May 11, 2011

Consolidated Financial Results for the Fiscal 2010

Name: **Tokyo Rope Manufacturing Co., Ltd.**
Listing: **Tokyo Stock Exchange, Osaka Securities Exchange**
Stock code number: **5981**
URL: **http://www.tokyorope.co.jp**
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Annual Meeting of Shareholders: **June 29, 2011**
Date of issue of Financial Report: **June 29, 2011**
Start of cash dividend payments: **June 9, 2010**
Supplementary financial materials prepared: **No**
Financial results information meeting held: **Yes** (for institutional investors)

1. Fiscal 2010 (April 1, 2010–March 31, 2011)

(1) Results of Operations

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
		(% change from previous year)		(% change)		(% change)		(% change)
Fiscal 2010	¥71,887	–0.3%	¥3,463	53.5%	¥3,054	88.2%	¥765	80.0%
Fiscal 2009	72,138	—	2,256	—	1,623	—	425	—

Note: Comprehensive income
Fiscal 2010: ¥564 million (−49.6%)
Fiscal 2009: ¥1,119 million (–%)

	Net income per share	Net income per share (fully diluted)	ROE	Ordinary income/ total assets	Operating income/ net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal 2010	¥5.26	¥5.26	1.9%	2.9%	4.8%
Fiscal 2009	2.91	2.90	1.1	1.6	3.1

Note: Gain/loss on investments based on equity method
Fiscal 2010: ¥13 million
Fiscal 2009: ¥–52 million

(2) Financial Position

(Millions of yen, except per share data, rounded down)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
Fiscal 2010	¥104,937	¥42,915	38.2 %	¥276.35
Fiscal 2009	103,538	42,919	39.0	276.00

Note: Equity capital at year-end
Fiscal 2010: ¥40,110 million
Fiscal 2009: ¥40,394 million

(3) Cash Flows

(Millions of yen, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal 2010	¥10,757	¥–5,375	¥–3,433	¥3,480
Fiscal 2009	2,154	–1,929	–352	1,645

2. Cash Dividends

(Cut-off date)	Cash dividends per share (Yen) 1st quarter	2nd quarter	3rd quarter	Year-end	Full year	Total dividends paid (full year) (Millions of yen)	Payout ratio (consolidated)	Dividends paid/ Net assets (consolidated) (%)
Fiscal 2009	¥—	¥0.00	¥—	¥2.50	¥2.50	¥365	85.9%	0.9%
Fiscal 2010	—	0.00	—	2.50	2.50	362	47.5	0.9
Fiscal 2011 (est.)	—	—	—	—	—		—	

Note: At present, the cash dividend forecast for fiscal 2011 is undecided.

3. Forecast for Fiscal 2011 (April 1, 2011–March 31, 2012)

(Millions of yen, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
First 2 quarters	¥35,000	6.7%	¥1,000	17.6%	¥800	44.1%	¥300	—	¥2.07
Full year	80,000	11.3	4,600	32.8	4,200	37.5	2,200	187.4%	15.16

4. Other

(1) Important changes in scope of consolidation during period: No

(2) Changes in accounting principles, procedures, disclosure methods, etc.
1. Changes associated with changes in accounting standards: Yes
2. Other changes: No

(3) Shares outstanding (common stock) at year-end
1. Number of shares outstanding (including treasury stock)
   Fiscal 2010: 162,682,420
   Fiscal 2009: 162,682,420
2. Number of treasury shares outstanding
   Fiscal 2010: 17,536,571
   Fiscal 2009: 16,325,627
3. Average number of shares over period
   Fiscal 2010: 145,548,698
   Fiscal 2009: 146,278,686

Implementation status of review procedures
At the time of disclosure of this report, review procedures for financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

Appropriate use of business forecasts; other special items
In this document, performance forecasts and other forward-looking statements are based on information currently available and certain assumptions judged by the Group to be rational. Actual results may differ significantly from forecasts due to various factors. Please refer to “1. Performance and Financial Position (1) Consolidated Business Results” on page 4 for information on preconditions underlying the above forecasts and other related information.

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1. Performance and Financial Position

(1) Consolidated Business Results

1) Fiscal 2010 Results

In fiscal 2010, ended March 31, 2011, the Japanese economy performed relatively favorably during the first half thanks to growth of exports to China and ASEAN nations, a turnaround in personal consumption, and other factors. However, in the latter half, curtailment of economic stimulus measures and effects of a strong Japanese yen caused the economy to come to a standstill. In addition, material damages caused by the Great East Japan Earthquake that occurred on March 11, 2011, have cast a great shadow on the outlook of economic activities.

