 standards in 2005. We are also working to reduce our environmental footprint by implementing a management program throughout the company and at each of our facilities. In addition, we are focusing our resources on developing ecological products and technology.

Topy is committed to fulfilling its duty as a corporate citizen that cares about the environment. Along with our business activities, we are actively addressing global environmental issues in partnership with local societies.

◆ As a member of society

We understand that CSR for the Topy Industries Group means: “We fulfill our duty to society as a public institution and earn trust at home and abroad through the preservation and development of our company.” This is also the basic philosophy for the Topy Industries Group.

It is important for us to create and provide high quality, safe products and services, and obtain the trust of our customers and consumers. We will maintain open communication with shareholders as well as society in a broader sense and disclose corporate information in an active, fair and appropriate manner, while positively engaging in activities to contribute to society as a good corporate citizen by closely working with local communities.

In April 2009, we formulated a code of conduct for the Topy Industries Group entitled as “To earn the trust and rapport of society”. Under this philosophy, all business activities will be conducted in accordance to applicable laws and regulations and its their spirit, and this code of conduct, while fulfilling corporate social responsibility and nurturing a corporate culture to encourage open-mindedness and creativity.

Topy at a glance

Corporate outline and business overview

Developing businesses at 3 segments centering around steel

The Topy Industries Group positions “steel” at the center of our business domain, however, what we truly seek is the “satisfaction in life” assured by our products. Our philosophy lies in the realization of technology that makes our lives comfortable and contributes to society.

Corporate profile

Company name: Topy Industries, Limited
Foundation: October 1921
Head Office: Art Village Osaki Central Tower, 1-2-2
Osaki, Shinagawa-ku, Tokyo
President and CEO: Yasuo Fujii
Paid in capital: ¥20,983 million
No. of employees: 1,911 (Non-consolidated)
4,135 (Consolidated)
No. of issued shares: 240,775,103 shares
No. of consolidated subsidiary companies: 19 companies
No. of equity-based affiliated companies: 2 companies
Sales: ¥240,500 million (Consolidated)
Ordinary profit: ¥7,300 million (Consolidated)



Outside view of Head Office



R&D Center, Topy Industries, Limited

Brief history

- 1921

Miya Steelworks (predecessor of Toto Steel Mfg., Co., Ltd.) was founded
- 1922

Miya Steelworks succeeded in hot-rolling of steel sashes
- 1926

Tokyo Shearing Co., Ltd. (predecessor of Toto Steel Mfg., Co., Ltd.) was founded
- 1930

Teikoku Hatsujo Seisakusho (predecessor of Japan Motor Wheel Co., Ltd.) commenced production of prototype steel wheels for automobiles
- 1934

Tokyo Sharin Seisakusho Co., Ltd. (predecessor of Japan Motor Wheel Co., Ltd.) was founded
- 1941

Tokyo Sharin Seisakusho and Abe Tekkosho Co., Ltd. merged to create Japan Motor Wheel Co., Ltd.
- 1943

Miya Steelworks and Tokyo Shearing Co., Ltd. merged to form Toto Steel Mfg., Co., Ltd.
- 1955

Toto Zoki Co., Ltd. was established
- 1956

Toto Tekko Co., Ltd. was established
- 1958

Toyohashi Steel Mill Plant of Toto Steel Mfg., Co., Ltd. (current Toyohashi Factory of Topy Industries, Ltd.) was established
- 1961

Chigasaki Seisakusho of Toto Zoki Co., Ltd. (current Kanagawa Factory of Topy Industries, Ltd.) was established. Toyokawa Plant of Japan Motor Wheel Co., Ltd. (current Toyokawa Factory of Topy Industries, Ltd.) was established
- 1961

Each headquarters of Japan Motor Wheel Co., Ltd., Toto Steel Mfg., Co., Ltd., Toto Zoki and Toto Tekko Co., Ltd. moved to a new location in Yonban-cho, Chiyoda-ku, Tokyo
- 1964

Ayase Plant of Japan Motor Wheel Co., Ltd. (current Ayase Factory of Topy Industries, Ltd.) was established. Japan Motor Wheel Co., Ltd., Toto Steel Mfg., Co., Ltd., Toto Zoki Co., Ltd. and Toto Tekko Co., Ltd. merged to create Topy Industries, Ltd.
- 1969

Topy International, Inc. (current Topy America, Inc.) was founded
- 1972

Technology Research Center (current R&D Center) was opened at Toyohashi Factory
- 1980

Sales of synthetic mica started
- 1982

Concluded a technical assistance agreement with P.T. Palingda Nasional (Indonesia)
- 1982

Developed heavy- and medium-duty truck wheels for tubeless tires at Ayase Factory
- 1982

Super-Giant Off-the-road Rim vehicle wheels (SGOR®) were developed
- 1985

Topy Corporation (current Topy America, Inc.) was founded
- 1987

Dunlop-Topy Wheel Ltd. (a joint venture company) was founded (U.K)
- 1987

Succeeded in the practical application of high quality synthetic mica for cosmetic use
- 1988

Concluded a technical assistance agreement with P.T. Pakoakuina (Indonesia)
- 1989

A plant for undercarriage components for construction equipment commenced operation at Toyohashi Factory
- 1990

Akemi Plant of Toyokawa Factory commenced operation
- 1992

Kurate Plant of Toyokawa Factory commenced operation
- 1995

Fujian Yuan Shing Topy Ltd. (current Fujian Topy Autoparts Co., Ltd.) was founded (China)
- 1995

A mill for deformed concrete bars commenced operation at Toyohashi Factory
- 1998

Obtained ISO9001 accreditation at all production sites
- 1999

Topy International, U.S.A. Inc. (current Topy America, Inc.) was founded
- 1999

ISO14001 accreditation was obtained for all production sites
- 2002

Qingdao Topy Shantui Machinery Co., Ltd. (current Qingdao Topy Machinery Co., Ltd.) was founded
- 2004

Hamura Plant of Ayase Factory commenced operation
- 2007

Topy America, Inc. was established by merging Topy International, Inc., Topy Corporation and Topy International U.S.A. Inc.
- 2007

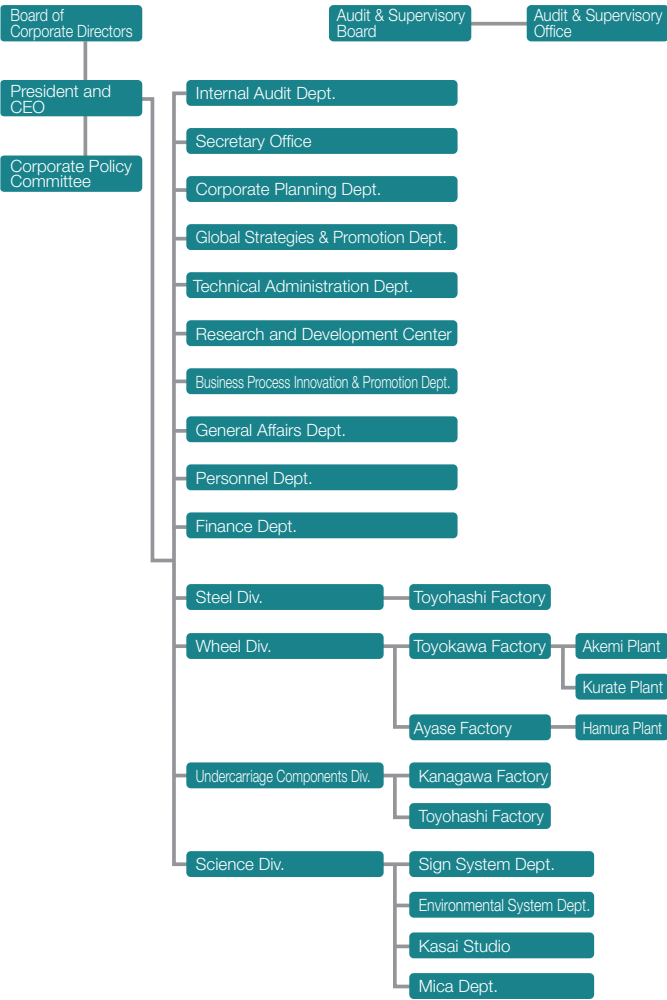
Head Office moved to Osaki, Shinagawa-ku, Tokyo
- 2008

Science Division was established
- 2011

Topy Undercarriage (China) Co., Ltd. was founded
- 2012

Tianjin Topy Machinery Co., Ltd. was founded

Organization



Offices and Factories

- Head Office

1-2-2 Osaki, Shinagawa-ku, Tokyo 141-8634
TEL: (03) 3493-0777 FAX: (03) 3493-0200
- Toyohashi Factory

1 Akemi-cho, Toyohashi, Aichi 441-8510
TEL: (0532) 25-1111 FAX: (0532) 25-0354
- Toyokawa Factory

3-30 Honohara, Toyokawa, Aichi 442-8506
TEL: (0533) 86-5121 FAX: (0533) 89-1309

Akemi Plant

5-29 Akemi-cho, Toyohashi, Aichi 441-8074
TEL: (0532) 23-3191 FAX: (0532) 23-3194

Kurate Plant

765-1 Aza-Iwagouchi, Oaza-Muroki,
Kurate-machi, Kurate-gun, Fukuoka 807-1307
TEL: (0949) 42-8051 FAX: (0949) 42-8048

● Ayase Factory

2-3-1 Ogami, Ayase, Kanagawa 252-1104
TEL: (0467) 78-1111 FAX: (0467) 76-7302

Hamura Plant

3-5-10 Nagaoka, Mizuho-cho, Nishitamagun,
Tokyo 190-1232
TEL: (042) 579-5871 FAX: (042) 579-5874

● Kanagawa Factory

830 Yabata, Chigasaki, Kanagawa 253-8650
TEL: (0467) 82-1171 FAX: (0467) 58-3566

● Branch Office

Nagoya, Osaka, Kasai

● R&D Center

1 Akemi-cho, Toyohashi, Aichi 441-8510
TEL: (0532) 25-5354 FAX: (0532) 25-2384

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Business overview

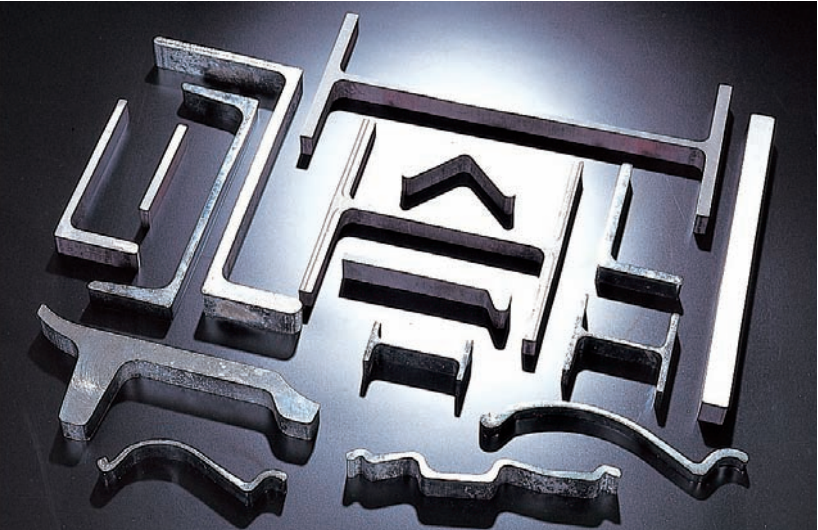
Steel Business

Leading-edge steel making facilities and workplace capability

The basic policy of the Steel Division in the New Mid-term Consolidated Management Plan is “to renovate division structure to ensure to become the victor in the domestic steel market with unparalleled cost competitiveness and services”. The new furnace facility that is scheduled to start commercial operation in 2015 is a comprehensive compilation of the latest 3 years business vision. We are working to draw the potential of the new leading edge facility to the fullest extent in order to strengthen competitiveness in the domestic market. To that end, our solid stance is indispensable in that not only employees directly involved with steel making operation but also employees at other departments such as sales, rolling, facility maintenance, logistics and purchasing will join in with full force to address successful launch. We will exert our best effort to achieve our target by overcoming various challenges to ensure that the maximum capabilities are obtained. This will undoubtedly contribute to reinforcing our competitiveness and brand strength in the domestic steel business.



Director and General Manager of the Steel Division
Akira Tanahashi
In charge of steel business



Shaped steel



Deformed round bars



Toyohashi Factory of Topy Industries, Limited

Automotive and Industrial Machinery Components Business

Positive global expansion and introduction of high value-added products

The basic policy for the next 4 years adopted by the Wheel Division engaging in automotive components business is “the reconstruction of our earning structure base for all segments in the Division.” Abroad, we will proceed to actively develop business in the emerging countries where demand is rising with an aim to increase market share as well as profit. In the domestic market we will focus on qualitative business evolution by developing high value-added products, while augmenting technological strengths in the mother factories in Japan to ensure that effective technical assistance is provided to overseas production locations.



Director and General Manager of the Wheel Division
Norio Saito
In charge of automotive and industrial machinery components business(wheels)



Multiple-type steel wheel for passenger car



Wheels with large window style face



Hybrid aluminum wheel



Steel wheels for trucks and bus (heavy duty)



SGOR® (Super Giant Off-the-road Rim)



Toyokawa Factory of Topy Industries, Limited



Ayase Factory of Topy Industries, Limited

Business overview

Automotive and Industrial Machinery Components Business

Transformation to a structure for global optimum production

For the Undercarriage Components Division, engaging in industrial machinery components business, there is a pressing need for an optimum production scheme that requires the components, especially track shoe related products, to be produced and supplied locally where hydraulic excavators are being assembled.

A growing organization is essential for the expansion of business and is not possible without the personal growth of each employee. Likewise, technical innovation is unattainable without reformation of each individual's thinking process. The industrial machinery components business will accumulate these small changes in order to achieve sustainable growth.



Director and General Manager of the Undercarriage Components Division
Atsuo Mochizuki
In charge of industrial machinery components business (excluding wheels)



Track shoes assembled and fitted



Track shoe assembly



Cutting edge



Kanagawa Factory of Topy Industries, Limited



Qingdao Topy Machinery Co., Ltd.

Other Businesses

Opening new doors by differentiating technologies

In the Science Division, categorized as other business segment, we are focusing on developing high value-added products and cultivating new markets and customers by taking advantage of our differentiated technology in order to respond to the Science Division policy in the New Mid-term Consolidated Management Plan "to develop and expand sales of strategic and high value-added products". We are pursuing business expansion under a structure of integrated production and sales, which can respond to rapid changes in the market environment. As a division of the Topy Industries Group that takes on the challenges in new business domains, we are committed to establishing a profitable business outside the 3 core businesses and to improving corporate value.



Operating Officer and General Manager, Science Division
Masaru Yamamoto



Outdoor advertisement signboard



Ultra-thin type LED ceiling lighting



Pigment for cosmetics



Unmanned Ground Vehicle (UGV) for exploration "Survey Runner"™

Highlight 2012

2012 CSR Activity Highlight

Embark on Growth & Change 2015 (G&C 2015)

In 2012 we laid out our New Mid-term Consolidated Management Plan “Growth & Change 2015 (G&C 2015)” to be implemented through fiscal term 2015. The plan commits us to achieve further business growth by advocating growth on a global basis and changes in corporate structure to enable high earnings, and also forms a guideline for our CSR activities to be addressed.

