

Consolidated Financial Results for the Fiscal 2013 [Japanese GAAP]

Name: **Tokyo Rope Manufacturing Co., Ltd.**

Listing: **Tokyo Stock Exchange**

Stock code number: **5981**

URL: **http://www.tokyoropeco.jp**

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Annual Meeting of Shareholders: **June 27, 2014**

Date of issue of Financial Report: **June 27, 2014**

Start of cash dividend payments: **-**

Supplementary financial materials prepared: **None**

Financial results information meeting held: **Yes (for institutional investors)**

1. Fiscal 2013 (April 1, 2013 – March 31, 2014)

(1) Results of Operations

	(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)							
	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
		(% change from previous year)		(% change)		(% change)		(% change)
Fiscal 2013	¥70,865	8.5%	¥ 3,389	-	¥ 3,541	-	¥ 4,747	-
Fiscal 2012	65,289	-14.5%	(3,444)	-	(3,529)	-	(28,827)	-

Note: Comprehensive income (loss)

Fiscal 2013: ¥3,316 million (-%)

Fiscal 2012: ¥(28,012) million (-%)

	Net income (loss) per share	Net income per share (fully diluted)	ROE	Ordinary income/total assets	Operating income/net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal 2013	¥ 32.70	-	45.3%	4.2%	4.8%
Fiscal 2012	(198.52)	-	-122.7%	-3.7%	-5.3%

Note: Gain (loss) on investments based on equity method

Fiscal 2013: ¥192 million

Fiscal 2012: ¥29 million

(2) Financial Position

	(Millions of yen, rounded down)			
	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
Fiscal 2013	¥86,938	¥13,261	12.9%	¥ 77.32
Fiscal 2012	82,944	11,796	11.7%	67.06

Note: Equity capital at the year-end

Fiscal 2013: ¥11,225 million

Fiscal 2012: ¥9,737 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 2013	¥2,379	¥(2,127)	¥(2,906)	¥2,172
Fiscal 2012	2,657	(2,094)	2,977	5,463

2. Cash Dividends

	Cash dividend per share (yen)					Total dividends paid (full year) (Millions of yen)	Payout ratio (consolidated)	Dividends paid/ net assets (consolidated) (%)
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year			
Fiscal 2012	-	¥0.00	-	¥0.00	¥0.00	-	-	-%
Fiscal 2013	-	0.00	-	0.00	0.00	-	-	-
Fiscal 2014 (est.)	-	-	-	-	-	-	-	-

Note: At present, the cash dividend forecast for fiscal 2014 is undecided.

3. Forecast for Fiscal 2014 (April 1, 2014–March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share (Yen)
First 2 quarters	¥32,500	2.4%	¥ 700	-24.9%	¥ 250	-59.8%	¥ 150	-80.3%	¥ 1.03
Full year	75,000	5.8	3,700	9.1	3,000	-15.3	2,600	-45.2	17.90

Notes

- (1) Significant changes in subsidiaries during the year (changes in specific subsidiaries due to change in scope of consolidation):
None
- (2) Changes in accounting policies; changes in accounting estimates; restatements:
 1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes
 2. Other changes in accounting policies: None
 3. Changes in accounting estimates: None
 4. Restatements: None
- (3) Shares outstanding (common stock) at the year-end
 1. Number of shares outstanding (including treasury stock)
 - Fiscal 2013: 162,682,420
 - Fiscal 2012: 162,682,420
 2. Number of treasury shares outstanding
 - Fiscal 2013: 17,501,818
 - Fiscal 2012: 17,477,279
 3. Average number of shares over the year
 - Fiscal 2013: 145,195,929
 - Fiscal 2012: 145,214,521

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 been implementing.

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 Company 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 2 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 2013 Results

During the consolidated fiscal year that ended March 31, 2014, the Japanese economy continued to show a modest recovery trend, backed by the government's economic measures proving effective, such as correction of the yen's appreciation and monetary easing, and expansion in public investment and capital investment, among other factors.

