May 14, 2009

Consolidated Financial Results for the Fiscal 2008

Name: **Tokyo Rope Manufacturing Co., Ltd.**
Listing: **Tokyo Stock Exchange, Osaka Securities Exchange**
Stock code number: **5981**
URL: **http://www.tokyorope.co.jp**
Representative: **Shigeto Tanaka, President**
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Annual Meeting of Shareholders: **June 26, 2009**
Date of issue of Financial Report: **June 26, 2009**
Start of cash dividend payments: **June 9, 2009**

1. Fiscal 2008 (April 1, 2008–March 31, 2009)

(1) Results of Operations

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

	Net sales	(% change from previous year)	Operating income	(% change)	Ordinary income	(% change)	Net income	(% change)
Fiscal 2008	¥79,759	+1.7%	¥3,191	–21.4%	¥2,344	–29.8%	¥ –176	—
Fiscal 2007	78,444	+13.4%	4,061	+4.6%	3,338	+0.7%	1,131	–35.5%

	Net income per share (Yen)	Net income per share (fully diluted) (Yen)	ROE (%)	Ordinary income/ total assets (%)	Operating income/ net sales (%)
Fiscal 2008	¥–1.19	¥ —	–0.4%	2.2%	4.0%
Fiscal 2007	7.49	7.49	2.6	3.1	5.2

Note: Gain/loss on investments based on equity method
Fiscal 2008: ¥6 million
Fiscal 2007: ¥–16 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 2008	¥104,877	¥42,125	37.8%	¥271.66
Fiscal 2007	108,303	45,976	40.0	287.55

Note: Equity capital at year-end
Fiscal 2008: ¥39,694 million
Fiscal 2007: ¥43,313 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 2008	¥3,669	¥–3,698	¥ 53	¥1,756
Fiscal 2007	4,314	–5,417	1,934	1,891

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 2007	¥—	¥0.00	¥—	¥2.50	¥2.50	¥376	33.4%	0.9%
Fiscal 2008	—	0.00	—	2.50	2.50	365	—	0.9
Fiscal 2009 (est.)	—	—	—	—	—		—	

Note: At present, the cash dividend forecast for fiscal 2009 is undecided.

3. Forecast for Fiscal 2009 (April 1, 2009–March 31, 2010)

(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	¥33,000	–15.5%	¥ 300	–79.0%	¥ 0	—	¥ 0	—	¥ 0.00
Full year	76,000	–4.7	3,000	–6.0	2,200	–6.2%	1,500	—	¥10.27

4. Other

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

(2) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of consolidated financial statements (changes to major basic items for preparing quarterly financial reports)
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 2008: 162,682,420
Fiscal 2007: 162,682,420
2. Number of treasury shares outstanding
Fiscal 2008: 16,561,889
Fiscal 2007: 12,052,817

(Reference) Summary of Non-Consolidated Financial Results

1. Financial Results for Fiscal 2008 (April 1, 2008–March 31, 2009)

(1) Results of Operations

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

	Net sales	(% change)	Operating income	(% change)	Ordinary income	(% change)	Net income	(% change)
Fiscal 2008	¥55,202	+6.0%	¥2,901	–8.5%	¥2,712	–6.6%	¥ 456	–90.4%
Fiscal 2007	52,062	+9.8	3,170	+59.0	2,904	+50.1	4,743	+244.8

	Net income per share (Yen)	Net income per share (fully diluted) (Yen)
Fiscal 2008	¥ 3.07	¥ 3.07
Fiscal 2007	31.41	31.40

(2) Financial Position

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

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (Yen)
Fiscal 2008	¥92,280	¥39,231	42.5%	¥268.49
Fiscal 2007	94,281	41,140	43.6	273.13

Note: Equity capital at year-end
Fiscal 2008: ¥39,231 million
Fiscal 2007: ¥41,140 million

Appropriate use of business forecasts; other special items

1. The above estimates are based on information available to the Company on the date of this report's announcement. Due to unforeseen circumstances, however, actual results may differ from such estimates.
2. At present, the cash dividend forecast for fiscal 2009 is undecided due to uncertainty about the Company's future performance. The Company hopes to propose forecasts while closely watching forward trends, and plans to disclose its dividend forecast as soon as such disclosure becomes possible.

1. Performance and Financial Position

(1) Consolidated Business Results

1) Fiscal 2008 Results

In fiscal 2008, ended March 31, 2009, the world economy plunged into global recession as share prices in various nations plummeted and a major financial crisis, symbolized by the collapse of U.S. financial institutions, spilled over to the real economy. In Japan, as well, economic conditions remained severe as sudden production adjustments caused corporate performances and worker recruiting conditions to deteriorate.