◆ Fundamental Policy

Growth on a global scale basis and “Transformation for High Profitability Structures”
Quantitative growth of overseas business

- Respond to growing markets in emerging countries
- Realize a strong business foundation for winning global competitions

Qualitative changes in domestic businesses

- Realization of strong cost competitiveness
- Expansion of sales of high value added products by taking advantage of highly competitive products and predominant technologies
- Strengthen function of mother plants to support overseas development

◆ Major Topics

Expansion of overseas business (quantitative growth)

1. Maintain and expand global share
2. Strengthen global supply system

Strengthen domestic business base (qualitative changes)

1. Drastic improvement of manufacturing costs by enhancement of steel making facilities
2. Improve productivity “Revolutions in making” and disseminate cost improvement activities
3. Develop and expand sales of strategic and high value added products

Sophisticated management

1. Promote changes in business operation process
2. Enhance group management for global operations
3. Strengthen technological power to compete in global markets
4. Disseminate risk management system

Highlight 1

Overseas

◆ Establishment of a component manufacturing subsidiary company in China for SGOR® (Super Giant Off-the-road Rims) for mining dump trucks [Tianjin Topy Machinery Co., Ltd.]

Mineral resources help make our living comfortable and rich. Gigantic mining dump trucks are indispensable pieces of equipment at resource development sites. In the ultra-large wheel market that supports these mining dump trucks, the Topy Industries Group, with its unsurpassed technology, has acquired overwhelming reliability and market share.

Demand for mining dump trucks continues to increase, reflecting the economic development of emerging countries centering in Asia. Tianjin Topy Machinery Co., Ltd. was established as a subsidiary of Topy Industries, Limited to meet such growing rim demands. With the establishment of this subsidiary, it is possible to diversify procurement sources of components and disperse procurement risks at Topy Industries. Going forward, Topy will further expand the SGOR® business by building an optimum global production system with the domestic production site at its core.



SGOR®

| An example of business expansion |

Highlight 3

Overseas

◆ Establishment of a subsidiary company for the manufacture of industrial fasteners in Vietnam [Topy Fasteners Vietnam Co., Ltd.]

In addition to demand for construction and civil machinery, demand for industrial fasteners is also increasing on a global scale. In order to meet the growing demand for industrial fasteners for motorcycles, four-wheel vehicles and various electronic components, the Topy Industries Group currently operates at 3 production locations (Japan, Thailand and U.S.A.). Production of motorcycles in Vietnam is expected to increase dramatically in recent years. From a world-wide optimal production siting point of view, we have decided to establish a new facility for the manufacture and sales of industrial fasteners in Vietnam. Fasteners for four-wheel vehicles will be produced in Thailand, while those for motorcycles will be produced in Vietnam. By establishing a production and sales structure that reflects the characteristic features of each country, we will enhance our presence in the global market.



Industrial fasteners

| An example of business expansion |

Highlight 2

Overseas

◆ 2nd subsidiary company for track shoe assembly plant in China [Topy Undercarriage (China) Co., Ltd.]

Undercarriage shoes and track shoe assemblies for hydraulic excavators manufactured by the Topy Industries Group enjoy an extremely high global market share. The world market for construction equipment is projected to grow in a long-term perspective against a backdrop of increasing investment in construction in China and other emerging countries. In response to the rapid demand increase in China, the Topy Industries Group has worked to increase its production capacity at its plants in Japan and also at Qingdao Topy Machinery Co., Ltd., which was established in 2002. Topy Undercarriage (China) Co., Ltd. was established in July 2011 in aim to further improve local procurement ratio and increase production capacity. The construction of an assembly plant has been decided and this will be our second manufacturing site in China.

With the construction of a new plant we will be able to solidify our business base for track shoe business in China. At the same time, we are aiming to establish a global production structure capable of producing 100,000 units of track shoe assemblies to realize further growth of the undercarriage components business for construction machinery.



Qingdao Topy Machinery Co., Ltd.

| An example of business expansion |

Highlight 4

Domestic


An example of business expansion |

Enhancement of steel making facilities at Toyohashi Factory

[Toyohashi Factory of Topy Industries, Ltd.]

We have resolved to execute the enhancement of steel making facilities including the electric furnace, continuous casting and other ancillary facilities at Toyohashi Factory, our largest manufacturing location. Construction will commence in March 2013 and full-scale operation is scheduled to begin from April 2015.

The enhancement has a two-fold benefit: firstly to improve productivity, and secondly to strengthen competitiveness by enabling the complete in-house production of billets suitable for rolling deformed bars. The new facilities also feature considerations for power-saving and environmental conservation by realizing operations under markedly lower electrical power consumption rates. The facilities have been designed with significant disaster-prevention measures against earthquake and tsunami to avoid any disruption in operation, thus enabling us to shoulder the responsibility needed as a part of the supply chain of steel products.



Toyohashi Factory of Topy Industries, Ltd.

Highlight 5

Domestic


An example of business expansion |

Development of crawler robot that can contribute to society

[Topy Industries, Ltd.]

The crawler robot is an Unmanned Ground Vehicle (UGV) that replaces people in narrow or dangerous settings where check, search, transport, repair, or other performances are required. Topy's UGV robot "X-Crawler™" is highly evaluated for its contribution to the initial search and rescue operation, and has been delivered for the first time to the Hyper Rescue Team of The Tokyo Metropolitan Fire and Disaster Management Agency as their equipment.


In addition, we developed and delivered a UGV "Survey Runner™" under free rent to assist in recovery work at Fukushima No. 1 Nuclear Power Plant, where high levels of radiation prohibit human access. This robot is substantially downsized and its undercarriage assures reliable ascending and descending on wet stairs to enable performance under difficult conditions. Furthermore, "Survey Runner™" can measure the radiation dosage in real time and also is equipped with a recording function for visual records and data preparation. On April 18, 2012, the "Survey Runner™" explored the torus room at Fukushima No. 1 Nuclear Power Plant and produced successful results in grasping the inside conditions there.



Unmanned Ground Vehicle (UGV) robot "X-Crawler™"

Major spec. of Survey Runner™

Overall length: 505mm (755mm when the flipper is extended)
Overall width: 510mm
Overall height: 830mm (flipper portion 165mm)
Total weight: 45kg
Ascending/descending step gap: Step height 235mm max.
Ascending/descending angle: 45° max.
Operating time: Approx. 5 hours (battery)
Travel speed: About 2km/h max.
Ancillary function: Wired communication equipment, camera 5 units, radiation gauge, turnover-proof function



Unmanned Ground Vehicle (UGV) for exploration "Survey Runner™"

Highlight 6

Domestic



An example of business expansion |

Customer evaluation of Topy's performance

[Topy Industries, Ltd.]

Development and commercial production of wheels with an innovative structure

We have succeeded in developing a wheel, "BF™ wheel" (Bead-Fitting wheel), with an innovative structure by examining wheel design from a different angle. The new design allows the welding joint between the disc and rim to be moved closer toward the outer board of the rim flange where the rim slants toward the outer board flange, resulting in a shorter disc flange (a new wheel structure design – applied international patent related to automated mass production technology).





Conventional product

New product BF™ wheel

Cost reduction achieved by the new design

We have received an award from Hino Motors, Ltd. and Isuzu Motors Ltd., appreciating cost reduction achieved by developing "New Product BF™ Wheel".



Highlight 7

Domestic

An example of business expansion |

Renovation completed at Topy-Rec. Ayase

[Topy-Rec, Ltd.]

Topy-Rec. Ayase has been operating for more than 30 years in Ayase City, Kanagawa Prefecture as a local swimming pool club. It has been a part of the regional contribution by the Topy Industries Group promoting sports in the local community.

The "Topy-Rec. Swimming Club" aimed at elementary school students nurtures physical health and communication skills between friends through swimming. The management aims to not only give technical guidance, but also to support "character development" of children by teaching manners and rules in a group and to urge the child's independence. The renovated facility opened on May 1, 2012, hoping to become an intimate local swimming facility appreciated by people of all ages and skills, from infants to seniors and beginners to experienced swimmers.



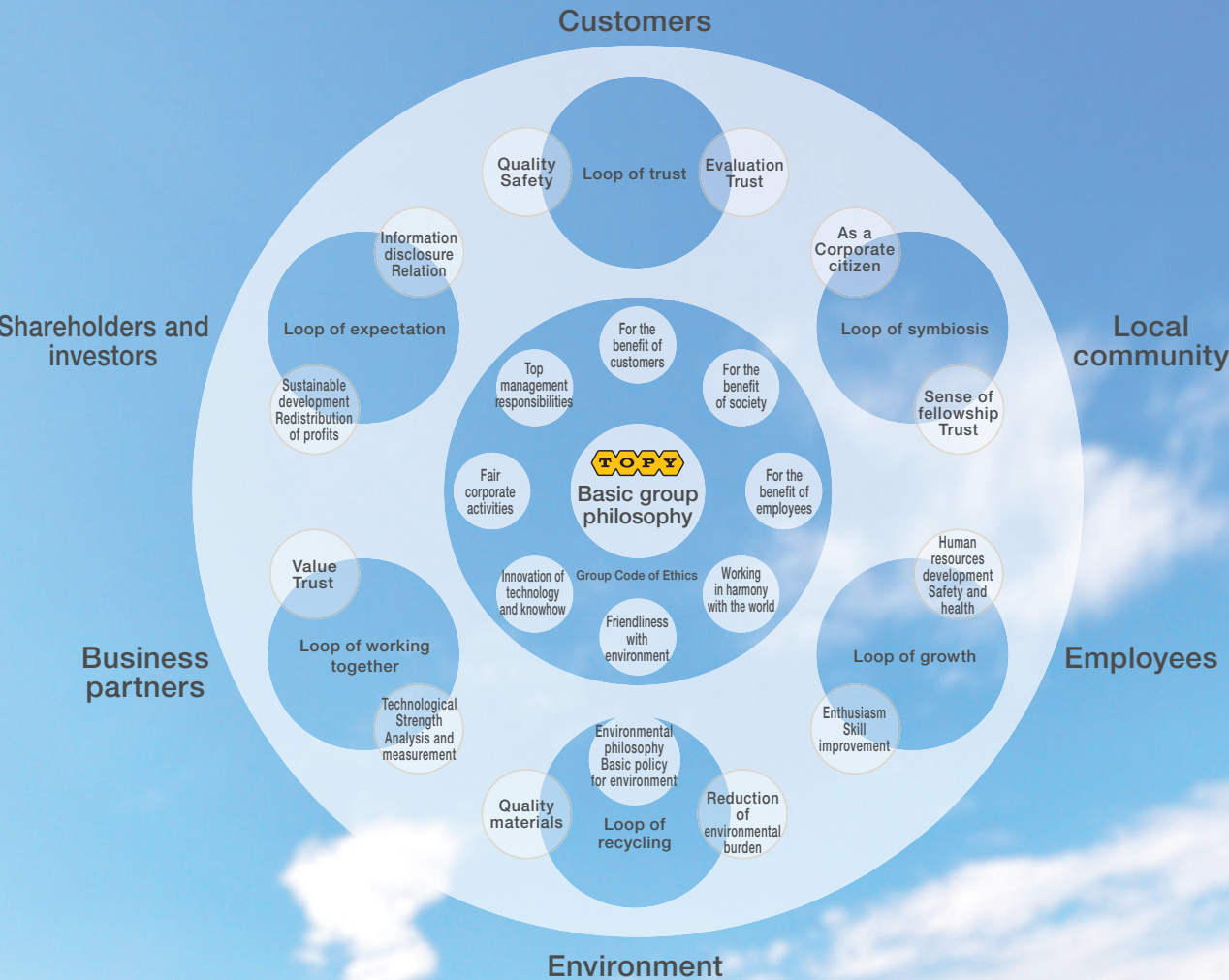
Outside view of Topy-Rec. Ayase Topy-Rec, Ltd.



Swimming class

CSR of the Topy Industries Group

The Topy Industries Group understands the relationship with its stakeholders as shown below and desires to propel CSR activities by deepening two-way understanding through the six loops.



A loop of “Trust” with customers

Deliver customers safe and high quality products, establish and environment where customers' evaluations of our products are repeatedly fed back to the production site, and build a solid trust.

A loop of “Symbiosis” with local communities

Fulfill responsibility as a member of the local community, actively promote communication, and create fellowship recognition to ensure co-development.

A loop of “Growth” with employees

Provide maximum consideration for the growth and safety of employees working in the Topy Industries Group and make the most of their skills and passion. Build a relationship to ensure that both employees and the corporation can grow.

A loop of “Recycling” for the environment

Take positive initiatives in promoting recycling of precious natural resources pertaining to the self-declaration that Topy Industries is a recycling corporation, and work to reduce environment burden in social lives.

A loop of “Working together” with business partners

Make use of technologies and values possessed by both parties through dealings in fair and equitable manners, and establish a relationship of working together in entire value chains by actively providing information such as analysis and measuring technologies.

A loop of “Expectation” with shareholders and investors

Topy Industries responds to the expectations that shareholders and investors have with Topy Industries through sustainable growth of business and disclosure of corporate information with high transparency and establishes a win-win relationship that ensures mutual benefit.

Responsible behaviors by each corporate employee based on a commonly shared philosophy; this is the basic stance that the Topy Industries Group advocates for CSR

Since the international standard ISO26000 has been enacted as a guideline for social responsibility, the notion that every organization should fulfill its social responsibility is spreading world-wide for the sustainable development of society. It is important for us to realize that continuous CSR initiatives are necessary in view of the fact that business entities are absolutely vital for economic development, but at the same time, their business activities pose a huge impact to society and the environment. The Topy Industries Group desires to be a corporation that continues to earn trust while maintaining a global perspective as a company performing world-wide business, by adequately responding to the expectations of stakeholders at large including business partners, consumers, shareholders, investors, local communities and employees.

Going forward, we will focus not only on the immediate profit but integrate various aspects of economy, environment and society to seize business developments in order to contribute in creating a sustainable society.

In April 2009, we formulated the Group Basic Philosophy and Group Code of Conduct as the basis of CSR activities. So far, we have hosted a total of 16 sessions to explain the Group Basic Philosophy and the Code of Conduct to share common awareness in the corporation regarding CSR. To further strengthen our Group compliance, we have prepared

Senior Managing Director
Takashi Arai
In charge of
General Affairs
and Legal Matters



a Topy Compliance Guide Book and opened up an office to consult about corporate ethics for all group companies.

Recently, many scandals such as improper loss shifting between accounts at big corporations have been reported. Taking this opportunity as a reminder to ourselves, the Topy Industries Group will reinforce the importance of the Group Basic Philosophy and the Code of Conduct to fulfill our responsibility to stakeholders.

We will strive to realize the Group Basic Philosophy by addressing issues along with the Group Code of Conduct, and continue to be a company group that is needed by society.

◆ The Topy Industries Group Corporate Basic Philosophy

Win the trust and respect of society through the continuance and development of the Topy Industries Group and the execution of one's duty as a public institution.

◆ The Topy Industries Group Corporate Code of Conduct — To win the trust and respect of society —

Under the Corporate Philosophy, the management and employees of the Topy Industries Group shall strictly abide by all applicable laws and ordinances, the spirit reflected, and the Corporate Code of Conduct, while accepting full corporate social responsibility and fostering an open-minded and creative corporate culture.

Article 1 (For the benefit of customer)

Produce and supply, high-quality and safety-oriented merchandise and service to gain customers and consumer confidence.

Article 2 (For the benefit of society)

1. Communicate widely with society as well as shareholders and actively disclose corporate information fairly and appropriately. Cooperate with local communities and actively work on social contribution activities as being a good corporate citizen.
2. Oppose resolutely any anti-social forces and parties posing a menace to social orders and security.

Article 3 (For the benefit of employee)

Respect the individual character and personality of employees, and provide safe-working environments allowing them to work with enthusiasm, and attain fulfilling lives.

Article 4 (With the world)

Pay due respect to different cultures and customs of all countries and regions, and perform business activities to contribute to the development and well being of local communities.

Article 5 (With the environment)

Realize that a sensible approach to environmental conservation is essential to the existence and activities of the company, and behave voluntarily and actively.