Facing these conditions, the Tokyo Rope Group worked hard to improve earnings in each of its business areas. Despite such efforts, consolidated net sales for the year amounted to ¥71,887 million, down 0.3% from the previous year. This was in part due to the effects of the earthquake, as well as the stagnation of product development related to public works projects, even though sales in the Steel Cord segment, such as for saw wires for silicon slices in solar battery products, performed solidly.

In terms of earnings, operating income increased 53.5%, to ¥3,463 million, and ordinary income rose 88.2%, to ¥3,054 million as a result of improving earnings mainly through cost reduction, or by further expanding business segments with high profitability. Meanwhile, net income increased 80.0% to ¥765 million, despite the fact the Group posted a loss on disaster of ¥615 million due to impact from the Great East Japan Earthquake, and an extraordinary loss comprised of loss on adjustment for changes of accounting standard for asset retirement obligations amounting to ¥499 million, loss on valuation of investment securities amounting to ¥369 million, and other items.

Our results by business segment were as follows:

Wire Rope

Domestic sales volumes of ropes slightly increased year-on-year supported by demand from the steel industry.
With regards to the wire category, sales volumes of telecommunications steel wires increased year-on-year, but compared to the previous year, sales volumes of wire for submarine cables declined due to an impact from projects being postponed or undergoing readjustment of schedules.

As a result, total sales in the Wire Rope segment amounted to ¥25,565 million.

Steel Cord

With regards to tire cords, domestic sales volumes of passenger vehicles performed solidly thanks to the subsidy system for the purchasing of environment-friendly vehicles led by the government, despite the fact production of tires geared towards trucks and buses continued to be sluggish. Furthermore, sales volumes for saw wires for silicon slices in solar battery products and wire saws, which is a slice device, saw significant leaps year-on-year, supported by robust demand from Asia centering on China.

As a result, total sales in the Steel Cord segment amounted to ¥24,108 million.

Product Development

Due to a reduction of public works projects, sales of road safety equipment and bridge-related equipment both declined year-on-year.

As a result, total sales in the Product Development segment amounted to ¥13,075 million.

Real Estate

The impact of modifications to rental charges led to a sales decline in the Real Estate segment, to ¥1,230 million.

Other

Sales of industrial machinery (automatic weighing machines and packaging machines) decreased due to the stagnation of domestic capital investment. However, power metallurgy products and petroleum products both sold well and as a result, total sales in the Other segment amounted to ¥7,909 million.

2) Outlook for Fiscal 2011

Led by emerging countries such as China, the global economy is forecast to perform solidly going forward. As for the Japanese economy, a slowdown of production activity is projected due to the damage to infrastructure or the supply chain as a result of the Great East Japan Earthquake, as well as the shortage of power supply stemming from the nuclear power plant accident. The operating environment surrounding the Group is expected to remain challenging.

Facing these challenges, the Tokyo Rope Group will pour its utmost effort in helping to redevelop infrastructure which is part of the reconstruction process from the earthquake disaster. At the same time, we will steadily implement our medium-term business plan, entitled “Quest for Total Cable Technology”. Through these initiatives, we will strive to improve our business performance and build a solid foundation that will serve as a platform for renewed progress.

The Group's consolidated forecasts for fiscal 2011 are net sales of ¥80.0 billion, operating income of ¥4.6, ordinary income of ¥4.2 billion, and net income of ¥2.2 billion. Forecasts for the first two-quarter period of fiscal 2011 (cumulative total of the first 2 quarters) are net sales of ¥35.0 billion, operating income of ¥1.0 billion, ordinary income of ¥0.8 billion, and net income of ¥0.3 billion.

(2) Financial Position

1) Assets, Liabilities and Net Assets

At March 31, 2011, the Tokyo Rope Group had total assets of ¥104,937 million, up ¥1,399 million from a year earlier. This was mainly due to the increase of inventories.

With regards to liabilities, loans and long-term deposits in trust decreased, but notes and accounts payable increased and advances received increased as well. As a result, total liabilities increased ¥1,403 million, to ¥62,022 million compared to a year ago.

Net assets decreased ¥3 million, to ¥42,915 million, although we recorded a net income of ¥765 million. Contributing factors include a decrease in the account for valuation and translation adjustments owing to appreciation of the Japanese yen, and the payment of cash dividends.