Under such circumstances, the Tokyo Rope Group continued to stand on the medium- to long-term vision of "Quest for Total Cable Technology" it adopted as its motto, and endeavored to conduct structural reform of its Steel Cord segment and secure grasp of demand in the Wire Rope segment and Product Development segment, while working on development and release of new products.

As a result of these efforts, consolidated net sales of the Tokyo Rope Group for the fiscal year increased 8.5% year-on-year to ¥70,865 million, as sales grew in each segment, primarily in the Wire Rope and Product Development segments that saw the business environment improve.

In terms of profits, the Group recorded operating income of ¥3,389 million (in contrast to operating loss of ¥3,444 million for the previous fiscal year) due to such factors as an increase in sales volume, cost reductions and a decrease in depreciation associated with the decrease through impairment of fixed assets that had been recorded in the previous consolidated fiscal year. Ordinary income totaled ¥3,541 million (same, ordinary loss of ¥3,529 million) due to the impact of foreign exchange gains, etc. on top of the improvement in operating income. The Group posted net income of ¥4,747 million (same, net loss of ¥28,827 million) due to recording of gain on sales of investment securities and deferred tax assets, among other things. As such, significant recovery was achieved both in sales and profits.

Results for each of the Group's business segments were as follows:

Wire Rope

Sales volume of rope and wire in Japan and elevator rope in Vietnam both increased by around 10% year-on-year, while sales volume of fiber rope decreased in reaction to the demand for reconstruction from the earthquake seen in the previous year.

As a result, total sales in the Wire Rope segment increased to ¥28,445 million.

Steel Cord

Sales volume of tire cord remained almost flat from the previous fiscal year both in Japan and China, while exports decreased year-on-year.

Sales volume of saw wire decreased as the production system was reconstructed. However, with sales of tire molding equipment and wire saw recorded in the industry machinery area, total sales in the Steel Cord segment increased to ¥16,653 million.

Product Development

An increase in sales of products for Russia in the first half of the fiscal year and of anti-snow damage equipment in the latter half of the fiscal year helped increase Product Development sales to ¥15,302 million.

Real Estate

Sales in the Real Estate segment remained almost flat compared with the previous fiscal year, totaling ¥1,185 million.

Other

Sales of oil products, industrial machinery (automatic weighing machines and packaging machines) and powder metallurgy products increased year-on-year in each segment, bringing sales for the Other segment to ¥9,278 million.

2) Outlook for Fiscal 2014

The Group's consolidated forecasts for fiscal 2014 are net sales of ¥75 billion, operating income of ¥3.7 billion, ordinary income of ¥3.0 billion and net income of ¥2.6 billion. Forecasts for the first two-quarter period of fiscal 2014 (cumulative total of the first 2 quarters) are net sales of ¥32.5 billion, operating income of ¥700 million, ordinary income of ¥250 million and net income of ¥150 million.

In the Wire Rope segment, the domestic rope and wire markets are anticipated to remain strong, and elevator rope is expected to see high demand continue for China and Southeast Asia, which are the source of demand for Tokyo Rope's Vietnam plant that realized integrated production from materials to final products.

In the Product Development segment, regional political instability is obscuring the outlook for Russia that contributed to the performance of the consolidated fiscal year under review. Nevertheless, the segment's sales are anticipated to surpass the latest results as the Company has received orders for major projects (cables for long-span bridges) in other areas abroad and works to securely grasp demand in the domestic market where the business environment is improving.

The Steel Cord segment is expected to continue facing severe business conditions. However, the Company aims to bring the segment back into good shape by continuously implementing the drastic structural reform as well as working to further reduce costs, develop and release new products and on other measures.

The Tokyo Rope Group will continue its group-wide and integrated endeavors to improve earnings by accelerating cost reductions, while at the same time providing quality products that meet customer needs.