Article 6 (Technology and know-how innovation)

Seek widely for knowledge and information both domestically and internationally, and continue the innovation of technology and knowhow by refining distinctive technologies and professional competence.

Article 7 (Fairness in corporate activities)

Operate business in a fair and transparent manner under free competition and appropriately keep an arm's length distance from politics and administrative agencies.

Article 8 (Responsibilities of top management)

1. Top management shall make example by leadership and inform the strict adherence to the Codes of Conduct and ensure the compliance of the corporate ethics effectively administrating its management systems.
2. If and when any Codes of Conduct are violated, management shall demonstrate an indomitable determination to personally solve the issue by launching an investigation and shall take actions to prevent the recurrence of such incidents. At the same time, top management shall make full disclosure within and outside the company promptly and precisely, and, upon determining the source of competence and responsibility, impose strict disciplinary action against those held responsible.

Social Responsibility

CSR management

Basic approach to corporate governance

Our basic approach to CSR is expressed in our group basic philosophy as “Win the trust and respect of society through the continuance and development of the Topy Industries Group and the execution of one’s duty as a public institution”. The Topy Industries Group places the strengthening and enhancement of corporate governance as one of our most important management issues. In order to earn the trust of our shareholders and all stakeholders, we will comply with applicable laws and regulations and its spirit as well as this Group Code of Conducts, fulfill our social responsibility, and improve management transparency.

Outline of our corporate governance system

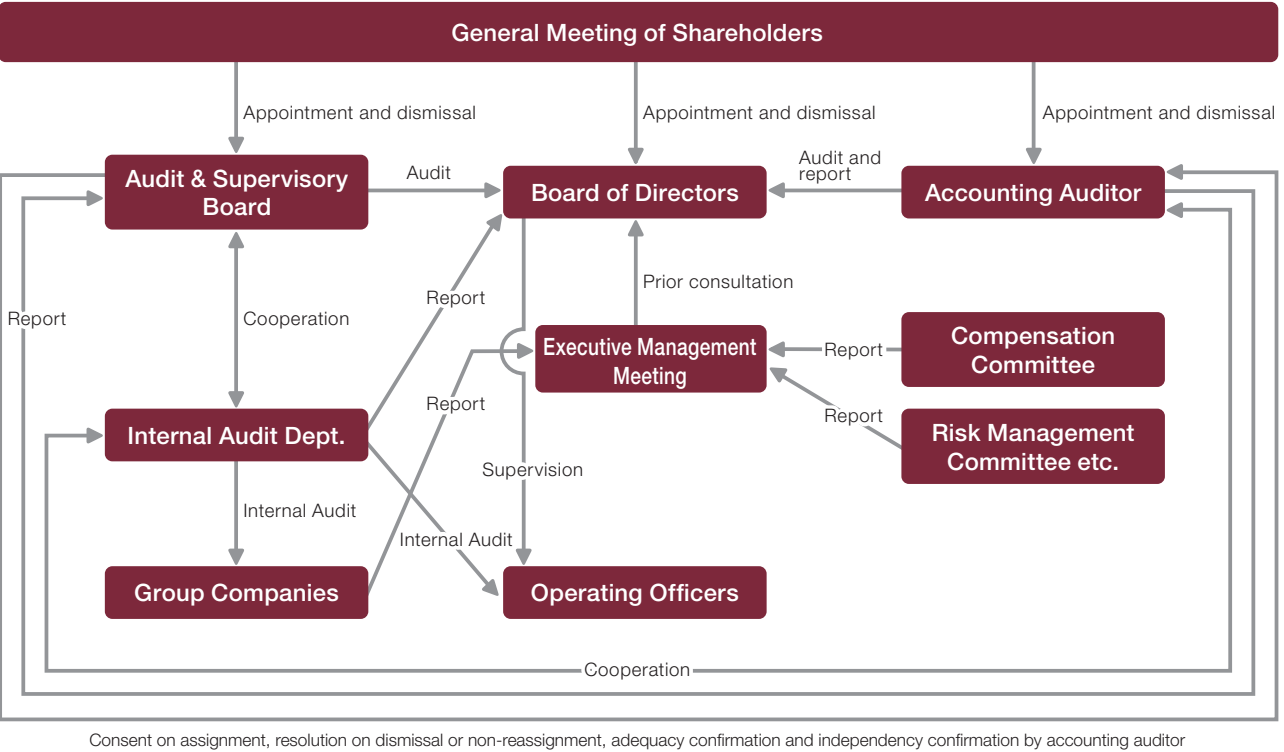
The structural relationship of Topy’s Corporate Governance System is illustrated below. The Risk Management Committee, Compensation Committee, and other standing committees report to the Management Council comprised of directors, external auditors, and several operating officers. The Management Council acts a deliberative body that finally reports to the Board of Directors. The Compensation Committee was established from this fiscal term and consists of 2 external committees and 1 internal committee to secure the

fairness and transparency of the remuneration paid to the directors and auditors.

Since April 2000, we have implemented an Operating Officers System with the intent to reduce the number of directors for a more swift decision-making process.

On the other hand, the Audit & Supervisory Board is comprised of a total of 4 auditors; 2 external and 2 internal, and works full-time to audit the duties executed by the directors.

Governance system



Strengthening of corporate governance

Risk management

The Risk Management Committee has been set up to extract, classify, and make visible the underlying risks in the Topy Industries Group, and to consolidate the management of centralized information on high-risk matters and PDCA execution.

The members of the Risk Management Committee are mainly general managers at the headquarter office.

In addition, we established an Internal Audit Department under the direct control of our president in October 2005. 10 staff are currently working on strengthening risk management, including internal control.

Promotion of compliance

Topy Industries has been working on strengthening compliance for some time. In 2003 a Compliance Committee was set up to strengthen compliance activities. Since then, the activities have produced visible results such as setting up a contact office for whistle-blowers, publishing The Topy Compliance Guide Book and Anti-Trust Law Manual, and formulating the Topy Industries Group Basic Philosophy and the Topy Industries Group Code of Conduct. In April 2012, we launched “the Topy Industries Group Corporate Ethic Consulting Office” and “the Topy Industries Group Compliance Hot Line”, a whistle-blower system applicable to all companies of the Topy Industries Group. In addition, we have revised the contents of the Topy Compliance Guide Book to enable application to all the Topy Industries Group companies. The Guide Book has been distributed to all our domestic Group companies and their employees.



Responsibility to stakeholders

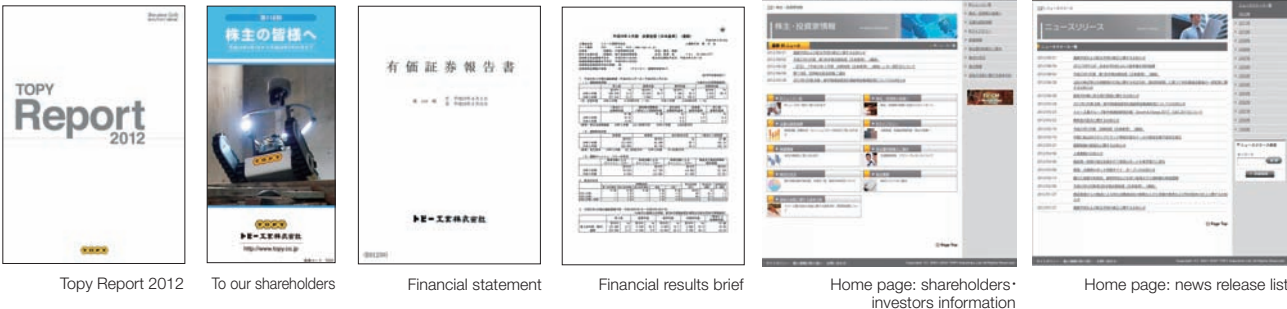
The business activities of the Topy Industries Group stretch over a broad range of fields including materials, motorization, land development, urban construction, electric power, distribution, sports and leisure, recycling, transportation and services, and are widely involved with society in playing an indispensable role in various aspects of people’s lives. Topy’s corporate message “One-piece Cycle” has been chosen to express the corporate attitude towards creating a new wave in each business area to build a better future through concerted efforts of the Topy Industries Group and society.

Going forward, we will contribute to the development of society by delivering high quality, cost competitive products that satisfy customers and users in accordance with the basic philosophy of the Topy Industries Group to “Win the trust and respect of society through the continuance and development of the Topy Industries Group and the execution of one’s duty as a public institution”. At the same time, we will fulfill our social responsibility as a corporation by positively addressing the issues such as timely, appropriate disclosure of corporate information, contribution to local communities, and the global environment, in order to enhance the corporate value of the Topy Industries Group as well as the common interests of stakeholders.

Information disclosure for a highly transparent management

The Topy Industries Group discloses its business activity conditions and financial positions through various information tools to allow stakeholders to understand the high transparency of our management. We have started the publication of “Topy Report 2012” from this fiscal year by integrating information on CSR such as social contribution activities, environment conservation activities, and the financial report addressed to shareholders and investors. In addition, we are delivering various corporate information in real-time on our web site.

Information tools addressed to stakeholders



Customer satisfaction and quality management [Topy Industries, Ltd.]

Quality assurance philosophy

Topy Industries is devoted to placing customers as our first priority and strives to contribute to society by delivering safe and high quality products and services that always satisfy customers, while continuously improving the effectiveness of QMS (Quality Management System).

- Always anticipate the expectations and needs of customers ahead of time, react to their requirements promptly and precisely, and continue to introduce and deliver quality products and services that satisfy customers
- Focus on building quality in design and development stages and stabilize product quality and improve reliability
- Realize the importance of education and training and enhance the quality awareness of all employees of our organization
- Notice that quality defects are caused by multiple factors, promptly investigate the true cause of the problem to make substantial improvement

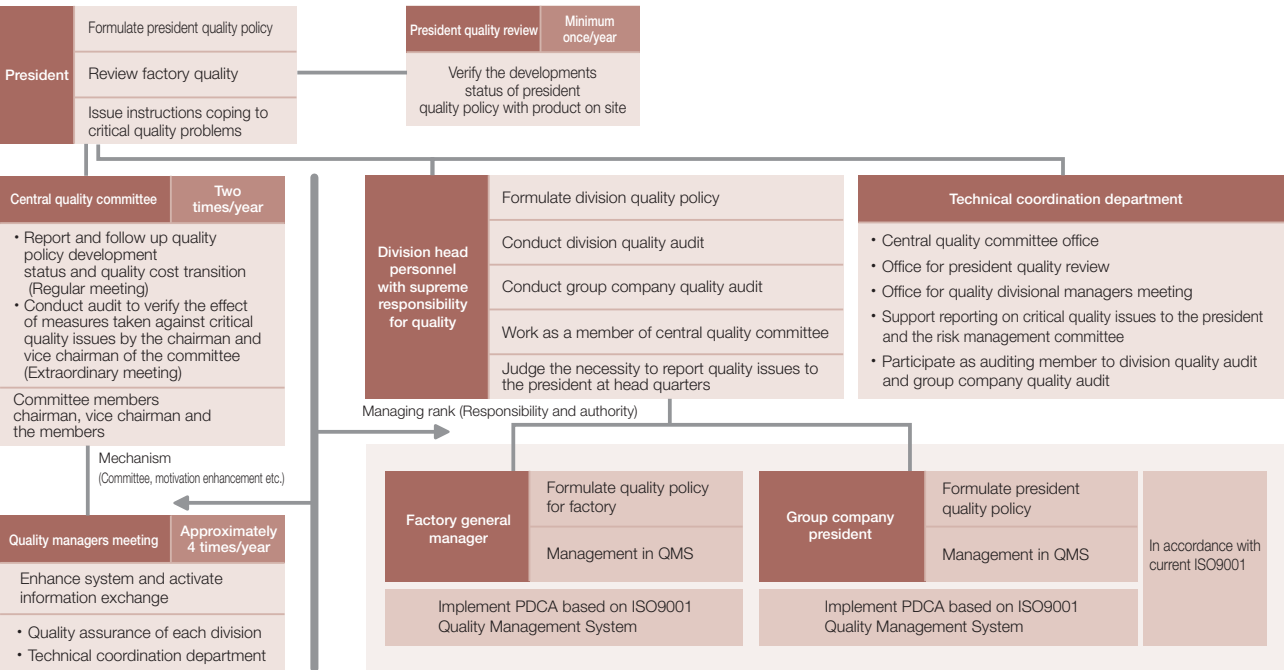
2011-13 Quality Assurance Policy

“Incorporate quality into the production process and accomplish the complete prevention of defective product shipment.”
—Strengthen “quality power” to outrun global competition—

JK activity (Jishu Kanri Katsudo)

JK activity means a circle activity peculiar to the Japanese steel industry that started when the Japan Iron and Steel Federation established an “Autonomous Control Activity Committee” in 1969. This activity is “the activity based on the autonomy of employees”, and therefore, is called JK activity taking the initial letter of J=Jishu and K=Kanri. At Topy Industries, various autonomous improvement activities are performed in small groups every day, and engage in improvement beginning with quality and extending to issues such as cost, productivity, safety, and environmental maintenance. In order to support JK activities in the workplace, various policies including an award system and public presentation of JK activity are in place. The Topy Industries Group 23rd small group activity presentation took place on December 1, 2011.

Quality management structure



Note: Wheel Division shifted to ISO/TS16949 in 2008

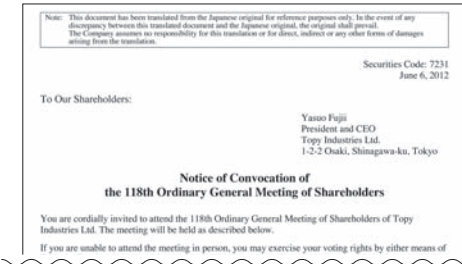
Involvement with shareholders and stakeholders [Topy Industries, Ltd.]

- Adequate information disclosure**

Article 2 (For the benefit of society) of the Topy Industries Group Code of Conduct stipulates that the Topy Industries Group will “Communicate widely with society as well as shareholders and actively disclose corporate information fairly and appropriately. Cooperate with local communities and actively work on social contribution activities as being a good corporate citizen”. From the standpoint of securing management transparency we are endeavoring to disclose our corporate information in a fair and equitable manner in accordance with the related laws and regulations such as the Financial Instruments and Exchange Act. Especially for our shareholders and investors, we have started disclosing quarterly financial results since June 2003 in an effort to disclose prompt and adequate corporate information.
- Initiatives to vitalize general meetings of shareholders**

We are taking the following initiatives to vitalize general meetings of shareholders as a place of communication between the company, shareholders, and investors to ensure that voting rights can be exercised smoothly.

 - Early dispatch of notice to convene general meetings of shareholders
 - Use of the Internet for notices to convene general meetings of shareholders
 - Voting right exercise by Internet
 - Preparation of notice to convene general meetings of shareholders in English (summary)



Notice of Convocation in English (summary)

- Shareholder special benefit plan**

For our shareholders registered as of the end of March and September of each year a traffic accident insurance policy and/or a flower gift are provided depending on the number of shares owned. Shareholders eligible for a flower gift have an option to choose a donation to a social welfare organization instead of a flower gift, which will directly be donated by the company on behalf of shareholders.



- Stable dividends**

In order to earn the trust of our shareholders and investors, we believe it is important to continue making stable dividends besides redistribution of profits by taking into account overall factors including business development, and strengthening corporate financial structure.

Our basic policy regarding profit distribution is to return profits to shareholders in proportion to the consolidated business results while building up retained earnings for future business development and for strengthening corporate structure. Retained earnings will be allocated to investment into new business undertakings and the development of new technologies/products for long-term business development, and thus we are committed to strengthening corporate structure and global competitiveness. The profit return index based on consolidated business results is targeted as reasonably high as possible. However, decisions are made with careful consideration for stable and continuous dividend.