2) Cash Flows

At March 31, 2011, cash and cash equivalents totaled ¥3,480 million, up ¥1,834 million from a year earlier.

For the year, net cash provided by operating activities amounted to ¥10,757 million. Major factors included a decrease in notes and accounts receivable and an increase in notes and accounts payable.

Net cash used in investing activities totaled ¥5,375 million, mainly due to purchases of property, plant, and equipment.

Net cash used in financing activities was ¥3,433 million, mainly reflecting a decrease in loans and the payment of cash dividends.

(Reference) Cash Flow Indicators

	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Equity ratio (%)	43.3	40.0	37.8	39.0	38.2
Equity ratio based on market price (%)	33.4	23.9	31.5	36.6	43.6
Debt coverage (years)	2.4	5.2	6.5	11.3	2.0
Interest coverage ratio (times)	16.0	8.1	5.6	3.3	18.4

Notes:
Equity ratio: Equity capital/Total assets
Equity ratio based on market price: Total stock value based on market price/Total assets
Debt coverage: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/Interest paid
1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated based on the number of shares outstanding at the end of the year, excluding treasury stock.
3. Operating cash flow is calculated using net cash provided by operating activities (listed in the Consolidated Statements of Cash Flows).
4. Interest-bearing debt refers to all liabilities listed in the Consolidated Balance Sheets that incur interest.

(3) Profit Appropriation Policy; Cash Dividends

With respect to returning profits to shareholders, the Tokyo Rope Group's basic policy is to appropriate earnings according to its consolidated financial performance. At the same time, we seek to secure funds for stable dividend payments and retain sufficient earnings to prepare for medium- and long-term changes in the business environment. Retained earnings are used to advance new businesses, develop new products, build production and sales systems in Japan and overseas—which in turn helps secure future profits for shareholders.

The Company plans to pay a year-end cash dividend of ¥2.50 per share.

In fiscal 2011, we intend to comply with the aforementioned dividend policy and will aim for a payout ratio of 30% in accordance with our medium-term business plan. At this stage, however, we have not yet made a numerical determination. The dividend amount will be decided after extensive consideration of the Company's performance and financial position going forward.

(4) Business Risks

A summary of the various risks that could affect the Group's financial position and business performance is given below. Forward-looking statements included in the summary below are based on the Group's judgments as of March 31, 2011.

1) Economic Trends

Economic conditions worldwide and in Japan can potentially affect the activity levels of key sectors, including the tire and construction industries, which represent the main sources of demand for the Group. This could have a negative impact on the Group's business performance.

2) Competition

The competition which the Group faces, in terms of domestic and overseas production and sales activities, is intensifying. We are promoting both a consecutive effort to reduce costs and develop new products, or new businesses. However, the reduction of market prices could have a negative impact on the financial position and business performance of the Group.

3) Availability of Raw Materials, etc.

The Group makes regular purchases of key raw materials, namely wire rod, zinc, and fiber core, and depends upon a few suppliers for each type of purchase. Lack of supplies or delays in the delivery of raw materials caused by poor business performance or the closing down of certain businesses of suppliers, restrictions on purchasing volumes stemming from worldwide supply-demand pressures, or rising prices of steel, caused by surging prices of iron ore and coal, could have a negative impact on the Groups' financial position and business performance.

4) Overseas Operational Factors

Outside of Japan, the Group has business operations in China and Vietnam. If those countries experience political and/or economic turmoil, social unrest resulting from the spread of disease or terrorism, or legal constraints, the Group's business activities could be restricted as a consequence.

5) Natural Disasters and Accidents

The advent of earthquakes, fires, and other large-scale disasters, as well as equipment-related accidents, could impede the Group's production activities and incur substantial restoration expenses. The Group's financial position and business performance could be affected as a consequence.

In addition, although plants of the Group located in Iwate prefecture and Ibaraki prefecture incurred damages due to the Great East Japan Earthquake that occurred on March 11, 2011, the damages found on equipment, etc. were minimal. Going forward, restrictions placed on the availability of electricity, lack of availability of raw materials, etc. could have a negative impact on the Groups' financial position and business performance.

6) Falling Share Prices

The Group holds shares in some business partners in the interests of pursuing common medium- and long-term business strategies. If the market values of those shares decline, the Group may need to incur devaluation losses. Moreover, Company's pension assets may decline and its retirement benefits expenses may increase as a result of declines in share prices.