(2) Financial Position

1) Assets, Liabilities and Net Assets

At March 31, 2014, the Tokyo Rope Group had total assets of ¥86,938 million, up ¥3,994 million from a year earlier, due to such factors as an increase in property, plant and equipment and recording of deferred tax assets.

Total liabilities increased ¥2,529 million compared to March 31, 2013, to ¥73,677 million, due to recording of net defined benefit liability in association with the revision to the Accounting Standard for Retirement Benefits, among other factors.

Net assets increased ¥1,465 million compared with the end of the previous consolidated fiscal year to ¥13,261 million as the result of an increase in retained earnings, despite recording of ¥1,704 million in accumulated adjustments associated with the revision to the Accounting Standard for Retirement Benefits and a decrease of ¥1,080 million in the foreign currency translation adjustment.

2) Cash Flows

At March 31, 2014, cash and cash equivalents totaled ¥2,172 million, down ¥3,291 million from a year earlier.

Net cash provided by operating activities amounted to ¥2,379 million, which mainly reflected a recording of net income for the year under review.

Net cash used in investing activities totaled ¥2,127 million, mainly due to purchases of property, plant, and equipment.

Net cash used in financing activities was ¥2,906 million, mainly reflecting decreases in borrowings.

(Reference) Cash Flow Indicators

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Equity ratio (%)	39.0	38.2	35.3	11.7	12.9
Equity ratio based on market price (%)	36.6	43.6	23.3	19.6	26.7
Debt coverage (years)	11.3	2.0	-7.3	13.6	15.3
Interest coverage ratio (times)	3.2	18.4	-9.7	4.9	2.6

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

Notes: 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

Taking into account the dividend source, the Company must regretfully suspend the payment of the year-end cash dividend. As for the forecast dividend for fiscal 2014, it is left undetermined for the moment and the Company will disclose it promptly when payment of dividend becomes possible after taking into account the performance trends in the future, etc.

(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, 2013.

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

The Group has overseas 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.

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 Tokyo Rope Group aims to become a company with a high level of enterprise value that can make further contributions to the society in the 21st century, by working to reinforce its earning power and financial position through implementation of measures to achieve greater competitiveness in global markets and carrying out growth strategies, based on the provision of services from the perspective of its customers.

As its medium- to long-term vision, the Group has adopted the motto of "Quest for Total Cable Technology."

The Company holds a broad range of wire, wire rope and fiber rope products as well as their derivatives (including engineering business), and by providing them to various industries in Japan, has accumulated technologies. In addition, we are engaged in technological development in operational knowhow such as diagnosis techniques and in different materials such as carbon fiber.

Based on these endeavors, the Company will make an attempt to step into the new stage of growth as a unique and competitive supplier on a global scale that can offer a variety of solutions for cables.

3. Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2012 (March 31, 2013)	Fiscal 2013 (March 31, 2014)
ASSETS		
Current assets		
Cash and bank deposits	¥ 5,499	¥ 2,242
Notes and accounts receivable	15,733	17,533
Commodities and products	4,608	5,623
Goods in process	3,853	4,360
Materials and supplies	3,705	4,053
Deferred tax assets	985	1,152
Other	1,241	1,394
Allowance for doubtful accounts	(199)	(369)
Total current assets	35,427	35,990
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	8,943	9,815
Machinery and vehicles (net)	4,754	4,528
Land	19,862	19,862
Lease assets (net)	1,136	975
Construction in progress	150	1,323
Other (net)	312	311
Total property, plant and equipment	35,159	36,817
Intangibles	318	323
Investments and other assets		
Investment securities	8,055	8,423
Deferred tax assets	1,543	2,823
Other	4,229	4,294
Allowance for doubtful accounts	(1,802)	(1,752)
Total investments and other assets	12,025	13,788
Total fixed assets	47,503	50,929
Deferred assets	12	19
Total assets	82,944	86,938

(Millions of yen, rounded down)