Dividends are, in principle, paid out twice a year – interim and year-end dividend. As for the body to decide dividends, it is stipulated in Topy's articles of incorporation that “dividends of surplus can be decided by the resolution of the board of directors in accordance with section 1 of article 459 of Corporate Law.”

Explanation session for financial results and Mid-Term Consolidated Management Plan

We believe that the opportunity for our top executives to directly explain our management plan and financial results helps us earn the trust of our shareholders and investors. Such sessions are held after financial results are disclosed at the end of the second quarter and at the end of the fiscal year for analysts and institutional investors. The president himself presents our financial results as well as our mid- to long-term consolidated management plans. This management plan session can be watched via streaming from our homepage for shareholders/investors, “IR library”.



March 2012 Session for financial results/new mid-term consolidated management plan

Participants of fiscal year 2011 explanation session

Date Held	Content	Participant
November 16, 2011	Second quarter financial results	37
May 23, 2012	12 month financial results	47

Contributions to society [Topy Industries, Ltd.]

◆ TOPY CUP Japan-US Intercollegiate Golf Tournament

Topy Cup features a sport event held at Tanagura Country Club (Tanagura-cho, Fukushima) operated by the Topy Industries Group where top players representing Japanese and US college golf clubs compete for the championship. The event originally started in 1983 as the Japan-US Friendship Golf Match and Topy has participated in the management of the event since 1989. The event changed its name to TOPY CUP Japan-US Intercollegiate Golf Tournament in 1993 when Topy became the main supporter of the event.

The event has gained a firm foothold in promoting exchanges between Japanese and US college students through golf. However, unfortunately in 2011, to our regret, we were forced to cancel the event in view of the disaster brought by the Great East Japan Earthquake and the subsequent accident at Fukushima No.1 Nuclear Power Plant.

We were able to resume the tournament in 2012 as a memorial international event to demonstrate the restoration from the historic disaster. Competitive games took place at the Tanagura Country Club during the 3 days from September 11 to 13, 2012.



Tanagura Country Club

◆ Donations to the disaster stricken area of the Great East Japan Earthquake

First of all, we at the Topy Industries Group would like to offer our sincere condolences to the people and their families who have been affected by the Great East Japan Earthquake.

The Topy Industries Group has made monetary donations to the disaster stricken areas to assist in their recovery and restoration. Topy's directors and employees have participated in the fundraising campaign and donated to the Fukushima Prefectural Government, as Topy has long maintained a close relationship with Fukushima Prefecture as a sponsor of the Japan-US Intercollegiate Golf Tournament held annually at the golf course of one of Topy's affiliated companies located in Fukushima. In addition, the autonomous group members from Topy's Toyohashi Factory and the representatives of its sub-contractors offered a part of their membership dues to the pertinent organizations in the suffering areas through the Toyohashi Charity Bank.

◆ A lecture on traffic safety [Topy Industries, Ltd.]

On March 28 and April 5, 2011 Toyohashi Factory provided a lecture on traffic safety to which over 1,000 employees in total attended. The lecture at the You and Me Hall was organized with the cooperation of the traffic section staff of the Toyohashi Police Station to raise awareness in preventing traffic accidents. The participants reconfirmed the importance of sticking to the basic rules of traffic safety.



A lecture on traffic safety

◆ Environmental conservation activities with local communities [Topy Industries, Ltd.]

Several times a year, Topy's Toyohashi Factory is involved in environmental conservation activities with local communities surrounding the factory. 70 factory employees participated in the first conservation activities conducted on June 21, 2011. They were assigned into groups to clean up 4 sections (the shoreline in front of the guard station, the outside of the south gate, the shoreline of the north wharf, and the east shoreline).

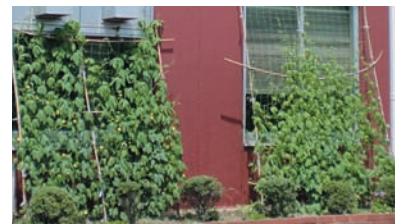


Environmental conservation activity

◆ Environmental consideration and power-saving efforts [Topy Industries, Ltd.]

At our Toyohashi Factory, power-saving activities have been implemented from the strong awareness of all employees in response to the social need for further saving of power, due to tough energy supply conditions after the Great East Japan Earthquake as well as for the prevention of global warming.

To accomplish the 15% reduction target set by the government, especially for the summer in 2011 fiscal year, actions were taken including 1) switching off the office lights during coffee/lunch breaks, 2) reducing the number of copiers and printing machines, 3) turning off the lights for the large information board, and 4) setting the air conditioners at 28°C and enforcing shut-off when not needed. In addition, "green-curtains" that use creeping plants to shutout sunlight were planted outside the office windows to help save energy used for air conditioners.



Green-curtain outside the office window

Major items and actions implemented

■ Items implemented

- (1) Load curve-wise adjustment contract
- (2) Restrict daytime (8:00-22:00) furnace operation
- (3) Restrict use of electronic equipment

■ Specific actions taken

Concluded a contract with the power company to restrain power consumption during July through September
Adjusted the furnace operation during Monday through Wednesday
Reduced power usage of air conditioners, fluorescent lights, board lights, vending machines

◆ A joint fire evacuation drill and Topy's in-house firefighting team [Topy Industries, Ltd.]

On September 27, 2011, a factory-wide joint fire evacuation drill took place at Toyohashi Factory with participants from each department and our sub-contractors.

A total of over 450 participants partook in the drill from initial evacuation, roll-call and reporting to the emergency headquarters to secondary evacuation as instructed by the emergency headquarters. The fire prevention efforts at Toyohashi Factory have received high evaluation from the local community. Our in-house firefighting team came in 2nd place in the category of indoor fire extinguishers and also 3rd place in the category of small-sized power pumps at the 45th Hose Spray Competition organized by the Toyohashi In-house Firefighting Liaison Council on October 22, 2011.



A fire drill by Topy's in-house firefighting team

◆ A joint disaster prevention drill with the local firefighting station [Topy Industries, Ltd.]

A joint disaster prevention drill with the local firefighting station took place at Toyokawa Factory on May 26, 2011. Being soon after the Great East Japan Earthquake, the drill was not a simple evacuation but included a practical program assuming that fires and bodily injuries occurred at the same time and simultaneous actions were taken.



Fire drill

◆ Environmental beautification of the factory perimeter [Topy Industries, Ltd.]

The volunteers of Ayase Factory engage in cleaning activities once a month, mainly by picking up rubbish on the factory premises and its perimeter with the intent of contributing to the beautification of the factory and its perimeters through cleaning activities in the parking areas, the surrounding roads and other areas which usually do not draw particular attention. 8 large plastic bags of rubbish were collected during cleaning activities in May 2011.



Cleaning activity

◆ Participated and awarded in the initial firefighting competition [Topy Industries, Ltd.]

The Ayase Factory has been participating every year in the initial firefighting competition organized by the Ayase Firefighting Association. For the 24th competition in 2011, the men's team (2 men) and women's team (2 women) entered the extinguisher instrument class, and one men's team (4 men) entered the extinguisher tap class. Each team performed well displaying the achievements of their routine trainings. All teams recorded good results with the men's team for extinguisher equipment getting the highest award.



Initial firefighting competition

◆ Offering factory tours [Topy Industries, Ltd.]

Topy's Ayase Factory offers factory tours to pupils of the elementary schools in the vicinity of the factory. On October 25, 2011, the factory welcomed 104 fifth grade pupils from Ayase Elementary School and factory staff in charge of safety gave a guided tour of the production process. The children were surprised at the shuddering sound of press machines and sparks from the welding equipment. They were amazed with the size and texture of the ultra-large wheel rims for dump trucks at mining sites.



Factory tour

Creating a safe and comfortable workplace environment [Topy Industries, Ltd.]

Philosophy and basic policy to develop human resources

The Topy Industries Group declares in article 3 of the Group Code of Conduct (For the benefit of employees) that “Respect the individual character and personality of employees, and provide safe-working environments allowing them to work with enthusiasm, and attain fulfilling lives.”

With the motto “having interests in a broad range of field beyond the

job assigned and maintaining a positive attitude for learning enriches human resources”, we are focused on developing human resources to draw the potential and motivation of each individual. Also, we offer various education systems available from the start of employment to retirement in order to nurture human resources with rich expertise and management faculties needed for a manufacturing company.

Education system structure [Topy Industries, Ltd.]

Development step	Average years to reach	Items to be nurtured		
		Knowledge (technical skill)	Conceptual skill	Human skill
Newly employed		• Business manners • Individual knowledge • Health and safety		• Communication ability entry level
Senior employee	3—4	• Advanced individual knowledge • Business manner follow up		• Communication ability second level
Follower (candidate to leader)	6—7	• Expertise knowledge	• Problem solving ability • Logical thinking strength basic	• Guidance to juniors
Leader	10—12	• Instill expertise • Financial knowledge • Marketing for beginners	• Logical thinking strength application	• Fostering juniors
Manager	14—17	• Advanced instillation of expertise • Basics of management • Instillation of management	• Target-driven management	• Fostering junior partners • Communication ability senior level
Manager	22—25	• Financial knowledge senior level • Marketing senior level	• Business strategy	• Organization management

“Topy Juku” Tracing System

We have a special education program called “Topy Juku” or an intensive training course for newly recruited employees. The program starts in the middle of April in the first year of the recruitment and lasts for 4 months to provide OJT exercises. Newly recruited employees are dispatched to a designated factory to experience workplace training under the same working conditions of their senior employees. Wherever they may be assigned to, they are exposed to firsthand production experience to learn the basics of manufacturing. This helps broaden their views and realize the social responsibility related to the business they will be engaging in.



OJT training

Improvement in workplace health and safety

We consider that securing the health and safety of our workers to be one of the top priorities of the company.

We have implemented a variety of actions to achieve zero-accident, and at the same time conduct a monthly statistical survey for labor accidents in order to enhance the awareness of health and safety of each and every employee. The survey results are listed in company’s monthly magazine.

Labor accident statistical survey list (Term: January 2011 through March 2011)
[Topy Industries, Ltd.]

Factory	Total working hour (Hours)	No. of accident			Frequency	Severity
		Absence	Non absence	Minor injuries		
Kanagawa	589,644	0	0	0	0.00	0.00
Ayase	1,850,610	0	0	2	0.00	0.00
Toyohashi	2,515,260	0	2	3	0.80	0.00
Toyokawa	1,223,515	0	1	2	0.82	0.00
Total	6,179,029	0	3	7	0.49	0.00

Safety sensory simulation Dojo or room

We have decided to establish a Safety Sensory Dojo or safety simulation room at Toyohashi Factory so that we can simulate and experience potential dangers. Since January 2012 kick-off activities have been progressing toward the completion scheduled in July 2013. When the Dojo is complying, employees can learn what the causes of dangers are, how they should deal with them, and the meaning of complying with the rules through hands-on experience by using the same type of equipment that is in operation at the factory.

Such trainings are designed to appeal to the employees’ five senses to sharpen their sensitivity to danger and raise safety consciousness.



Awarded the Safety Honorary Award from Japan Iron and Steel Federation

In February 2012, Kanagawa Factory of Topy Industries, Ltd. received the Safety Honorary Award for the third consecutive year at the 53rd safety award ceremony of the Japan Iron and Steel Federation. Kanagawa Factory was also awarded with the prize for zero accidents for five consecutive years.



A safety sensory Dojo

Initiatives on work-life balance

We provide various health and welfare programs for employees to help them maintain a balance between having a career and family. We are undertaking to broaden programs for maternity and care leave. During our 2011 fiscal term, we featured male employees who are involved with child care in order to illuminate employees’ awareness about these programs.

Environmental Activities

Environmental management [Topy Industries, Ltd.]

Environmental Philosophy

We believe it is our duty to preserve a rich and beautiful world for future generations to enjoy. In partnership and in solidarity with local communities we will work to promote continuous improvement in everything we make, from materials to finished products, to lay the foundation for sustainable development in our society.

Basic Environmental Policies

As part of its duty as a corporate citizen, Topy ranks continuous improvement under the ISO14001 environmental management system among its top management priorities. Therefore, Topy has established and implemented the following policies:

1. Complying with the Law

Topy will comply with all environmental regulations, protocols, and agreements in its manufacturing activities.

2. Reducing Environmental Footprint

In order to bolster environmental management, Topy will undertake cost-conscious efforts to reduce its environmental footprint by saving energy, lowering greenhouse gas emissions, using fewer resources, and recycling.

3. Developing environmentally conscious products

Topy will develop products that are environmentally conscious at every stage in their life cycle, from design and production to use and disposal.

4. Raising Environmental Awareness and Finding Harmony with Local Communities

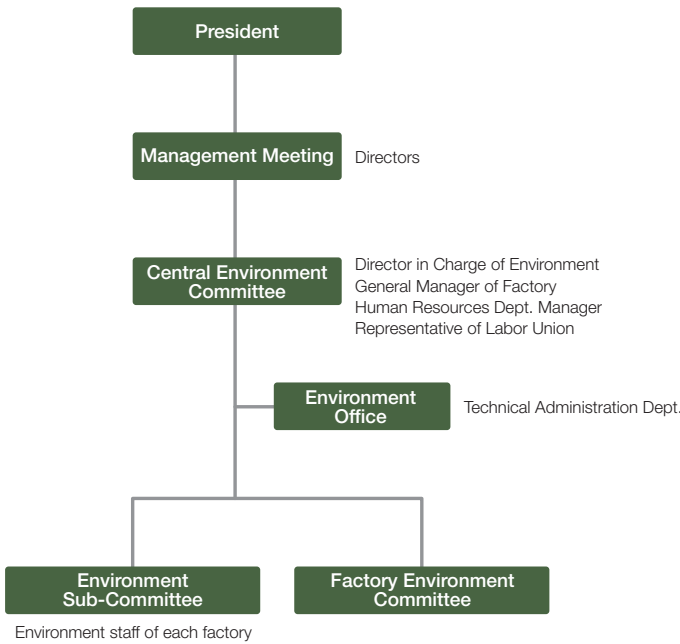
Topy will promote understanding of its environmental policy and raise awareness of environmental conservation through environmental training and enrichment for its employees. Furthermore, Topy will strive to create harmony between the company and local communities.

5. Conserving the Environment in Overseas Business Activities

Topy will remain mindful of its impact on local environments and implement measures in accordance with the needs of local communities.

Environment conservation initiatives promotion structure

Environment management structure



ISO 14001 certification status

Since the Wheel Division (Toyokawa Factory) launched a certification acquisition program to promote environment conservation activities in February 1998, all Topy manufacturing sites have undertaken ISO14001 certification acquisition program which was completed in June 1999.

Maintenance of environment management system has been confirmed by regular audits after this initial certification. We are carrying out environment friendly production activities by promoting scheduled and systematic environmental initiatives in line with basic environment policies.

ISO 14001 certification status [Topy Industries, Ltd.]

Factory	ISO14001 certification obtained	Transition to 2004 version
Toyohashi Factory	Apr. 1999	completed in Feb. 2006
Toyokawa Factory	Nov. 1998	completed in Oct. 2005
Ayase Factory	Nov. 1998	completed in Nov. 2005
Kanagawa Factory	Jun. 1999	completed in Jun. 2005

Initiatives on global warming prevention [Topy Industries, Ltd.]

Reduction of CO₂ emission

At each factory of Topy Industries, Ltd. improvement activities are in place depending on products and production facilities involved toward achieving targets based on Keidanren's "Voluntary Action Plan on the Environment." In fiscal year 2011, total amount of CO₂ emissions at Topy's facilities was 457 thousand ton, maintaining the target level below that of 1990. However, this reflected a large decline in production due to deteriorating global economy from the latter part of 2008, and CO₂ emission shows a sign of a slight increase along with the recent upturn trend of the global economy.