7) Default of Business Partners

The Group allows credit accommodation to business partners in various ways, and bears credit risks, such as the possibility of not being able to recover receivables. In order to avert such risks, the Group establishes credit ceilings according to the credit condition of each business partner, and implements countermeasures, which includes acquisition of necessary security or guarantees. However, in the event it is impossible to recover receivables due to the unexpected deterioration of the credit condition of, or corporate bankruptcies of business partners, the Group's financial position and business performance may be negatively impacted.

8) Impairment Loss on Fixed Assets

The Group possesses a large sum of fixed assets. In the event that it cannot be expected to recover the amount invested as a result of the decrease in profitability in the wake of changes in business environment, there will be a need to reduce the book value of fixed assets so as to reflect their collectability, and record the amount of the said decrease as impairment loss. As a result, this could have a negative impact on the Group's financial position and business performance.

9) Lawsuits

The Group is committed to comply with laws and regulations, etc. However, in the event an important lawsuit, or similar action, is filed against the Group regardless of whether we have violated any laws or regulations, etc., this could have a negative impact on the Group's financial position and business performance.

10) Environmental Factors

The Group properly disposes waste and hazardous substances that are produced as a byproduct of business activities subject to laws and regulations pertaining to the environment. However, in the event environmental standards, such as CO2 emissions restrictions, are tightened in the future, expenses for creating and implementing new measures may arise, or we may have to close down certain businesses. As a result, this could have a negative impact on the Group's financial position and business performance.

11) Intellectual Property Rights

The Group has delivered a number of new technologies through development of new products, gained a lot of expertise, applied for patents for such intellectual properties and strived to protect such rights and leverage them as resources for business. However, in the event the Group's application for intellectual property rights is nullified, or a third party violates intellectual property rights, this could have a negative impact on the Group's financial position and business performance.

12) Legal Restrictions

The Group is subject to legal restrictions of the countries where it does business, whether it is in Japan or overseas. We have established and operated a proper internal control system, which includes matters related to compliance, as well as the securing of legal financial reporting procedures. However, this does not mean that violations of laws and regulations will never arise in the future, and furthermore, expenses to comply with changes in laws and regulations may arise. This could have a negative impact on the Group's financial position and business performance.

2. Business Policies

The Group's medium-term vision is encapsulated in the medium-term business plan, entitled "Quest for Total Cable Technology."

(1) Quest for Total Cable Technology

In recent years, customer demands for our products have become increasingly diverse and sophisticated such as for increased strength, as well as lighter and longer materials with longer lifespans through hybridization, greater safety through application of diagnostic technologies, and lower costs.

The Tokyo Rope Group has accumulated technologies through provision of its broad product lineup of wire, wire rope, and fiber rope, and their derivatives used in engineering to every industry in Japan. Our development activities include software for diagnostic technologies, as well as technologies for developing carbon fiber and other materials.

The Tokyo Rope Group has embarked upon a new growth phase by leveraging its position as a globally competitive and unique supplier with a diverse range of cable solutions.

(2) Specific Initiatives

1) Cultivating Growth Markets

The Tokyo Rope Group will advance its activities in growth markets by maximum use of the diversity (materials, size, application) and depth (cables, terminals, health diagnostics technology, production machinery, engineering) of its product lineup.

Specifically, we will supply saw wire and wire saws for solar power generation projects and materials for petroleum and mining development projects. We will focus on the Group's carbon fiber business, engineering products used for infrastructure development in CIS countries, and on our diagnostic and measurement businesses.

2) Expansion of Overseas Business to Improve Earnings Power

During the period of the previous medium-term business plan, the Group boosted its activities and established and expanded production facilities overseas, primarily in emerging markets. These efforts concentrated on the steel cord, wire rope, steel wire, and engineering categories.

We will continue to look at expanding overseas production sites in order to build an optimum supply network for growth markets around the world. Through these initiatives, we will increase the percentage of earnings generated in overseas markets.

3) Development of New Products and Production Methods

Guided by the concept of Total Cable Technology, we will develop and boost sales both in Japan and overseas of new products and new production methods. Through these new additions to our lineup, we will help our customers reduce costs, enhance quality by reducing weight and increasing strength and lifespan, and raise safety levels.

4) Rigorous Cost-Cutting in Domestic Operations

Under the new medium-term plan, we will ensure stable earnings by all of the Group’s plants in Japan. These domestic plants will serve as bases for the development and manufacture of high-value-added products. At the same time, they will respond flexibly to any gaps between demand and production capacity, and will reduce costs by making dramatic improvements to productivity.