The operating environment surrounding the Tokyo Rope Group has grown more and more difficult amid languishing demand since the third quarter of the year under review.

Facing these conditions, the Group pursued sales and production activities reflecting its accurate grasp of firm demand for elevator rope, saw wire, and other items. In addition, we implemented profit-improvement measures in response to demand trends in each of our business areas. As a result, consolidated net sales for the year amounted to ¥79,759 million, up 1.7% from the previous fiscal year. This increase stemmed from adjustments of selling prices to address rising prices of fuel and raw materials, which compensated for a decline in the volume of products shipped.

Despite the positive effects of the revenue increase, operating income declined 21.4%, to ¥3,191 million, and ordinary income fell 29.8%, to ¥2,344 million. This was due to surging prices of fuel and raw materials and the impact of an unprofitable construction project.

During the year, the Group posted extraordinary losses in the form of a loss on valuation of investment securities and an impairment loss associated with the sale of land. As a result, the Group reported a net loss of ¥176 million.

Our results by business segment were as follows:

Wire Rope & Steel Cord

In the wire rope and steel wire categories, both domestic sales volume and export volume declined year-on-year. In value terms, however, sales increased as the Group modified the selling prices of some products to address the rising cost of wire rods, a key raw material.

In the steel cord category, the sales volume increased year-on-year owing to higher sales of saw wire and growth in shipments of tire cord by Tokyo Rope (Changzhou) Co., Ltd., a subsidiary in China. This was despite depressed demand both in Japan and overseas from the second half of the year. In value terms, as well, sales increased as the Group modified the selling prices of some products to address the rising cost of wire rods, a key raw material.

As a result, total sales in the Wire Rope & Steel Cord segment reached ¥45,709 million, up 8.5% from the previous year.

Product Development

In the industrial machinery category, we enjoyed steady growth in sales of wire saw, but sales of automatic weighing machines, packaging machines, and other items declined.

In the environmental materials category, sales were down as falling public works spending led to declines in both sales of parts and components, as well as sales from construction projects.

Accordingly, total sales in the Product Development segment declined 8.4%, to ¥23,396 million.

Real Estate

Sales in this segment remained mostly unchanged, rising 1.1%, to ¥1,414 million.

Other

Sales in this segment remained largely unchanged, edging down 1.3%, to ¥9,239 million.

2) Outlook for Fiscal 2009

The operating environment surrounding the Group is expected to become more and more severe as the world economy continues to deteriorate.

Facing these challenges, the Group will strive to underpin and improve its business performance by implementing earnings-enhancement measures swiftly and effectively in response to the specific demand trends of each business segment.

Considering all of the above factors, the Group's consolidated forecasts for fiscal 2009 are net sales of ¥76.0 billion, ordinary income of ¥2.2 billion, and net income of ¥1.5 billion.

(2) Financial Position

1) Assets, Liabilities, and Net Assets

At March 31, 2009, the Tokyo Rope Group had total assets of ¥104,877 million, down ¥3,426 million from a year earlier. This was mainly due to decreases in notes and accounts receivable and investment securities, which contrasted with an increase in inventories.

Total liabilities rose ¥424 million, to ¥62,751 million, due mainly to an increase in borrowings, which outweighed a decrease in notes and accounts payable.

Net assets declined ¥3,850 million, to ¥42,125 million, due mainly to purchase or treasury stock and a decrease in unrealized gains on securities stemming from falling share prices.

2) Cash Flows

At March 31, 2009, cash and cash equivalents totaled ¥1,756 million, down ¥135 million from a year earlier.

For the year, net cash provided by operating activities amounted to ¥3,669 million. Major factors included ¥1,228 million in income before income taxes and ¥3,724 million in depreciation, as well as good progress in recovering receivables. This was despite a ¥2,998 million increase in inventories.

Net cash used in investing activities totaled ¥3,698 million. Main factors included purchases of property, plant, and equipment aimed at upgrading our production capacity and replacing aging equipment.

Net cash provided by financing activities was ¥53 million. This was due to an increase in short-term borrowings, which contrasted with purchase of treasury stock and payment of cash dividends

(Reference) Cash Flow Indicators

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Equity ratio (%)	40.6	42.3	43.3	40.0	37.8
Equity ratio based on market price (%)	33.3	44.8	33.4	23.9	31.5
Debt coverage (years)	5.6	3.3	2.4	5.2	6.5
Interest coverage ratio (times)	7.7	13.8	16.0	8.1	5.6

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 by multiplying the stock price (closing price at the end of the year) by the number of shares outstanding at the end of the year.
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 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, and undertake share buybacks—which in turn helps secure future profits for shareholders.