As we anticipate an increase in the amount of energy use in the future as production volume recovers, we will make stringent control and improvements in order to continue to restrict the amount of energy usage.

The amount of CO₂ at our facilities is reported to the government authorities according to the revised Energy-Saving Regulation enacted in 2009. The report includes Topy's offices, which would usually be excluded from designated energy control factories. As for the 2 factories in Kanagawa Prefecture, namely Ayase Factory and Kanagawa Factory, we submit

Business Activity Warming Prevention Measures Plan according to the Kanagawa Prefecture Warming Prevention Measures Promotion Ordinance. We report the results of CO₂ emission and improvement progress status against the reduction plan for CO₂ emission in fiscal year 2010.

Energy source based CO₂ emission amount [Topy Industries, Ltd.]



Setting up Energy-Saving Promotion Working Group

In order to address company-wide energy-saving activities we have set up an Energy-Saving Promotion Working Group. The group has recently taken up the common theme "energy-saving improvement of compressors" and is checking improvement progress at each factory and also making follow-ups depending on the progress status besides exchanging information when needed.

Energy-saving improvement for compressors

The power consumption of compressors occupies a high position in total power use at all factories. Compressors are indispensable for performing business activities and at the same time a substantial effect is anticipated if energy-saving measures are properly taken. The Topy Industries Group has taken up "energy-saving improvement of compressors" as a common theme in the Energy-Saving Promotion Working Group and is introducing various energy-saving measures such as improvement in operation efficiency by shutting them off when the facility is not working, preventing idling, and fortification of control by reviewing outlet pressure and outlet amounts.

Topy's environmentally friendly products

Hot-rolled high-strength rim material

Automobile manufacturers are increasing their use of high strength steel that can achieve weight reduction of steel while maintaining equal strength to conventional steel as this allows them to achieve compatibility between reduced fuel consumption by lighter body weight and improvement in collision safety. Topy has been

working on the use of high strength hot-rolled special sections for truck and bus wheel application. A challenging issue for raw material was how uniform strength is attained. We have succeeded in commercial production thanks to our inherent hot-rolling technologies in controlling material thickness and temperature.

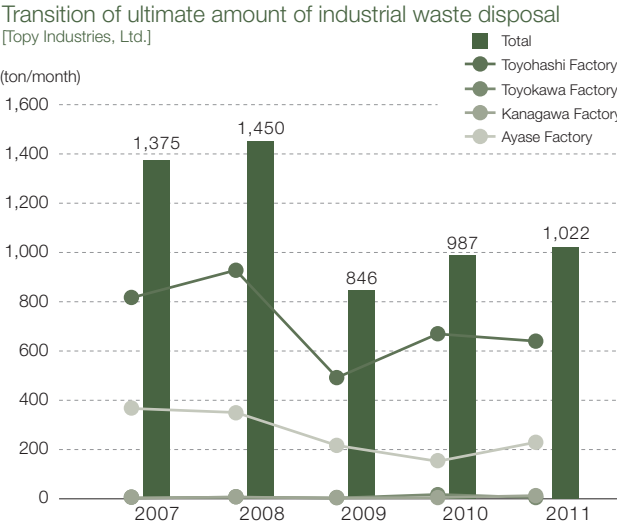


Initiatives on waste reduction [Topy Industries, Ltd.]

Waste reduction and recycling

A part of the metal scrap (steel) generated during production activities is reused directly in-house as a raw material in electric furnaces. As for other waste, we are engaged in reducing ultimate disposal amount of waste through re-resourcing (collection of scrap iron, collection of zinc out of melting dust). Slag generated from steel making is recycled at a rate as high as 90% or more and is reused for civil construction material and concrete material.

Although we are making maximum efforts in promoting the 3Rs (reduce, reuse, recycle), focusing on recycle, the ultimate disposal amount recorded 1,022 tons in 2011, showing an increasing trend in reflection of the recovery movement of production after the turn around from production decline due to the deteriorated global economy that started in the latter half of fiscal year 2008. We will continue to expand our 3R activities as well as other improvements, and exert ourselves to reduce the amount of ultimate disposal, in order to restrict the influence of increased production.



Total recycling of steel melting dust

In Topy's business, disposal of steel dust that is generated through its operation mainly at Toyohashi Factory is becoming a major environmental issue. Needless to say, steel is an easy material to recycle but steel dust poses the awkward problem that the zinc included in the dust becomes concentrated in the repeated recycling process. However, Toyohashi Factory has succeeded in total recycling of steel dust.

Recycle of cutting oil by clarification treatment

Various cutting oils are being used at the production processes of our operation, and this also constitutes one of our major environmental issues. At Ayase Factory, we apply clarification treatment to the used cutting oil and bring it back for reuse. We will eventually implement this to all other factories.

Recycling [Topy Industries, Ltd.]

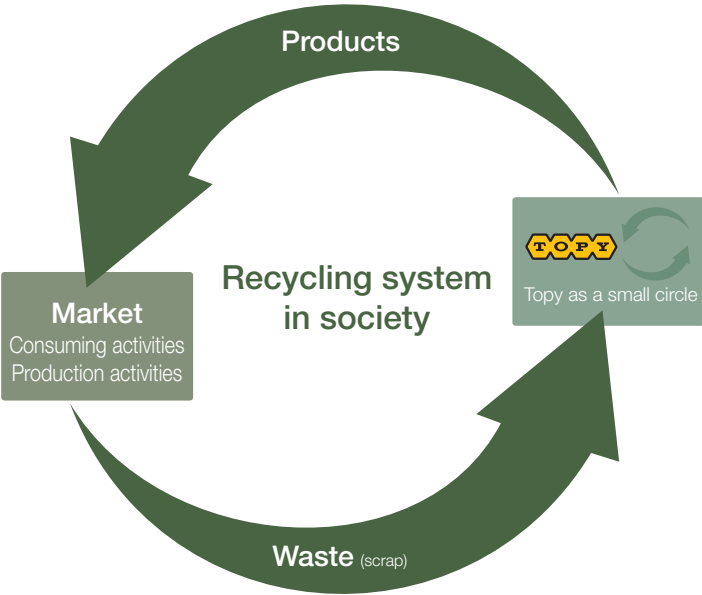
Topy is a recycling corporation

Topy uses scrap iron that has been discharged through various consumption and production activities in society as a major material for our own production.

We believe ourselves to be assigned to carry one of the production activities in a recycling system of society.

At the same time, we are addressing the reuse of resources by building a recycling system of our own in-house production flows.

This is the reason why we call ourselves a recycling corporation.



Reuse of material

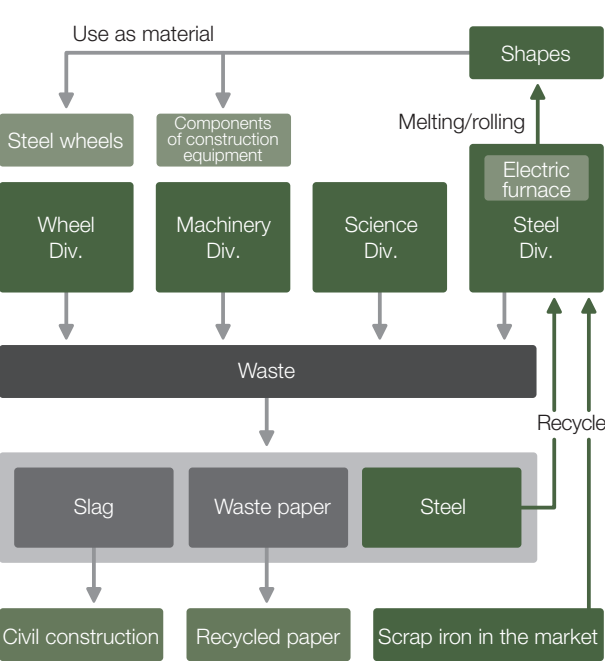
At Topy's Toyohashi Factory, we produce various section steel out of molten steel made in an electric furnace. We have 2 sources of scrap iron, our major material for steel making; scrap generated in-house and scrap procured from outside. A portion of the section steel is shipped to Topy's other factories where they are transformed into wheels and undercarriage components.

Reuse of slag

Slag is a by-product of steel production. As much as 14.2 million tons/year of slag is made in the Japanese steel industry (including both converter furnace and electric furnace), of which Topy generates about 120 thousand tons/year. However, we maintain a recycling rate of slag about 90%, and is eventually reused as a resource for civil construction material such as road pavement and ground stabilizer as well as a concrete aggregate.

In addition, we will promote recycling in accordance with the guideline etc. for appropriate to use from a viewpoint of promoting the reuse of slag-used materials and securing a safe soil environment.

In-house recycling system



Chemical substance management [Topy Industries, Ltd.]

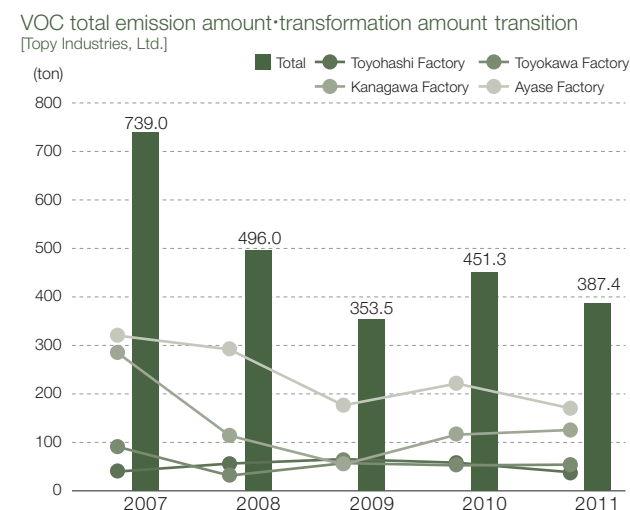
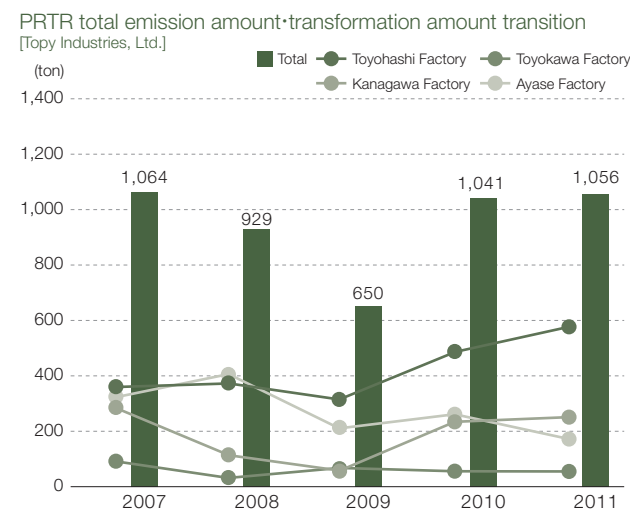
◆ Emission management of materials under PRTR Law

In accordance with the PRTR Law (the Pollutant Release and Transfer Register Act (the Act on Confirmation etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof), business entities that handle chemical substances are obliged to manage and report to administrative offices the amount of environmental emission and transfer of chemical substances that are hazardous to humans and ecosystems at each of their business sites. Based on this system, we submit annual reports to the administration in charge, and at the same time, use this process to implement continuous management of chemical substances. The amount of emission of chemical substances, such as CO₂ and general industrial waste, varies significantly depending on the production volume.

◆ Initiatives on air pollution prevention

With the revision of the Air Pollution Control Law in May 2004, it became necessary to respond to regulation on emission for VOC (Volatile Organic Compounds), and a reduction of 30% compared to 2000 on a year on year basis was presented as the domestic reduction target by 2010.

Currently facilities that emit VOC (painting and curing facilities) are in operation at Topy's 4 major factories. We are conducting a thorough check from a production technology aspect for voluntary measurement and reduction in concentration of VOC, in order to actively address the prevention of air pollution. Based on the result of this check, we are building a suitable voluntary approach and are proceeding specific measures for the achievement of our reduction target. The emission amount in fiscal year 2011 shows an increase compared to that of 2009 when it hit a minimum, but again shows signs of decrease compared to the previous term.



Basic environment policy of each factory [Topy Industries, Ltd.]

◆ Toyohashi Factory

Environment basic policy

Toyohashi Factory engages in recycling activity by processed metal production using metal scrap and related natural resources and non-metal mineral production. On the other hand, it is aware that its business uses large amounts of energy and requires environmental burden. With this in mind, Toyohashi Factory will carry out initiatives to conserve, sustain, and improve the natural environment surrounding the Factory and Mikawa Bay. Such initiatives are not confined to in-house activities but are extended to broader environmental conservation activities and communication such as participating in local conservation movements in order to build a symbiotic relationship with local communities.

Action guideline

1. Consecutive improvement of environment management system to raise overall environmental performance.
2. Control emission of greenhouse gases through efficient use of energy, utilization of optimum technology, streamlining of production process as well as enhancement of transportation efficiency.
3. Work toward reducing waste through activities such as restraining waste generation, utilization of resources, expanding recycle.
4. Work toward decreasing environment burden through improvement in process and facilities, designing and development of eco-friendly products.
5. Comply with applicable laws and regulations related to activities, products and services at Toyohashi Factory and the voluntary regulations of the Japan Iron and Steel Federation etc. or the other requirements such as agreements with local communities.
6. Set up environmental objectives and targets at all departments in the management system of Toyohashi Factory and promote environment improvement activities. Regularly review and make necessary revisions of the environment objectives and targets.
7. Enhance employee understanding and awareness at Toyohashi Factory on environment through environmental education, in-house publicity activities and exchange with the local communities. Make this environment policy public within and outside the company.

◆ Toyokawa Factory

Environment basic policy

1. Compliance with applicable legal and related requirements
Strictly comply with applicable legal and related requirements associated with environment and promote building a symbiotic relationship with the local community.
2. Reduction of environmental burden
Promote energy-saving, resource saving, reduction of waste and chemical substance throughout corporate activities including design, sales, purchasing and transportation and implement continuous improvement to maintain and enhance eco-friendly manufacturing. In addition, promote activities to reduce the emission of greenhouse gases and measures against warming.
3. Supplying eco-friendly products
Be considerate of the environment from the product design stage and reduce use of hazardous substances to supply eco-friendly products.
4. Increase environmental awareness
Provide education on basic approaches and roles regarding the environment to all employees of Toyokawa Factory and increase environmental awareness.

◆ Ayase Factory

Environment basic policy

1. Comply with applicable legal and related requirements in order to build a symbiotic relationship with the local community.
2. Reduce greenhouse gases (CO₂) to prevent global warming.
3. Work toward building eco-friendly manufacturing processes throughout the entire business activities from design, to sales, purchasing, production and transportation and maintain, and improve healthy environment by energy-saving, resource saving, and reduction of waste and chemical substances (environment impacting substance).
4. Work toward accomplishing environment improvement activities by setting up environment objectives and targets, and at the same time, implement regular reviews for continuous improvement of environment management.
5. Provide education to understand approaches and roles regarding the environment to all employees and sub-contractors working at the factory so that each and every employee can recognize their duties to the environment and thus, accomplish the targets without failure.
6. Exercise thorough routine management and remove significant waste and inconsistencies to improve quality and productivity, and realize environment improvement directly connected to production activities.

◆ Kanagawa Factory

Environment basic policy

1. Comply with applicable laws and regulations as well as industry specific requirements and at the same time, make continuous efforts to improve environment management by maintaining voluntary standards and job procedures according to the basic environment policy of Topy Industries.
2. Prevent environmental pollution by chemical substances such as organic solvent. Apply effective management focusing on thinners, soluble paint and solvent.
3. Work toward reducing electric power and oil by focusing on the reduction of energy for dive lines, air conditioning and lighting.
4. Promote reduction of discharges for effective utilization of resources and resource recovery, by focusing on reduction of papers, discarded packaging materials and resource recovery.
5. Promote communication by participating in local environmental conservation activities to build a symbiotic relationship with the local communities.
6. As for overseas business activities and exports, make efforts to implement measures responding to the request of the local community of the host country and take into account local environmental impact.
7. In case any environment issues arise from business activities, take appropriate measures to minimize such environmental burden. In addition, exercise regular emergency drill in anticipation of environmental issues.