The Tokyo Rope Group will keep on building a solid foundation that will serve as a platform for further progress as it works to realize the Group’s medium-term vision. We will strive to be a Company deserving of the trust of all stakeholders, including shareholders, customers, suppliers, and employees.

3. Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2009 (At March 31, 2010)	Fiscal 2010 (At March 31, 2011)
ASSETS		
Current assets		
Cash and bank deposits	¥ 1,665	¥3,515
Notes and accounts receivable	20,751	16,778
Commodities and products	4,638	4,365
Goods in process	4,160	8,439
Materials and supplies	3,103	3,634
Deferred tax assets	1,157	866
Other	4,770	2,589
Allowance for doubtful accounts	(71)	(36)
Total current assets	40,174	40,152
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	9,409	8,949
Machinery and vehicles (net)	15,044	13,674
Land	18,382	18,297
Trust assets (net)	8,181	7,878
Construction in progress	469	2,088
Other (net)	1,243	1,885
Total property, plant and equipment	52,731	52,774
Intangibles	722	707
Investments and other assets		
Investment securities	5,394	6,118
Deferred tax assets	1,608	1,868
Other	3,224	3,721
Allowance for doubtful accounts	(348)	(426)
Total investments and other assets	9,879	11,282
Total fixed assets	63,332	64,764
Deferred assets	30	20
Total assets	103,538	104,937

(Millions of yen, rounded down)

	Fiscal 2009 (At March 31, 2010)	Fiscal 2010 (At March 31, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 11,676	¥16,164
Short-term borrowings	22,300	13,147
Accrued expenses	2,814	1,697
Reserve for employees' bonuses	978	1,017
Other	1,965	6,469
Total current liabilities	39,737	38,496
Long-term liabilities		
Long-term loans	2,000	8,649
Deferred tax liabilities	81	59
Deferred tax liabilities due to revaluation	6,651	6,634
Reserve for employees' retirement bonuses	3,770	4,300
Reserve for directors' retirement bonuses	174	165
Asset retirement obligations	—	511
Long-term deposits in trust	6,544	1,500
Long-term advances received	411	34
Other	1,248	1,670
Total long-term liabilities	20,881	23,525
Total liabilities	60,619	62,022
NET ASSETS		
Shareholders' equity		
Common stock	15,074	15,074
Capital surplus	8,571	8,574
Retained earnings	9,732	10,095
Treasury stock	(3,052)	(3,284)
Total shareholders' equity	30,325	30,459
Accumulated other comprehensive income		
Net unrealized gain/loss on securities	44	170
Deferred hedging gains or losses	—	0
Land revaluation difference	10,046	10,005
Translation adjustments	(22)	(524)
Total accumulated other comprehensive income	10,068	9,651
Minority interests	2,524	2,804
Total net assets	42,919	42,915
Total liabilities and net assets	103,538	104,937

(2) Statements of Income and Statements of Comprehensive Income

1) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2009 (April 1, 2009– March 31, 2010)	Fiscal 2010 (April 1, 2010– March 31, 2011)
Net sales	¥72,138	¥71,887
Cost of sales	60,019	58,131
Gross profit	12,119	13,756
Selling, general and administrative expenses	9,862	10,293
Operating income	2,256	3,463
Other income		
Interest income	26	25
Dividend income	120	132
Transfer from allowance for doubtful accounts	—	78
Other	301	270
Total other income	448	506
Other expenses		
Interest expense	654	552
Foreign exchange gains	—	110
Other	428	252
Total other expenses	1,082	915
Ordinary income	1,623	3,054
Extraordinary income		
Gain on sales of investment securities	565	—
Gain on sales of golf memberships	0	—
Gain on lump-sum repayment of construction assistance fund receivables	—	234
Other	—	0
Total extraordinary income	566	234
Extraordinary expenses		
Loss on sales of fixed assets	1,597	—
Loss on sales of investment securities	1	—
Loss on valuation of investment securities	0	369
Loss on valuation of golf membership	0	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	499
Soil improvement costs	—	112
Loss on disaster	—	615
Other	—	304
Total extraordinary expenses	1,599	1,901
Income before income taxes	589	1,387
Income taxes	702	365
Income tax adjustment	(606)	(20)
Total income taxes	96	345
Income before minority interests	—	1,042
Minority interests in earnings of affiliates	68	276
Net income	425	765