In the year under review, the Company posted a net loss due to sudden deterioration of economic conditions and languishing share markets. In the interests of ensuring stable dividends for shareholders, however, we declared a year-end dividend of ¥2.50 per share for fiscal 2008.

In fiscal 2009, we intend to comply with the aforementioned dividend policy. 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, 2009.

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) Availability of Raw Materials

The Group makes regular purchases of key raw materials, namely wire rod, zinc, and fiber core. If the availability of such materials is restricted due to worldwide supply-demand pressures, however, the activity levels of the Group could decline as a consequence.

3) 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.

4) 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.

5) 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. The Group also contributes shares to a trust as part of its employees' retirement benefit program. If the values of those shared decline, the Group's retirement benefits expenses may increase as a consequence.

2. Business Policies

The Tokyo Rope Group is currently implementing its medium-term business plan, entitled Step Up 8-7. Covering the three-year period from April 2007 to March 2010, the plan has three stated themes for growth and expansion: cultivate growth markets, introduce distinctive products and production methods, and transform our business model. In the year ending March 2010, the final year of the plan, we are targeting consolidated net sales of ¥80.0 billion or higher and a consolidated ordinary income ratio (ratio of ordinary income to net sales) of 7% or higher.

However, we expect that business conditions will continue to deteriorate in the year ahead due to economic recession. Placing top priority on bolstering earnings, therefore, we will implement urgent profit improvement measures, centering on cost reductions.

Meanwhile, we will continue embracing the aforementioned three themes, even in the face of difficult business conditions, in order to build a foundation for future advancement. To cultivate growth markets, we will advance our business globally, targeting Asian markets in particular. To introduce distinctive products and production methods, we will create and launch high-value-added products and innovative process technologies. To transform our business model, we will expand business opportunities in peripheral and applied fields, based on our original technologies.

Looking at future business conditions, we expect that companies will step up efforts to adjust production and restrict investments. We are concerned that these factors will make demand sentiment even more severe.

We believe that proactive sales activities become more important in such times as these, when demand is weak. Based on this belief, we will work relentlessly to deliver products and services that are recognized by customers for their clear advantages and that raise customer satisfaction. Therefore, we will pursue a multifaceted effort to raise customer satisfaction across all other operational areas—manufacturing, product development, and management and control—in addition to sales. Meanwhile, we will compensate for increases in fixed costs due to contraction of production volume by implementing rigorous reductions of manufacturing costs. In the wire rope and steel wire category, we will strive to shorten lead times across all processes while cutting inventories, with a focus on launching new products and adopting the amoeba management concept. In addition, we will commence full-scale production of elevator rope in Vietnam.

In the steel cord category, we will establish a supply system closely attuned to customers who are developing their overseas business, and we will step up production of saw wire in China. At the same time, we will focus on maximizing synergies and expanding sales in the wire saw and saw wire fields through our merger with Toko Machinery Co., Ltd. (merged on April 1, 2009).

In the environmental materials category, we will develop and launch new products and production methods in order to prevail and grow in the face of intensified competition.

In summary, the Tokyo Rope Group will adopt measures to improve earnings according to demand trends while effectively promoting measures aimed at growth and expansion. In these ways, we will strive to achieve sustained long-term growth and maximize corporate value, even in the current difficult business climate.

3. Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2007 (At March 31, 2008)	Fiscal 2008 (At March 31, 2009)
ASSETS		
Current assets		
Cash and bank deposits	¥ 1,919	¥ 1,775
Notes and accounts receivable	19,306	17,614
Inventories	11,859	—
Commodities and products	—	6,093
Goods in process	—	5,242
Materials and supplies	—	3,359
Deferred tax assets	1,939	1,833
Other	3,825	3,966
Allowance for doubtful accounts	(143)	(114)
Total current assets	38,707	39,771
Fixed assets		
Property, plant and equipment		
Buildings and structures	10,168	9,769
Machinery and vehicles	15,563	15,618
Land	20,908	20,497
Trust assets (net)	8,734	8,435
Construction in progress	946	775
Other	686	704
Total property, plant and equipment	57,008	55,799
Intangibles	904	793
Investments and other assets		
Investment securities	6,403	4,267
Deferred tax assets	1,730	1,230
Other	3,811	3,206
Allowance for doubtful accounts	(263)	(228)
Total investments and other assets	11,682	8,475
Total fixed assets	69,595	65,068
Deferred assets	0	38
Total assets	108,303	104,877