	Fiscal 2012 (March 31, 2013)	Fiscal 2013 (March 31, 2014)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 13,354	¥ 13,300
Short-term borrowings	29,061	12,714
Accrued expenses	2,998	3,974
Reserve for employees' bonuses	781	810
Other	3,716	4,228
Total current liabilities	49,912	35,027
Long-term liabilities		
Long-term loans	7,142	23,702
Lease obligations	1,590	1,082
Deferred tax liabilities	34	-
Deferred tax liabilities for land revaluation	5,326	5,326
Reserve for employees' retirement benefits	4,285	-
Reserve for directors' retirement benefits	184	149
Net defined benefit liability	-	6,481
Asset retirement obligations	527	524
Long-term advances received	10	9
Other	2,133	1,372
Total long-term liabilities	21,235	38,649
Total liabilities	71,147	73,677
NET ASSETS		
Shareholders' equity		
Common stock	15,074	15,074
Capital surplus	8,574	8,574
Retained earnings	(22,058)	(17,406)
Treasury stock	(3,272)	(3,276)
Total shareholders' equity	(1,682)	2,965
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	975	600
Revaluation reserve for land	10,009	10,009
Foreign currency translation adjustment	435	(644)
Remeasurements of defined benefit plans	-	(1,704)
Total accumulated other comprehensive income	11,420	8,260
Minority interests	2,059	2,035
Total net assets	11,796	13,261
Total liabilities and net assets	82,944	86,938

(2) Statements of Income and Statements of Comprehensive Income

1) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2012 (April 1, 2012 – March 31, 2013)	Fiscal 2013 (April 1, 2013 – March 31, 2014)
Net sales	¥65,289	¥70,865
Cost of sales	57,864	57,826
Gross profit	7,425	13,038
Selling, general and administrative expenses	10,869	9,649
Operating income (loss)	(3,444)	3,389
Other income		
Interest income	29	28
Dividend income	197	280
Foreign exchange gains	153	848
Transfer from allowance for doubtful accounts	4	255
Subsidy income	31	-
Other	245	518
Total other income	661	1,931
Other expenses		
Interest expense	535	924
Financing expenses	-	592
Other	211	261
Total other expenses	747	1,778
Ordinary income (loss)	(3,529)	3,541
Extraordinary income		
Gain on sales of investment securities	530	1,342
Total extraordinary income	530	1,342
Extraordinary expenses		
Loss on sales of investment securities	0	-
Loss on valuation of investment securities	2	-
Loss on valuation of golf club membership	-	2
Business structure improvement expenses	24,176	713
Other	1,422	19
Total extraordinary expenses	25,600	735
Income (loss) before income taxes	(28,599)	4,148
Income taxes	436	345
Income tax adjustment	688	(967)
Total income taxes	1,125	(622)
Income (loss) before minority interests	(29,724)	4,771
Minority interests in income (loss)	(897)	23
Net income (loss)	(28,827)	4,747

2) Statement of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal 2012 (April 1, 2012 – March 31, 2013)	Fiscal 2013 (April 1, 2013 – March 31, 2014)
Income (loss) before minority interests	¥(29,724)	¥4,771
Other comprehensive income		
Valuation difference on available-for-sale securities	492	(375)
Deferred gains or losses on hedges	(1)	-
Foreign currency translation adjustment	1,120	(1,493)
Share of other comprehensive income of associates accounted for using equity method	99	413
Total other comprehensive income	1,712	(1,455)
Comprehensive income (loss)	(28,012)	3,316
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	(27,166)	3,292
Comprehensive income (loss) attributable to minority interests	(846)	23

(3) Statements of Changes in Shareholders' Equity

Fiscal 2013 (April 1, 2012 – March 31, 2013)