Statement of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal 2009 (April 1, 2009– March 31, 2010)	Fiscal 2010 (April 1, 2010– March 31, 2011)
Income before minority interests	—	¥1,042
Other comprehensive income		
Valuation difference on available-for-sale securities	—	125
Deferred gains or losses on hedges	—	0
Foreign currency translation adjustment	—	(562)
Share of other comprehensive income of associates accounted for using equity method	—	(41)
Total other comprehensive income	—	(478)
Comprehensive income	—	564
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	389
Comprehensive income attributable to minority interests	—	174

(3) Statements of Changes in Shareholders' Equity

(Millions of yen, rounded down)

	Fiscal 2009 (April 1, 2009– March 31, 2010)	Fiscal 2010 (April 1, 2010– March 31, 2011)
Shareholders' equity		
Common stock		
Balance at end of previous term	¥15,074	¥15,074
Changes during term in review		
Total changes during term	—	—
Balance at end of term in review	15,074	15,074
Capital surplus		
Balance at end of previous term	8,567	8,571
Changes during term in review		
Disposal of treasury stock	4	2
Total changes during term	4	2
Balance at end of term in review	8,571	8,574
Earned surplus		
Balance at end of previous term	8,424	9,732
Changes during term in review		
Distribution of earned surplus	(365)	(365)
Net income	425	765
Reversal of unrealized losses from land revaluation	1,248	41
Change in consolidation scope	—	(82)
Other	—	5
Total changes during term	1,308	363
Balance at end of term in review	9,732	10,095
Treasury stock		
Balance at end of previous term	(3,087)	(3,052)
Changes during term in review		
Purchase of treasury stock	(33)	(278)
Disposal of treasury stock	68	46
Total changes during term	34	(231)
Balance at end of term in review	(3,052)	(3,284)
Total shareholders' equity		
Balance at end of previous term	28,978	30,325
Changes during term in review		
Distribution of earned surplus	(365)	(365)
Net income	425	765
Reversal of unrealized losses from land revaluation	1,248	41
Purchase of treasury stock	(33)	(278)
Disposal of treasury stock	72	48
Change in consolidation scope	—	(82)
Other	—	5
Total changes during term	1,346	133
Balance at end of term in review	30,325	30,459

(Millions of yen, rounded down)

	Fiscal 2009 (April 1, 2009– March 31, 2010)	Fiscal 2010 (April 1, 2010– March 31, 2011)
Accumulated other comprehensive income		
Net unrealized gains or losses on securities		
Balance at end of previous term	¥ (444)	¥44
Changes during term in review		
Changes during term not related to shareholders’ equity (net)	489	125
Total changes during term	489	125
Balance at end of term in review	44	170
Deferred hedging gains or losses		
Balance at end of previous term	(0)	—
Changes during term in review		
Changes during term not related to shareholders’ equity (net)	0	0
Total changes during term	0	0
Balance at end of term in review	—	0
Unrealized losses from land revaluation		
Balance at end of previous term	11,294	10,046
Changes during term in review		
Reversal of unrealized losses from land revaluation	(1,248)	(41)
Total changes during term	(1,248)	(41)
Balance at end of term in review	10,046	10,005
Translation adjustments		
Balance at end of previous term	(133)	(22)
Changes during term in review		
Changes during term not related to shareholders’ equity (net)	110	(501)
Total changes during term	110	(501)
Balance at end of term in review	(22)	(524)
Total accumulated other comprehensive income		
Balance at end of previous term	10,715	10,068
Changes during term in review		
Reversal of unrealized losses from land revaluation	(1,248)	(41)
Changes during term not related to shareholders’ equity (net)	600	(375)
Total changes during term	(647)	(416)
Balance at end of term in review	10,068	9,651
Minority interests		
Balance at end of previous term	2,431	2,524
Changes during term in review		
Changes during term not related to shareholders’ equity (net)	93	279
Total changes during term	93	279
Balance at end of term in review	2,524	2,804

(Millions of yen, rounded down)

	Fiscal 2009 (April 1, 2009– March 31, 2010)	Fiscal 2010 (April 1, 2010– March 31, 2011)
Total net assets		
Balance at end of previous term	¥42,125	¥42,919
Changes during term in review		
Distribution of earned surplus	(365)	(365)
Net income	425	765
Purchase of treasury stock	(33)	(278)
Disposal of treasury stock	72	48
Change in consolidation scope	—	(82)
Other	—	5
Changes during term not related to shareholders' equity (net)	694	(95)
Total changes during term	793	(3)
Balance at end of term in review	42,919	42,915