(Millions of yen, rounded down)

	Fiscal 2007 (At March 31, 2008)	Fiscal 2008 (At March 31, 2009)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 15,479	¥ 14,714
Short-term borrowings	15,461	14,352
Accrued expenses	1,892	1,857
Reserve for employees' bonuses	1,108	1,066
Other	2,260	1,895
Total current liabilities	36,202	33,886
Long-term liabilities		
Long-term loans	7,000	9,273
Deferred tax liabilities	26	122
Deferred tax liabilities due to revaluation	7,630	7,506
Reserve for employees' retirement bonuses	2,795	3,297
Reserve for directors' retirement bonuses	198	201
Long-term deposits in trust	6,698	6,880
Long-term advances received	802	719
Negative goodwill	85	—
Other	888	865
Total long-term liabilities	26,125	28,865
Total liabilities	62,327	62,751
NET ASSETS		
Shareholders' equity		
Common stock	15,074	15,074
Capital surplus	8,566	8,567
Retained earnings	8,948	8,424
Treasury stock	(2,317)	(3,087)
Total shareholders' equity	30,271	28,978
Valuation/translation adjustments		
Net unrealized gain/loss on securities	744	(444)
Deferred hedging gains or losses	—	(0)
Land revaluation difference	11,483	11,294
Translation adjustments	814	(133)
Total valuation/translation adjustments	13,042	10,715
Minority interests	2,663	2,431
Total net assets	45,976	42,125
Total liabilities and net assets	108,303	104,877

(2) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2007 (April 1, 2007– March 31, 2008)	Fiscal 2008 (April 1, 2008– March 31, 2009)
Net sales	¥78,444	¥79,759
Cost of sales	64,491	66,633
Gross profit	13,953	13,126
Selling, general and administrative expenses	9,892	9,934
Operating income	4,061	3,191
Other income		
Interest income	39	45
Dividend income	118	146
Other	387	367
Total other income	545	560
Other expenses		
Interest expense	551	666
Other	716	740
Total other expenses	1,268	1,407
Ordinary income	3,338	2,344
Extraordinary income		
Gain on sales of investment securities	385	—
Compensation for relocation	—	73
Total extraordinary income	385	73
Extraordinary expenses		
Directors’ retirement bonuses	293	—
Transfers to reserve for directors’ retirement bonuses	157	—
Loss on sales of fixed assets	2	—
Loss on disposal of fixed assets	75	—
Loss on relocation of fixed assets	33	—
Impairment loss	80	309
Loss of valuation of inventories	173	97
Loss on completed construction work	48	—
Loss on sales of investment securities	—	188
Loss on valuation of investment securities	12	512
Loss on valuation of golf membership	19	3
Loss on reorganization of affiliates	11	—
Levies	—	78
Total extraordinary expenses	907	1,189
Income before income taxes	2,816	1,228
Income taxes	601	464
Income tax adjustment	1,346	1,045
Total income taxes	1,948	1,510
Minority interests	(263)	(105)
Net income (loss)	1,131	(176)

(3) Statements of Changes in Shareholders' Equity

(Millions of yen, rounded down)

	Fiscal 2007 (April 1, 2007– March 31, 2008)	Fiscal 2008 (April 1, 2008– March 31, 2009)
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	8,566	8,566
Changes during term in review		
Disposal of treasury stock	(0)	(0)
Other	—	1
Total changes during term	(0)	1
Balance at end of term in review	8,566	8,567
Earned surplus		
Balance at end of previous term	8,161	8,948
Changes during term in review		
Distribution of earned surplus	(381)	(376)
Net income	1,131	(176)
Reversal of unrealized losses from land revaluation	37	188
Change in consolidation scope	—	(159)
Total changes during term	787	(524)
Balance at end of term in review	8,948	8,424
Treasury stock		
Balance at end of previous term	(1,827)	(2,317)
Changes during term in review		
Purchase of treasury stock	(500)	(787)
Disposal of treasury stock	9	18
Total changes during term	(490)	(769)
Balance at end of term in review	(2,317)	(3,087)
Total shareholders' equity		
Balance at end of previous term	29,975	30,271
Changes during term in review		
Distribution of earned surplus	(381)	(376)
Net income	1,131	(176)
Reversal of unrealized losses from land revaluation	37	188
Purchase of treasury stock	(500)	(787)
Disposal of treasury stock	9	17
Change in consolidation scope	—	(159)
Other	—	1
Total changes during term	295	(1,292)
Balance at end of term in review	30,271	28,978