Environmentally friendly products

◆ Steel adhesive balance weights

Automobile industry works on developing various environmentally friendly technologies including emission gas control and low fuel cost cars. Conventional wheel balance weights were made of lead. However, from a standpoint of hazardous substance control and environment conservation, we changed the material from lead to steel, and developed a universal design allowing smooth fitting to the inside of the wheel. Steel adhesive balance weights can be attached to any wheel size. This is an example that our steel processing technology including high-speed cutting, automatic attachment of dual face adhesive tape is applied in a practical way.



◆ Non-chrome pre-treatment of aluminum wheel painting

Surface treatment of aluminum alloy wheel has long been designed with a focus on long-term corrosion resistance and anti-discoloring, and treatment with chromium has been thought vital for anti-corrosion. However, in view of the environmental regulations in Europe, Japanese automobile manufacturers have started to pay attention to a surface treatment without using heavy metal like chromium. Topy has spent substantial time to study alternative materials to replace chromium technological development, and has succeeded in chromium-free process for the first time in the world.



Additional Data

Corporate Data

Annual Report Fact Book

A Message from Management

The Japanese economy during this consolidated accounting year deteriorated severely from the effects of 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 emerging countries left the economic outlook unclear in the latter half of the fiscal year.

Under such circumstances, the Topy Industries Group has worked on cost reform by expanding local procurement at its overseas manufacturing sites, implementing production structures in response to demand, and improving productivity. Furthermore, modernization of our steelmaking facilities at Toyohashi Factory (Toyohashi-shi, Aichi) has been decided. Our steelmaking business serves as an upstream operation for undercarriage components 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 overseas markets, we have established a 2nd 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 Industries Group for this consolidated accounting year were as follows: sales ¥240,534 million (+8.6% from previous year), operating income ¥10,554 million (+50.6% from previous year), ordinary profit ¥7,304 million (+39.3% from previous year), current net earnings ¥3,918 million (+89.0% from previous year).

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

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 overseas economies continue to leave us under a knife-edge situation.

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

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Topy Industries, Ltd.
President and CEO
Y. Fujii

Financial Highlight

	Millions of yen		Thousands of U.S. dollars
	2012	2011	
Consolidated			
Net sales	¥240,534	¥221,413	\$2,928,342
Net income	3,918	2,072	47,699
Total assets	212,828	203,956	2,591,040
Net income per share (in yen and U.S. dollars)	16.52	8.64	0.20
Non-Consolidated			
Net sales	161,788	149,510	1,969,662
Net income	1,780	2,167	21,670
Total assets	166,129	158,590	2,022,510
Net income per share (in yen and U.S. dollars)	7.50	9.03	0.09
Cash dividend applicable to the period (in yen and U.S. dollars)	4.00	4.00	0.05

Note: Dollar amounts are converted at the rate of ¥82.14 to U.S. 1 dollar (Year ended March 31)

Business by Segment

Steel Business

Business results

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 under-carriage components for construction machinery declined. The Topy Industries 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 (+6.0% from previous year) in sales, and ¥3,833 million (+42.3% from previous year) in operating income.

Research and development activities

We will develop new steel section shapes and new grades of steel, while moving forward with quality enhancement of hot-rolled products and environmental research and development including waste reduction and recycling.

As a practical achievement, we have succeeded in receiving orders for new steel section shapes, reduced energy consumption of conventional products, and realized technological development in reducing waste and in recycling.

We spent ¥29 million on R&D during this fiscal year.

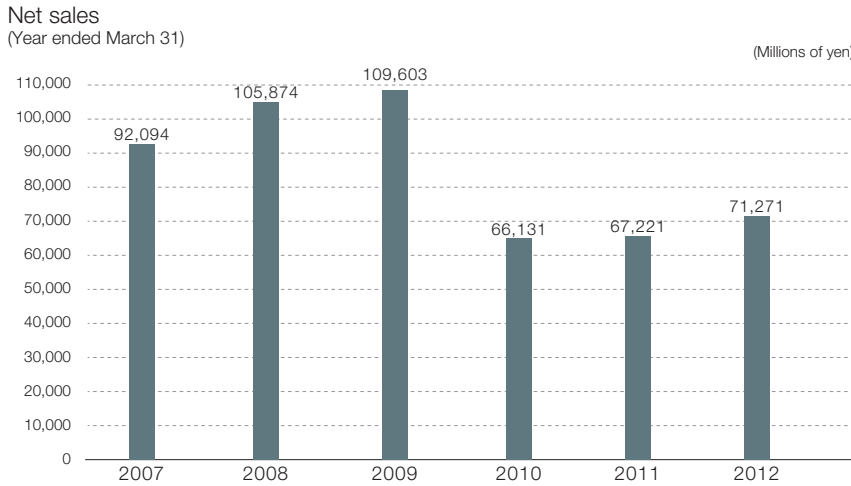
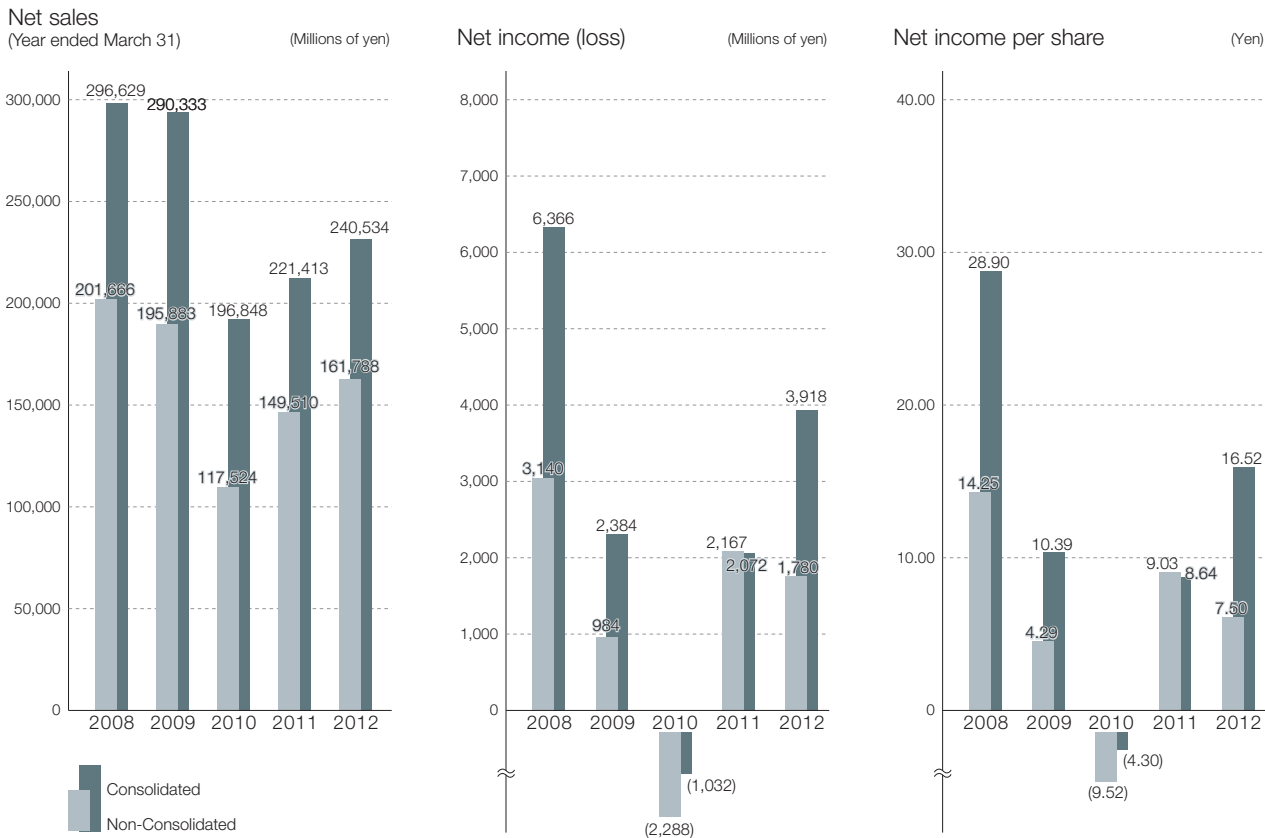
Companies involved in this business segment

Manufacturing: Topy Industries, Ltd. Akemi Recycling Center, Ltd.
Sales and services: Topy Industries, Ltd. Topy Enterprises, Ltd.
Topy Marine Transport, Ltd. Tojitu Co., Ltd.
NE-Tojitsu Co., Ltd.

Issues to be addressed

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.

Five-year Transition of Sales and Profits



Business by Segment

Automotive and Industrial Machinery Components Business

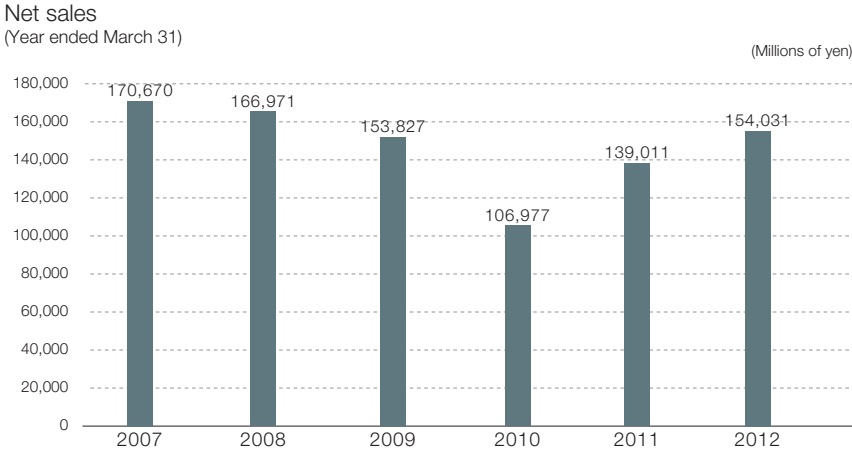
Business results

In the construction machinery industry, demand in China declined due to credit restraints, however, overseas 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 Industries 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 year. Furthermore, complete cost management and all possible improvement efforts were continued. This resulted in sales of ¥154,031 million (+10.8% from previous year), and operating income of ¥10,392 million (+35.5% from previous year).

Companies involved in this business segment

Manufacturing: Topy Industries, Ltd. Topy Fasteners, Ltd. Kyushu Wheel Kogyo, Ltd. Sanwa Buhin Co., Ltd. Topy America, Inc. Topy Precision Mfg., Inc. Topy Fasteners (Thailand) Ltd. Qingdao Topy Machinery Co., Ltd. Fujian Topy Autoparts Co., Ltd.



Research and development activities

The Topy Industries Group will continue studies on weight-saving, quality improvement, cost reduction and speed-up of development time etc., and research and development of new products.

As for our mainstream products of automobile steel wheel and aluminum wheels, we have had significant achievements in improving the accuracy of analysis and evaluation techniques, new product development and weight-saving, cost reduction of conventional products, and quality improvement.

In construction machinery components, we have succeeded in developing new large diameter rims for mining dump trucks, which will facilitate tire change operation and also advanced the research of quality improvements and cost reduction.

We spent ¥541 million for R&D during this fiscal year.

Issues to be addressed

The Topy Industries 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.

Other Businesses

Business results

The Topy Industries 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 and an operating income of ¥801 million.

Issues to be addressed

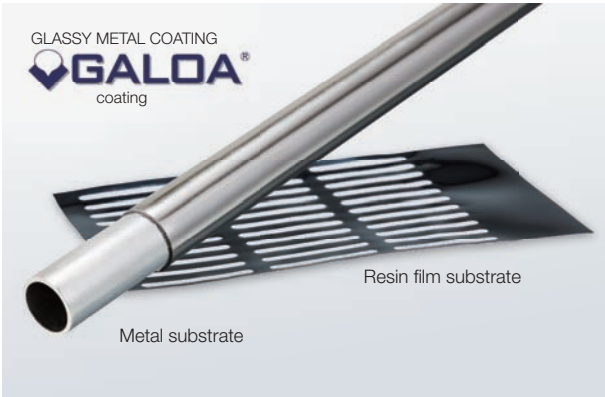
As for the electric power generation business, we will pay special attention to maintain a stable operation structure. For the mica business, we will promote sales of synthetic mica and proceed toward commercialization in wider application fields. In the sign system business, we will focus on providing visuals to meet specialized customer needs while developing new products in pursuit of advertising effects.

The newly-developed “Survey Runner”™ crawler robot is making considerable achievements in the aid of interior search and exploration at the Fukushima No.1 Nuclear Power Plant. The Topy Industries 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.

Research and development activities

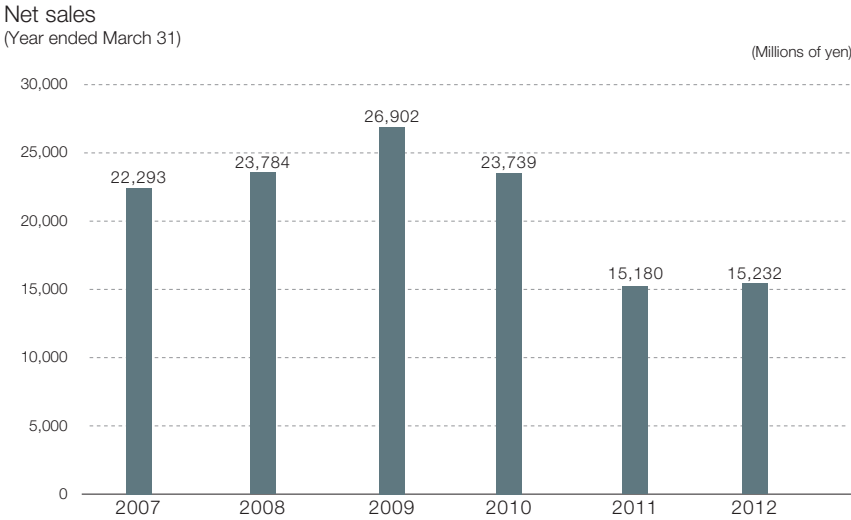
We are actively promoting university-industry cooperation for R&D in new areas. Our Science Division has been involved with the development of ultra-thin, lightweight LED signs and new products using high gloss synthetic mica. As for crawler robot, we are working to develop various types of robots for specific purposes. At our R&D center, we are proceeding with the development of thermal spraying technology (GALOA)® of metal glass.

We spent ¥700 million for these activities during this fiscal year.



Companies involved in this business segment

Manufacturing: Topy Industries, Ltd. Topy Enterprises, Ltd. Akemi Electric Power, Ltd. Sales and services: Topy-Rec, Ltd.



Major Subsidiaries and Affiliates [Topy Industries, Ltd.]