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2009 (April 1, 2009– March 31, 2010)	Fiscal 2010 (April 1, 2010– March 31, 2011)
Operating activities		
Income before income taxes	¥ 589	1,387
Depreciation	3,724	3,624
Amortization of negative goodwill	(10)	(3)
Increase (decrease) in allowance for doubtful accounts	79	(74)
Increase (decrease) in reserve for employees’ bonuses	(87)	45
Increase (decrease) in reserve for employees’ retirement bonuses	473	542
Increase (decrease) in reserve for directors’ retirement bonuses	33	(9)
Interest and dividend income	(147)	(158)
Interest expense	654	552
Equity in (earning) losses of affiliates	52	(13)
(Gain) loss on sales of fixed assets	1,597	—
(Gain) loss on sales investments securities	(564)	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	507
(Gain) loss on valuation of investment securities	0	369
Loss on valuation of golf membership	0	—
Loss on disaster	—	615
Gain on lump-sum repayment of construction assistance fund receivables	—	(234)
Other extraordinary loss (income)	—	303
Subsidy revenue	10	—
(Increase) decrease in notes and accounts receivable	(3,407)	3,523
(Increase) decrease in inventories	2,825	(4,872)
Net (increase) decrease in other assets	(291)	(147)
Increase (decrease) in notes and accounts payable	(2,969)	4,868
Increase (decrease) in advances received	—	2,237
Net increase (decrease) in accrued consumption tax	207	(331)
Net increase (decrease) in other liabilities	412	(874)
Subtotal	3,183	11,861
Interest and dividends received	148	160
Interest paid	(661)	(583)
Directors’ retirement bonuses paid	(144)	—
Payments for loss on disaster	—	(7)
Income tax paid	(371)	(673)
Net cash provided by operating activities	2,154	10,757
Investing activities		
Purchases of investment securities	(1,454)	(26)
Proceeds from sales of investment securities	1,390	5
Payment for investments in affiliates	(360)	(668)
Purchase of stocks of subsidiaries and affiliates	—	(1,000)
Loans extended	(187)	(745)
Proceeds from loans recovered	147	173
Purchases of property, plant and equipment	(2,339)	(4,029)
Proceeds from sales of property, plant and equipment	977	1,182
Other	(103)	(265)
Net cash used in investing activities	(1,929)	(5,375)

(Millions of yen, rounded down)

	Fiscal 2009 (April 1, 2009– March 31, 2010)	Fiscal 2010 (April 1, 2010– March 31, 2011)
Financing activities		
Net increase (decrease) in short-term borrowings	¥ 604	(3,778)
Proceeds from long-term borrowings	—	8,913
Repayment of long-term borrowings	—	(7,258)
Proceeds from redemption of long-term deposits in trust	—	2,100
Repayment of construction support funds	(600)	(2,700)
Cash dividends paid	(365)	(365)
Proceeds from disposal of treasury stock	72	53
Purchase of treasury stock	(33)	(278)
Other	(29)	(120)
Net cash used in financing activities	(352)	(3,433)
Effect of exchange rate changes on cash and cash equivalents	15	(79)
Net increase (decrease) in cash and cash equivalents	(110)	1,867
Cash and cash equivalents at beginning of term	1,756	1,645
Decrease in cash and cash equivalents due to exclusions from consolidation	—	(33)
Cash and cash equivalents at end of term	1,645	3,480

(5) Segment Information

1) Business Segment Information
Fiscal 2009 (April 1, 2009–March 31, 2010)

(Millions of yen)

	Wire rope & steel cord	Product development	Real estate	Other	Total	Elimination/ corporate	Consolidation
Net sales and Operating income/losses							
Net sales	¥39,585	¥23,434	¥1,380	¥7,738	¥72,138	—	¥72,138
(1) Sales to outside customers							
(2) Intersegment sales or transfers	207	187	—	888	1,282	(1,282)	—
Total	39,792	23,622	1,380	8,626	73,421	(1,282)	72,138
Operating expenses	39,877	22,474	666	8,146	71,164	(1,282)	69,882
Operating income	(85)	1,147	714	480	2,256	—	2,256
Assets, Depreciation, and Capital participations:							
Assets	61,680	18,125	14,254	7,855	101,915	1,622	103,538
Depreciation	2,849	402	340	132	3,724	—	3,724
Capital participations	2,620	194	50	133	2,999	—	2,999

2) Segment Information by Business Location
(April 1, 2009–March 31, 2010)

Segment information by business location is omitted, as more than 90% of sales from all business segments are generated in Japan.