(Millions of yen, rounded down)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of the year	15,074	8,575	6,290	(3,271)	(26,668)
Changes of items during the period					
Dividends from surplus			(363)		(363)
Net income (loss)			(28,827)		(28,827)
Reversal of revaluation reserve for land			841		841
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		(0)		1	1
Change of scope of consolidation			-		-
Changes of items other than shareholder s' equity (net)					
Total changes of items during the period	-	(0)	(28,349)	(0)	(28,350)
Balance at end of the year	15,074	8,574	(22,058)	(3,272)	(1,682)

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	482	1	10,851	(733)	-	10,600	2,905	40,173
Changes of items during the period								
Dividends from surplus								(363)
Net income (loss)								(28,827)
Reversal of revaluation reserve for land			(841)			(841)		-
Purchase of treasury stock								(2)
Disposal of treasury stock								1
Change of scope of consolidation								-
Changes of items other than shareholder s' equity (net)	492	(1)	-	1,169	-	1,661	(846)	814
Total changes of items during the period	492	(1)	(841)	1,169	-	819	(846)	(28,377)
Balance at end of the year	975	-	10,009	435	-	11,420	2,059	11,796

Fiscal 2013 (April 1, 2013 – March 31, 2014)

(Millions of yen, rounded down)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of the year	15,074	8,574	(22,058)	(3,272)	(1,682)
Changes of items during the period					
Dividends from surplus					-
Net income (loss)			4,747		4,747
Reversal of revaluation reserve for land					-
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		(0)		0	0
Change of scope of consolidation			28		28
Change of scope of equity method			(124)		(124)
Changes of items other than shareholder s' equity (net)					
Total changes of items during the period	-	(0)	4,651	(3)	4,647
Balance at end of the year	15,074	8,574	(17,406)	(3,276)	2,965

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	975	-	10,009	435	-	11,420	2,059	11,796
Changes of items during the period								
Dividends from surplus								-
Net income (loss)								4,747
Reversal of revaluation reserve for land								-
Purchase of treasury stock								(4)
Disposal of treasury stock								0
Change of scope of consolidation								28
Change of scope of equity method								(124)
Changes of items other than shareholder s' equity (net)	(375)			(1,080)	(1,704)	(3,159)	(23)	(3,182)
Total changes of items during the period	(375)	-	-	(1,080)	(1,704)	(3,159)	(23)	1,465
Balance at end of the year	600	-	10,009	(644)	(1,704)	8,260	2,035	13,261

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2012 (April 1, 2012 – March 31, 2013)	Fiscal 2013 (April 1, 2013 – March 31, 2014)
Operating activities		
Income (loss) before income taxes	¥(28,599)	¥ 4,148
Depreciation	3,500	1,793
Amortization of goodwill	38	-
Gain on bargain purchase	-	(22)
Increase (decrease) in allowance for doubtful accounts	166	120
Increase (decrease) in reserve for employees' bonuses	(110)	29
Increase (decrease) in reserve for employees' retirement benefits	(385)	-
Increase (decrease) in reserve for directors' retirement benefits	30	36
Increase (decrease) in net defined benefit liability	-	(71)
Interest and dividend income	(226)	(308)
Interest expense	535	924
Equity in (earning) losses of affiliates	(29)	(192)
(Gain) loss on sales investments securities	(530)	(1,342)
(Gain) loss on valuation of investment securities	2	-
Business structure improvement expenses	24,176	713
Other extraordinary loss (income)	1,422	21
(Increase) decrease in notes and accounts receivable	2,711	(1,099)
(Increase) decrease in inventories	939	(1,224)
Net (increase) decrease in other assets	178	81
Increase (decrease) in notes and accounts payable	678	(700)
Increase (decrease) in advances received	(181)	794
Net increase (decrease) in accrued consumption tax	18	(1)
Net increase (decrease) in other liabilities	(214)	(291)
Subtotal	4,121	3,390
Interest and dividends received	226	376
Interest paid	(540)	(919)
Payments for extra retirement payments	(725)	-
Payments for directors' retirement benefits	(15)	(92)
Income tax paid	(409)	(374)
Net cash provided by (used in) operating activities	2,657	2,379
Investing activities		
Purchases of investment securities	(1,073)	(1,806)
Proceeds from sales of investment securities	1,258	2,584
Payment for investments in affiliates	(25)	-
Purchase of stocks of subsidiaries and affiliates	-	(25)
Loans extended	(119)	(163)
Proceeds from loans recovered	62	139
Purchases of property, plant and equipment	(2,753)	(2,835)
Proceeds from sales of property, plant and equipment	656	57
Other	(101)	(79)
Net cash used in investing activities	(2,094)	(2,127)