(As of March 31, 2012)

Company name	Head office location	Capital (Millions of yen)	Business segment	Holding voting right or owned by (%)	Relationship						
					Concurrent directors			Financial aid business	Business transaction	Facilities on lease	Others
					Company	Director	Employee				
(Consolidated Subsidiaries) Topy Enterprises, Ltd.	Shinagawa-ku, Tokyo	480	Steel, Automotive and Industrial Machinery Components, Other	100	the Company	—	2	Nil	Selling scrap iron etc. to the Company, selling Company's products	Land, plant and facilities leased from the Company	Nil
Topy Marine Transport, Ltd.	Toyohashi-shi, Aichi Pref.	225	Steel	100	the Company	—	2	Nil	Transport of products and in-house operations of the Company	Warf facilities leased from the Company	Nil
Topy Fasteners, Ltd.	Matsumoto-shi, Nagano Pref.	310	Automotive and Industrial Machinery Components	100	the Company	—	1	Nil	Selling products to Topy Enterprises	Nil	Nil
Topy-Rec, Ltd.	Koto-ku, Tokyo	300	Others	100	the Company	—	1	Nil	Nil	Land and facilities leased from the Company	Nil
Kyushu Wheel Kogyo, Ltd.	Miyako-gun, Fukuoka Pref.	480	Automotive and Industrial Machinery Components	70	the Company	1	1	Nil	Manufacturing wheels on the Company's consignment	Nil	Nil
Tojitu Co., Ltd.	Toyohashi-shi, Aichi Pref.	80	Steel	100 (100)	Topy Enterprises	1	2	Nil	Selling commodities to Topy Enterprise	Office and plant leased from Topy Enterprises	Nil
NE-Tojitsu, Ltd.	Urayasu-shi, Chiba Pref.	34	Steel	100 (100)	Topy Enterprises	1	2	Nil	Selling commodities to Topy Enterprise	Nil	Debt guaranteed by Topy Enterprises
Autopia, Ltd.	Koto-ku, Tokyo	30	Automotive and Industrial Machinery Components	100 (90)	Topy Enterprises	1	1	Nil	Topy Enterprises sells their commodities	Office and shop leased from Topy Enterprises	Debt guaranteed by Topy Enterprises
Akemi Recycling Center, Ltd.	Toyohashi-shi, Aichi Pref.	200	Steel	100 (30)	the Company Topy Enterprises	— —	3 1	Loan provided by Topy Enterprises	Selling commodities to Topy Enterprises	Land, plant and facilities leased from the Company	Nil
Sanwa Buhin Co., Ltd.	Bando-shi, Ibaraki Pref.	200	Automotive and Industrial Machinery Components	100	the Company	—	3	Nil	Selling products to the Company	Plant and facilities leased from the Company	Nil
Akemi Electric Power, Ltd.	Toyohashi-shi, Aichi Pref.	205	Others	100	the Company	1	1	Nil	Nil	Land leased from the Company	Nil
Topy America, Inc.	Kentucky, U.S.A.	600 U.S. dollars	Automotive and Industrial Machinery Components	100	the Company	2	3	Nil	The Company supplies tooling dies and selling products	Nil	Nil
Topy International (Europe) B.V.	Amsterdam, the Netherlands	453,780 euros	Others	100	the Company	—	3	Nil	Nil	Nil	Nil
Topy Precision Mfg., Inc.	Illinois, U.S.A.	50,000 U.S. dollars	Automotive and Industrial Machinery Components	100 (100)	Topy Fasteners, Ltd.	2	2	Nil	Selling some of Topy Fasteners products	Nil	Nil
Topy Fasteners (Thailand) Ltd.	Chonburi, Thailand	50 million baht	Automotive and Industrial Machinery Components	75 (40)	Topy Fasteners, Ltd.	2	2	Nil	Selling some of Topy Fasteners products	Nil	Nil

Company name	Head office location	Capital (Millions of yen)	Business segment	Holding voting right or owned by (%)	Relationship						
					Concurrent directors			Financial aid business	Business transaction	Facilities on lease	Others
					Company	Director	Employee				
Qingdao Topy Machinery Co., Ltd.	Qingdao, China	60 million yuan	Automotive and Industrial Machinery Components	95 (10)	the Company	1	4	Loan provided by the Company	The Company sells their products	Nil	Debt guaranteed by the Company
Fujian Topy Autoparts Co., Ltd.	Fujian, China	194 million yuan	Automotive and Industrial Machinery Components	100	the Company	1	4	Loan provided by the Company	The Company sells their products	Nil	Nil
Topy Undercarriage (China) Co., Ltd.	Qingdao, China	248 million yuan	Automotive and Industrial Machinery Components	100	the Company	1	4	Nil	Nil	Nil	Nil
Topy Fasteners Vietnam Co., Ltd.	Jung Yen, Vietnam	6.24 million U.S. dollars	Automotive and Industrial Machinery Components	100 (80)	the Company Topy Fasteners, Ltd.	— 1	1 1	Nil	Nil	Nil	Nil
(Unconsolidated subsidiary accounted for under the equity method) Tanagura Development Co., Ltd.	Higashi Shirakawa-gun, Fukushima Pref.	200	Others	100	the Company	—	4	Nil	Nil	Office leased from the Company	Nil
(Unconsolidated subsidiary accounted for under the equity method) Hokuetsu Metal Co., Ltd.	Nagaoka, Niigata Pref.	1,969	Steel	34.7 (1.3)	the Company	1	1	Nil	Selling products to the Company	Nil	Nil
Nippon Steel Topy Bridge Co., Ltd.	Toyohashi-shi , Aichi Pref.	450	Others	35	the Company	—	1	Nil	Buying materials from Topy Enterprises	Land leased from the Company	Nil
(Other Affiliates) Nippon Steel Corporation (Now Nippon Steel & Sumitomo Metal Corporation)	Chiyoda-ku, Tokyo	419,524	Manufacture and sales of steel products and engineering	0.1 (Owned by) 20.5 (0.1)	—	—	—	Nil	The Company buys materials and products and sells products	Nil	Business alliance

Note: Other than the capital mentioned above, Topy America, Inc. and Topy Precision Mfg., Inc. have paid premium of U.S.\$62,999,400 and U.S.\$4,950,000 respectively, totaling capital of U.S.\$63,000,000 and U.S.\$5,000,000 respectively.

Board of Directors and Auditors

Title	Assignment	Name	Date of birth	History	Shares held (thousand)
Chairman		Yoshiro Shimizu	August, 1947	1971 Joined Topy Industries, Ltd. 1998 Director, General Manager of Corporate Planning Dept. 2000 Managing Director, Corporate Planning, Affiliated Companies 2001 Retired as Managing Director and assumed role as President of Hokuetsu Metal Co., Ltd. 2003 Retired from Hokuetsu Metal Co., Ltd. and assumed role as Senior Managing Director of Topy Industries, Ltd., Overall Business Administration 2005 President 2011 Director and Chairman (to present)	83
President and CEO		Yasuo Fujii	October, 1951	1977 Joined Nippon Steel Corporation 2005 Executive Counsellor, General Superintendent, Sakai Works, Structurals Division 2005 Director, Member of the Board, General Superintendent, Sakai Works, Structurals Division 2006 Director, General Superintendent, Sakai Works, Structurals Division 2007 Director, General Superintendent, Yawata Works 2009 Managing Director, General Superintendent, Kimitsu Works 2011 Executive Officer; Assumed role as Adviser of Topy Industries, Ltd. 2011 President and CEO (to present)	35
Executive Vice President	Corporate Planning, Affiliated Companies, Finance, Human Resource, Labor Relations	Akira Higashi	July, 1950	1975 Joined Topy Industries, Ltd. 2000 Operating Officer. General Manager of Corporate Planning Dept. 2003 Director, Corporate Planning, Affiliated Companies; General Manager of Corporate Planning Dept. 2006 Managing Director, Corporate Planning, Affiliated Companies; General Manager of Corporate Planning Dept. 2007 Managing Director, Corporate Planning, Affiliated Companies, Overseas Planning; General Manager of Corporate Planning Dept. 2010 Senior Managing Director, Corporate Planning, Affiliated Companies, Financial Matters, Overseas Planning 2011 Executive Vice President (to present)	47
Senior Managing Director	General Affairs, Legal Matters, Science Div., Chubu Area Administration	Takashi Arai	August, 1950	1973 Joined Nippon Steel Corporation 2000 Affiliated Companies Administration Dept. General Manager 2002 Senior Adviser of Topy Industries, Ltd. 2002 Director, Designated Affairs 2003 Director, General Affairs, Legal Matters 2006 Managing Director, General Affairs, Legal Matters 2010 Senior Managing Director (to present)	45
Senior Managing Director	Overseas Planning, Overseas Business	Yutaka Kanamori	November, 1949	1975 Joined Topy Industries, Ltd. 2003 Operating Officer, Deputy General Manager of Wheel Div. 2006 Operating Officer, President of Topy Corporation 2007 Operating Officer, President of Topy America, Inc. 2008 Operating Officer, Automotive and Industrial Machinery Components Business; General Manager of Wheel Div. 2008 Director, Automotive and Industrial Machinery Components Business; General Manager of Wheel Div. 2010 Managing Director, Automotive and Industrial Machinery Components Business; General Manager of Wheel Div. 2011 Senior Managing Director (to present)	39
Managing Director	Technology, Safety, Quality, Environment, Technology Research, New Business Development; General Manager of Technology Administration Dept.	Takahiko Sahara	April, 1953	1976 Joined Topy Industries, Ltd. 2008 Operating Officer, Technology Administration Dept.; General Manager of Technology Research Center 2010 Executive Officer, Quality, Environment, Technology Research, New Business Development; General Manager of Technology Administration Dept. 2010 Director, Technology, Quality, Environment, Technology Research, New Business Development; General Manager of Technology Administration Dept. 2011 Managing Director (to present)	61
Director	Automotive and Industrial Machinery Components Business; General Manager of Undercarriage Components Div.	Atsuo Mochizuki	February, 1952	1977 Joined Topy Industries, Ltd. 2007 Operating Officer, Deputy General Manager of Undercarriage Components Div.; General Manager of Kanagawa Factory 2010 Executive Officer, Automotive and Industrial Machinery Components Business; General Manager of Undercarriage Components Div.; President of Qingdao Topy Machinery Co., Ltd. (to present) 2010 Director (to present) 2011 President of Topy Undercarriage (China) Co., Ltd. (to present)	30

(As of June 28, 2012)

Title	Assignment	Name	Date of birth	History	Shares held (thousand)
Director	Human Resources, Labor Relations, Safety, Supporting Managing Director; General Manager of Personnel Dept.	Masayoshi Kaneko	November, 1953	1977 Joined Topy Industries, Ltd. 2003 General Manager of General Affairs Dept. 2007 Advisor, Kyushu Wheel Kogyo, Ltd. 2007 Managing Director of Kyushu Wheel Kogyo, Ltd. 2008 President of Kyushu Wheel Kogyo, Ltd. 2010 Retired as President of Kyushu Wheel Kogyo, Ltd.; Director, Human Resources, Labor Relations, Safety; General Manager of Personnel Dept. 2011 Director (to present)	67
Director	Financial Matters; General Manager of Finance Dept.	Toshiyuki Tani	June, 1955	1979 Joined Topy Industries, Ltd. 2009 Operating Officer, General Manager of Internal Audit Dept. 2009 Operating Officer, General Manager of Finance Dept. 2010 Operating Officer, Finance Matters; General Manager of Finance Dept. 2010 Director (to present)	28
Director	Automotive and Industrial Machinery Components Business; General Manager of Wheel Div.	Norio Saito	December, 1956	1979 Joined Topy Industries, Ltd. 2007 Operating Officer, Deputy General Manager of Wheel Div.; General Manager of Sales Coordination Dept., Wheel Div. 2011 Operating Officer, Automotive and Industrial Machinery Components Business; General Manager of Wheel Div. 2011 President of Fujian Topy Autoparts Co., Ltd. 2011 Director (to present) 2012 President of Tianjin Topy Machinery Co., Ltd. (to present)	21
Director	Steel Business; General Manager of Steel Div., Construction Project Leader for New Steel Making Plant	Akira Tanahashi	November, 1956	1980 Joined Topy Industries, Ltd. 2007 Operating Officer, Deputy General Manager of Steel Div.; General Manager of Toyohashi Factory 2011 Operating Officer, Steel Business 2011 General Manager of Steel Div. 2012 Director (to present)	37
Audit & Supervisory Board Member		Takeshi Mitsuma	March, 1955	1978 Joined Fuji Bank, Ltd. 2005 Executive Officer, General Manager of Consulting Business Div. of Mizuho Bank, Ltd. 2007 Managing Executive Officer 2009 Advisor 2009 Corporate Auditor (full-time) 2012 Audit & Supervisory Board Member of Topy Industries, Ltd. (to present)	—
Audit & Supervisory Board Member		Tamio Kurosaki	November, 1949	1972 Joined Yasuda Mutual Life Insurance Co., Ltd. 2005 Executive Officer, Meiji Yasuda Life Insurance Company; General Manager, Compliance Control Department 2005 Managing Executive Officer & Chief Executive, Group Marketing 2006 Senior Managing Executive Officer & Chief Executive, Group Marketing 2012 Executive Advisor 2012 Audit & Supervisory Board Member of Topy Industries, Ltd. (to present)	—
Audit & Supervisory Board Member		Takashi Takiyama	May, 1947	1970 Joined Topy Industries, Ltd. 2000 General Manager of Quality Assurance Dept., Wheel Div. 2005 General Manager of Aluminum Wheel Business Promotion Dept., Wheel Div. 2006 Operating Officer, General Manager of Aluminum Wheel Business Promotion Dept., Wheel Div.; General Manager of Aluminum Wheel Production Dept., Wheel Div. 2007 Counselor, Aluminum Wheel Business Promotion Dept., Wheel Div. 2007 Audit & Supervisory Board Member (to present)	28
Audit & Supervisory Board Member		Motomichi Nohno	March, 1949	1973 Joined Topy Industries, Ltd. 1993 General Manager of Coordination Dept., Steel Div. 2003 General Manager of Overseas Dept., Steel Div. 2007 General Manager of Overseas Planning Dept. 2009 Counselor, Overseas Planning Dept. 2009 Audit & Supervisory Board Member (to present)	31
		Total 15			552

Note: Audit & Supervisory Board Members Takeshi Mitsuma and Tamio Iwasaki are the Outside Statutory Auditors stipulated in Section 216, Article 2 of Corporation Law.