3) Overseas Sales
(April 1, 2009–March 31, 2010)

	China	Other regions	Total
Overseas sales (¥ millions)	5,259	2,133	7,393
Consolidated net sales (¥ millions)	—	—	72,138
Ratio of overseas sales in net sales (%)	7.3	3.0	10.3

Notes: 1. Countries and regions are classified according to geographical proximity.
2. Main countries and regions in each segment
(1) Other regions: Thailand, Philippines, etc.
3. “Overseas sales” refers to sales of the Group and its consolidated subsidiaries in countries and regions outside of Japan.

[Segment Information]

1. Overview of Reporting Segments

The Company’s reporting segments are subject to regular examination, so that the Board of Directors can appropriately allocate business resources and evaluate business performances. Financial information separated according to specific segment is available.

In its head office, the Tokyo Rope Group has established business departments for each product/service line. Those departments are responsible for formulating comprehensive domestic and overseas strategies and advancing the activities of their respective businesses.

Accordingly, the Group has classified its operations into four product- and service-specific segments, each based on a business department. Those segments are: “Wire Rope,” “Steel Cord,” “Product Development,” and “Real Estate.”

Segment	Main products
Wire Rope	Wire rope, other wire products, fiber rope, nets
Steel Cord	Steel cord for tire use, saw wire, wire saw, metallic fiber
Product Development	Road safety equipment, long-bridge cables, bridge design and construction
Real Estate	Real estate rental services

2. Calculation Method of Sales, Income (Loss), Assets, Liabilities and Other Items by Reporting Segment

The accounting methods for the business segments reported are basically the same as the one stated under “Major basic items for preparing consolidated financial statements.”

Income under reporting segments are calculated based on operating income. Internal return and amounts of transfer between segments are calculated based on the prevailing market price.

3. Sales, Income (Loss), Assets, Liabilities and Other Items by Reporting Segment

Fiscal 2010 (April 1, 2010–March 31, 2011)

(Millions of yen)

	Reporting Segment					Other (Note)	Total
	Wire Rope	Steel Cord	Product Development	Real Estate	Total		
Net sales							
Sales to outside customers	¥25,565	¥24,108	¥13,075	¥1,230	¥63,978	¥7,909	¥71,887
Intersegment sales or transfers	210	—	109	—	319	964	1,283
Total	25,775	24,108	13,184	1,230	64,297	8,873	73,171
Segment income	693	1,642	250	606	3,193	269	3,463
Segment assets	35,604	39,149	10,677	12,049	97,480	7,456	104,937
Other items							
Depreciation	1,089	1,857	180	339	3,466	158	3,624
Increase (decrease) in Property, plant and equipment and Intangibles	954	2,798	652	0	4,405	134	4,539

Note: "Other" refers to a business segment that is not included in the reporting segments. It includes the Company's industrial machinery, powder metallurgy products, and oil businesses.

4. Difference between Total Amounts of Reporting Segments and Amounts Shown in Consolidated Financial Statements as well as Major Content of Difference in Amounts (matters pertaining to adjustment of difference)

(Millions of yen)

Sales	Amount
Reporting Segment Total	¥64,297
"Other" segment net sales	8,873
Elimination of intersegment net sales	(1,283)
Net sales in consolidated financial statement (fiscal 2010)	71,887

(Millions of yen)

Income	Amount
Reporting Segment Total	¥3,193
"Other" segment income	269
Elimination of intersegment income	—
Income in consolidated financial statement (fiscal 2010)	3,463

(Millions of yen)

Assets	Amount
Reporting Segment Total	¥97,480
"Other" segment assets	4,882
All Company assets (Note)	2,980
Other-deferred	(406)
Assets in consolidated financial statement (fiscal 2010)	104,937

Note: All Company assets refers to the Company's surplus operating funds (cash and bank deposits), long-term investment funds (investment securities), etc.

(Millions of yen)

Other Items	Reporting Segment Total	Other	Deferred Amount	Amount Shown in Annual Financial Statement (Fiscal 2010)
Depreciation	¥3,466	¥158	—	¥3,624
Increase (decrease) in Property, plant and equipment and Intangibles	4,405	134	—	4,539

Supplementary Information

Effective the current fiscal year (fiscal 2010), the Company has applied "Accounting Standard for Disclosure of Segment Information" (ASBJ Statement No. 17, March 27, 2009) and "Application Guidance on Accounting Standard for Disclosure of Segment Information" (ASBJ Guidance No. 20, March 21, 2008).