(Millions of yen, rounded down)

	Fiscal 2012 (April 1, 2012 – March 31, 2013)	Fiscal 2013 (April 1, 2013 – March 31, 2014)
Financing activities		
Net increase (decrease) in short-term borrowings	¥4,237	¥(13,674)
Proceeds from long-term borrowings	551	23,884
Repayment of long-term borrowings	(886)	(11,332)
Repayments of long-term guarantee deposits	-	(1,234)
Cash dividends paid	(362)	(3)
Proceeds from disposal of treasury stock	1	0
Purchase of treasury stock	(2)	(4)
Repayments of lease obligations	(561)	(542)
Net cash provided by financing activities	2,977	(2,906)
Effect of exchange rate change on cash and cash equivalents	102	(946)
Net increase (decrease) in cash and cash equivalents	3,641	(3,600)
Cash and cash equivalents at beginning of the year	1,822	5,463
Increase in cash and cash equivalents due to inclusions in consolidation	-	309
Cash and cash equivalents at end of the year	5,463	2,172

(5) 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 2012 (April 1, 2012 – March 31, 2013)

	Reporting Segment					Other (Note)	Total	Adjustment	Consolidated statements of Income
	Wire Rope	Steel Cord	Product Development	Real Estate	Total				
(Millions of yen)									
Net sales									
Sales to outside customers	¥26,131	¥15,573	¥13,522	¥1,185	¥56,411	¥8,877	¥65,289	¥ -	¥65,289
Intersegment sales or transfers	174	-	179	-	354	1,043	1,397	(1,397)	-
Total	26,305	15,573	13,702	1,185	56,766	9,921	66,687	(1,397)	65,289
Segment income (loss)	1,051	(5,235)	153	351	(3,678)	234	(3,444)	-	(3,444)
Segment assets	35,382	15,942	12,479	10,189	73,993	4,988	79,328	3,962	82,944
Other items									
Depreciation	967	1,815	199	338	3,320	179	3,500	-	3,500
Investment in affiliates accounted for by equity method	-	-	1,088	-	1,088	-	1,088	-	1,088
Increase in Property, plant and equipment and Intangibles	1,223	1,033	378	25	2,660	212	2,872	-	2,872

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.

Fiscal 2013 (April 1, 2013 – March 31, 2014)

	Reporting Segment					Other (Note)	Total	Adjustment	Consolidated statements of Income
	Wire Rope	Steel Cord	Product Development	Real Estate	Total				
(Millions of yen)									
Net sales									
Sales to outside customers	¥28,445	¥16,653	¥15,302	¥1,185	¥61,586	¥9,278	¥70,865	¥ -	¥70,865
Intersegment sales or transfers	245	190	289	-	725	1,129	1,854	(1,854)	-
Total	28,690	16,844	15,592	1,185	62,312	10,407	72,720	(1,854)	70,865
Segment income (loss)	2,041	(917)	1,521	319	2,964	424	3,389	-	3,389
Segment assets	40,081	14,270	15,781	9,967	80,100	5,108	85,209	1,729	86,938
Other items									
Depreciation	1,023	51	208	345	1,628	165	1,793	-	1,793
Investment in affiliates accounted for by equity method	1,261	-	1,363	-	2,625	-	2,625	-	2,625
Increase in Property, plant and equipment and Intangibles	2,805	99	70	168	3,142	83	3,226	-	3,226

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.