Consolidated Financial Statements

Consolidated Balance Sheet (Assets)

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Assets			
Current assets			
Cash and deposits	¥22,232	¥18,853	\$270,660
Notes and accounts receivable-trade	56,891	47,490	692,610
Merchandise and finished goods	13,129	14,386	159,837
Work in process	4,319	4,316	52,581
Raw materials and supplies	8,380	8,932	102,021
Deferred tax assets	2,113	2,383	25,724
Other	4,918	4,789	59,873
Allowance for doubtful accounts	(50)	(45)	(609)
Total current assets	111,936	101,106	1,362,747
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	70,120	70,406	853,664
Accumulated depreciation	(47,121)	(46,009)	(573,667)
Buildings and structures, net	22,999	24,396	279,998
Machinery, equipment and vehicles	152,281	151,658	1,853,920
Accumulated depreciation	(126,450)	(123,193)	(1,539,445)
Machinery, equipment and vehicles, net	25,831	28,465	314,475
Land	17,681	18,261	215,254
Lease assets	1,045	1,005	12,722
Accumulated depreciation	(170)	(95)	(2,070)
Lease assets, net	875	909	10,653
Construction in progress	3,019	766	36,754
Other	28,292	30,433	344,436
Accumulated depreciation	(26,769)	(28,593)	(325,895)
Other, net	1,522	1,840	18,529
Total property, plant and equipment	71,930	74,640	875,700
Intangible assets			
Other	1,525	555	18,566
Total intangible assets	1,525	555	18,566
Investments and other assets			
Investment securities	21,779	23,132	265,145
Long-term loans receivable	594	595	7,232
Deferred tax assets	3,135	1,798	38,167
Claims provable in bankruptcy, claims provable in rehabilitation and other	2	3	24
Other	1,981	2,204	24,117
Allowance for doubtful accounts	(57)	(80)	(694)
Total investments and other assets	27,435	27,653	334,003
Total noncurrent assets	100,891	102,849	1,228,281
Total assets	212,828	203,956	2,591,040

Consolidated Financial Statements

Consolidated Balance Sheet (Liabilities)

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥44,338	¥38,549	\$539,786
Short-term loans payable	25,044	25,666	304,894
Current portion of bonds	300	3,300	3,652
Lease obligations	77	71	937
Income taxes payable	2,616	1,169	31,848
Asset retirement obligations	—	18	—
Other	10,883	8,805	132,493
Total current liabilities	83,261	77,580	1,013,647
Noncurrent liabilities			
Bonds payable	13,900	13,900	169,223
Long-term loans payable	18,846	18,829	229,438
Lease obligations	797	834	9,703
Deferred tax liabilities	86	308	1,047
Provision for retirement benefits	6,473	5,650	78,804
Provision for directors' retirement benefits	896	876	10,908
Reserve for repairs	473	731	5,758
Asset retirement obligations	260	260	3,165
Negative goodwill	—	114	—
Liabilities from application of equity method	949	—	11,553
Other	3,786	4,703	46,092
Total noncurrent liabilities	46,470	46,210	565,741
Total liabilities	129,731	123,790	1,579,389
Net assets			
Shareholders' equity			
Capital stock	20,983	20,983	255,454
Capital surplus	18,824	18,824	229,170
Retained earnings	47,794	45,299	581,860
Treasury stock	(863)	(859)	(10,506)
Total shareholders' equity	86,739	84,247	1,055,990
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,216	937	14,804
Deferred gains or losses on hedges	(2)	1	(24)
Foreign currency translation adjustment	(5,563)	(5,686)	(67,726)
Total accumulated other comprehensive income	(4,349)	(4,747)	(52,946)
Minority interests	706	665	8,595
Total net assets	83,096	80,165	1,011,639
Total liabilities and net assets	212,828	203,956	2,591,040

(Year ended March 31)

Consolidated Financial Statements

Consolidated Statement of Income and Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note)
	2012		2012
Net sales	¥240,534	¥221,413	\$2,928,342
Cost of sales	203,258	188,145	2,474,531
Gross profit	37,276	33,268	453,811
Selling, general and administrative expenses	26,722	26,261	325,323
Operating income	10,554	7,006	128,488
Non-operating income			
Interest income	43	35	523
Dividends income	362	282	4,407
Amortization of negative goodwill	114	230	1,388
Other	426	510	5,186
Total non-operating income	946	1,057	11,517
Non-operating expenses			
Interest expenses	1,016	1,036	12,369
Foreign exchange losses	87	475	1,059
Equity in losses of affiliates	2,509	802	30,545
Other	582	507	7,085
Total non-operating expenses	4,197	2,822	51,096
Ordinary income	7,304	5,241	88,921
Extraordinary income			0
Gain on sales of noncurrent assets	66	32	804
Gain on sales of investment securities	—	32	—
Gain on discontinuation of approved retirement annuity system	—	86	—
Gain on reversal of amends loss	—	104	—
Other	5	11	61
Total extraordinary income	71	268	864
Extraordinary loss			0
Loss on sales of noncurrent assets	372	1	4,529
Loss on retirement of noncurrent assets	442	309	5,381
Loss on foreign currency translation adjustment with liquidation of foreign subsidiaries	317	—	3,859
Loss on valuation of investment securities	60	169	730
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	175	—
Loss on earthquake	—	62	—
Impairment loss	6	—	73
Other	58	25	706
Total extraordinary losses	1,257	744	15,303
Income before income taxes and minority interests	6,118	4,765	74,483
Income taxes-current	3,332	1,561	40,565
Income taxes-deferred	(1,312)	1,057	(15,973)
Total income taxes	2,019	2,618	24,580
Income before minority interests	4,098	2,147	49,890
Minority interests in income	180	74	2,191
Net income	3,918	2,072	47,699
Income before minority interests	4,098	2,147	49,890
Other comprehensive income			
Valuation difference on available-for-sale securities	277	(1,396)	3,372
Deferred gains or losses on hedges	(3)	3	(37)
Foreign currency translation adjustment	85	(1,113)	1,035
Share of other comprehensive income of associates accounted for using equity method	0	19	0
Total other comprehensive income	360	(2,487)	4,383
Comprehensive income	4,459	(340)	54,285
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	4,316	(396)	52,544
Comprehensive income attributable to minority interests	142	56	1,729

(Year ended March 31)

Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Shareholders' equity			
Capital stock			
Balance at the beginning of current period	¥20,983	¥20,983	\$255,454
Changes of items during the period			
Total changes of items during the period	—	—	—
Balance at the end of current period	20,983	20,983	255,454
Capital surplus			
Balance at the beginning of current period	18,824	18,824	229,170
Changes of items during the period			
Disposal of treasury stock	(0)	(0)	(0)
Total changes of items during the period	(0)	(0)	(0)
Balance at the end of current period	18,824	18,824	229,170
Retained earnings			
Balance at the beginning of current period	45,299	43,707	551,485
Changes of items during the period			
Dividends from surplus	(1,423)	(480)	(17,324)
Net income	3,918	2,072	47,699
Total changes of items during the period	2,494	1,592	30,363
Balance at the end of current period	47,794	45,299	581,860
Treasury stock			
Balance at the beginning of current period	(859)	(149)	(10,458)
Changes of items during the period			
Purchase of treasury stock	(3)	(710)	(37)
Disposal of treasury stock	0	0	0
Total changes of items during the period	(3)	(709)	(37)
Balance at the end of current period	(863)	(859)	(10,506)
Total shareholders' equity			
Balance at the beginning of current period	84,247	83,365	1,025,651
Changes of items during the period			
Dividends from surplus	(1,423)	(480)	(17,324)
Net income	3,918	2,072	47,699
Purchase of treasury stock	(3)	(710)	(37)
Disposal of treasury stock	0	0	0
Total changes of items during the period	2,491	882	30,326
Balance at the end of current period	86,739	84,247	1,055,990

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at the beginning of current period	¥937	¥2,313	\$11,407
Changes of items during the period			
Net changes of items other than shareholders' equity	279	(1,376)	3,397
Total changes of items during the period	279	(1,376)	3,397
Balance at the end of current period	1,216	937	14,804
Deferred gains or losses on hedges			
Balance at the beginning of current period	1	(1)	12
Changes of items during the period			
Net changes of items other than shareholders' equity	(3)	3	(37)
Total changes of items during the period	(3)	3	(37)
Balance at the end of current period	(2)	1	(24)
Foreign currency translation adjustment			
Balance at the beginning of current period	(5,686)	(4,591)	(69,223)
Changes of items during the period			
Net changes of items other than shareholders' equity	123	(1,095)	1,497
Total changes of items during the period	123	(1,095)	1,497
Balance at the end of current period	(5,563)	(5,686)	(67,726)
Total accumulated other comprehensive income			
Balance at the beginning of current period	(4,747)	(2,278)	(57,792)
Changes of items during the period			
Net changes of items other than shareholders' equity	398	(2,469)	4,845
Total changes of items during the period	398	(2,469)	4,845
Balance at the end of current period	(4,349)	(4,747)	(52,946)
Minority interests			
Balance at the beginning of current period	665	797	8,096
Changes of items during the period			
Net changes of items other than shareholders' equity	41	(132)	499
Total changes of items during the period	41	(132)	499
Balance at the end of current period	706	665	8,595
Total net assets			
Balance at the beginning of current period	80,165	81,884	975,956
Changes of items during the period			
Dividends from surplus	(1,423)	(480)	(17,324)
Net income	3,918	2,072	47,699
Purchase of treasury stock	(3)	(710)	(37)
Disposal of treasury stock	0	0	0
Net changes of items other than shareholders' equity	440	(2,602)	5,357
Total changes of items during the period	2,931	(1,719)	35,683
Balance at the end of current period	83,096	80,165	1,011,639

(Year ended March 31)

Consolidated Financial Statements

Consolidated Statement of Cash Flows

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥6,118	¥4,765	\$74,483
Depreciation and amortization	9,310	10,057	113,343
Amortization of negative goodwill	(114)	(230)	(1,388)
Impairment loss	6	—	73
Increase (decrease) in allowance for doubtful accounts	(17)	(9)	(207)
Increase (decrease) in provision for retirement benefits	822	633	10,007
Increase (decrease) in provision for directors' retirement benefits	19	(183)	231
Increase (decrease) in provision for scheduled repairs	(257)	203	(3,129)
Interest and dividends income	(405)	(317)	(4,931)
Interest expenses	1,016	1,036	12,369
Foreign exchange losses (gains)	(0)	(0)	(0)
Equity in (earnings) losses of affiliates	2,509	802	30,545
Loss on valuation of inventories	331	(121)	4,030
Loss (gain) on sales of short-term and long-term investment securities	0	(32)	0
Loss (gain) on valuation of short-term and long-term investment securities	60	169	730
Gain (loss) on sales and disposal of property, plant and equipment, net	747	278	9,094
Loss on valuation of golf club memberships	40	11	487
Gain on reversal of amends loss	—	(104)	—
Gain on discontinuation of approved retirement annuity system	—	(86)	—
Loss on foreign currency translation adjustment with liquidation of foreign subsidiaries	317	—	3,859
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	180	—
Loss on earthquake	—	19	—
Decrease (increase) in notes and accounts receivable-trade	(9,511)	(10,096)	(115,790)
Decrease (increase) in inventories	1,291	(5,023)	15,717
Increase (decrease) in notes and accounts payable-trade	5,961	6,526	72,571
Increase/decrease in other assets/liabilities	249	254	3,031
Subtotal	18,496	8,733	225,177
Interest and dividends income received	416	372	5,065
Interest expenses paid	(1,015)	(1,020)	(12,795)
Payments for loss on disaster	—	(897)	—
Income taxes paid	(2,113)	(1,191)	(25,724)
Income taxes refund	227	241	2,764
Net cash provided by (used in) operating activities	16,010	6,236	194,911

(Year ended March 31)

	Millions of yen		Thousands of U.S. dollars (Note)
	2012	2011	2012
Net cash provided by (used in) investing activities			
Net decrease (increase) in time deposits	¥(0)	¥964	\$(0)
Purchase of property, plant and equipment	(7,254)	(5,493)	(88,313)
Proceeds from sales of property, plant and equipment	542	975	6,598
Purchase of investment securities	(19)	(18)	(231)
Proceeds from sales of investment securities	3	54	37
Payments of loans receivable	(19)	(80)	(231)
Collection of loans receivable	21	43	256
Purchase of intangible assets	(1,025)	(47)	(12,479)
Proceeds from sales of intangible assets	—	30	—
Purchase of investments in capital of subsidiaries	—	(117)	—
Change in operative other assets	48	8	584
Net cash provided by (used in) investing activities	(7,703)	(3,681)	(93,779)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	416	(6,960)	5,065
Proceeds from long-term loans payable	9,060	4,095	110,299
Repayment of long-term loans payable	(10,080)	(5,542)	(122,717)
Proceeds from issuance of bonds	292	8,237	3,555
Redemption of bonds	(3,300)	(440)	(40,175)
Increase (decrease) in deposit payable in cash	250	—	3,044
Repayments of lease obligations	(70)	(60)	(852)
Proceeds from disposal of treasury stock	0	0	0
Purchase of treasury stock	(3)	(710)	(37)
Cash dividends paid	(1,422)	(484)	(17,312)
Cash dividends paid to minority shareholders	(125)	(88)	(1,522)
Net cash provided by (used in) financing activities	(4,983)	(1,952)	(60,665)
Effect of exchange rate change on cash and cash equivalents	59	(246)	718
Net increase (decrease) in cash and cash equivalents	3,383	355	41,186
Cash and cash equivalents at beginning of period	18,741	20,547	228,159
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(2,161)	—
Cash and cash equivalents at end of period	22,124	18,741	269,345

Segment Information

Consolidated statements of cash flows

(Millions of yen)							
	Steel Products Business	Automotive and Industrial Machinery Components Business	Total	Others	Total	Adjustments	Consolidated total
Sales External sales	71,271	154,031	225,302	15,232	240,534	–	240,534
Intra-segment sales and transfer	22,364	–	22,364	–	22,364	(22,364)	–
Total	93,636	154,031	247,667	15,232	262,899	(22,364)	240,534
Segment income	3,833	10,392	14,225	801	15,027	(4,472)	10,554
Segment assets	63,376	96,178	159,555	26,938	186,493	26,334	212,828
Other items Depreciation and amortization	2,840	5,302	8,143	1,028	9,172	138	9,310
Increase in tangible and intangible assets	2,502	5,893	8,396	526	8,923	59	8,982
(Year ended March 31)							

(Thousands of U.S. dollars)							
	Steel Products Business	Automotive and Industrial Machinery Components Business	Total	Others	Total	Adjustments	Consolidated total
Sales External sales	867,677	1,875,225	2,742,902	185,439	2,928,342	–	2,928,342
Intra-segment sales and transfer	272,267	–	272,267	–	272,267	(272,267)	–
Total	1,139,956	1,875,225	3,015,181	185,439	3,444,108	(272,267)	2,928,342
Segment income	46,664	126,516	173,180	9,752	182,944	(54,444)	128,488
Segment assets	771,561	1,170,903	1,942,476	327,952	2,270,429	320,599	2,591,040
Other items Depreciation and amortization	34,575	64,548	99,136	12,515	111,663	1,680	113,343
Increase in tangible and intangible assets	30,460	71,743	102,216	6,404	108,632	718	109,350
(Year ended March 31)							

Consolidated Financial Statement for Past 10 Years (Millions of yen)

Fiscal year	2003	2004	2005	2006
Net sales	216,321	233,722	261,205	270,447
Ordinary profit	8,601	9,209	17,797	16,768
Net income (loss)	3,791	4,066	7,500	7,976
Comprehensive income	–	–	–	–
Net assets	49,259	55,631	62,430	78,698
Total net assets	219,139	229,429	236,624	243,558
Net assets per share (yen)	224.22	253.41	284.52	358.82
Net income per share (loss) (yen)	16.96	18.26	33.93	36.12
Dividends per share	5.0	5.0	5.0	6.0
Equity ratio (%)	22.5	24.2	26.4	32.3
Return on equity (%)	7.8	7.8	12.7	11.3
Price/earnings ratio	11.5	16.2	12.4	14.3
Net cash provided by (used in) operating activities	18,726	14,029	19,685	14,807
Net cash provided by (used in) investing activities	(9,855)	(8,122)	(8,826)	(10,728)
Net cash provided by (used in) financing activities	(13,504)	(6,244)	(11,158)	(3,141)
Cash and cash equivalents at the end of current period	14,602	14,783	14,563	12,975
No. of employees [temporary employees] (persons)	4,021 [466]	4,293 [556]	4,392 [638]	4,137 [683]

2007	2008	2009	2010	2011	2012
285,058	296,629	290,333	196,848	221,413	240,534
13,866	11,784	6,010	626	5,241	7,304
7,826	6,366	2,384	(1,032)	2,072	3,918
–	–	–	–	(340)	4,459
84,269	83,217	80,942	81,884	80,165	83,096
252,888	231,887	202,995	201,138	203,956	212,828
379.03	371.40	334.16	337.53	335.16	347.37
35.60	28.90	10.39	(4.30)	8.64	16.52
6.0	8.0	5.0	2.0	4.0	4.0
33.0	35.3	39.6	40.3	39.0	38.7
9.4	7.7	2.9	(1.3)	2.6	4.8
13.3	9.8	13.9	–	25.2	15.6
13,999	9,405	21,547	12,010	6,236	16,010
(3,862)	(8,447)	(15,908)	(7,507)	(3,681)	(7,703)
(8,217)	(4,266)	(287)	(2,236)	(1,952)	(4,983)
15,942	13,130	18,293	20,547	18,741	22,124
4,107 [712]	4,133 [556]	4,125 [471]	4,242 [422]	4,151 [432]	4,135 [428]



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