(Millions of yen, rounded down)

	Fiscal 2007 (April 1, 2007– March 31, 2008)	Fiscal 2008 (April 1, 2008– March 31, 2009)
Valuation/translation gains or losses		
Net unrealized gains or losses on securities		
Balance at end of previous term	¥ 2,728	¥ 744
Changes during term in review		
Changes during term not related to shareholders' equity (net)	(1,983)	(1,188)
Total changes during term	(1,983)	(1,188)
Balance at end of term in review	744	(444)
Deferred hedging gains or losses		
Balance at end of previous term	—	—
Changes during term in review		
Changes during term not related to shareholders' equity (net)	—	(0)
Total changes during term	—	(0)
Balance at end of term in review	—	(0)
Unrealized losses from land revaluation		
Balance at end of previous term	11,533	11,483
Changes during term in review		
Reversal of unrealized losses from land revaluation	(37)	(188)
Changes during term not related to shareholders' equity (net)	(13)	—
Total changes during term	(50)	(188)
Balance at end of term in review	11,483	11,294
Translation adjustments		
Balance at end of previous term	695	814
Changes during term in review		
Changes during term not related to shareholders' equity (net)	119	(948)
Total changes during term	119	(948)
Balance at end of term in review	814	(133)
Total valuation/translation gains or losses		
Balance at end of previous term	14,956	13,042
Changes during term in review		
Reversal of unrealized losses from land revaluation	(37)	(188)
Changes during term not related to shareholders' equity (net)	(1,877)	(2,137)
Total changes during term	(1,914)	(2,326)
Balance at end of term in review	13,042	10,715
Minority interests		
Balance at end of previous term	2,912	2,663
Changes during term in review		
Changes during term not related to shareholders' equity (net)	(249)	(231)
Total changes during term	(249)	(231)
Balance at end of term in review	2,663	2,431

(Millions of yen, rounded down)		
	Fiscal 2007 (April 1, 2007–March 31, 2008)	Fiscal 2008 (April 1, 2008–March 31, 2009)
Total net assets		
Balance at end of previous term	47,845	45,976
Changes during term in review		
Distribution of earned surplus	(381)	(376)
Net income	1,131	(176)
Reversal of unrealized losses from land revaluation	—	—
Purchase of treasury stock	(500)	(787)
Disposal of treasury stock	9	17
Change in consolidation scope	—	(159)
Other	—	1
Changes during term not related to shareholders' equity (net)	(2,127)	(2,369)
Total changes during term	(1,868)	(3,850)
Balance at end of term in review	45,976	42,125

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2007 (April 1, 2007– March 31, 2008)	Fiscal 2008 (April 1, 2008– March 31, 2009)
Operating activities		
Income before income taxes	¥2,816	¥1,228
Depreciation	3,639	3,724
Impairment loss	80	309
Amortization of negative goodwill	(32)	(11)
Increase (decrease) in allowance for doubtful accounts	43	(64)
Increase (decrease) in reserve for employees' bonuses	61	(30)
Increase (decrease) in reserve for employees' retirement bonuses	449	512
Increase (decrease) in reserve for directors' retirement bonuses	198	38
(Gain) loss on sales of fixed assets	2	—
Loss on disposal of fixed assets	75	—
Loss on relocation of fixed assets	33	—
Loss of valuation of inventories	173	97
(Gain) loss on valuation of investment securities	12	512
Loss on valuation of golf membership	19	3
Loss on reorganization of affiliates	11	—
Levies	—	78
Interest expense	551	666
Interest and dividend income	(157)	(192)
Equity in (earning) losses of affiliates	16	(6)
Directors' retirement bonuses	293	—
(Gain) loss on sales investments securities	(385)	188
(Increase) decrease in notes and accounts receivable	(3,251)	1,483
(Increase) decrease in inventories	(973)	(2,998)
Net (increase) decrease in other assets	(535)	(24)
Increase (decrease) in notes and accounts payable	2,560	(652)
Net increase (decrease) in accrued consumption tax	82	(165)
Net increase (decrease) in other liabilities	(331)	138
Subtotal	5,454	4,835
Interest and dividends received	156	192
Directors' retirement bonuses paid	(60)	(24)
Payment of levies	—	(72)
Interest paid	(534)	(653)
Income tax paid	(700)	(608)
Net cash provided by operating activities	4,314	3,669
Investing activities		
Purchases of investment securities	(2,113)	(494)
Proceeds from sales of investment securities	452	340
Purchases of shares in affiliates	(18)	—
Payment for investments in affiliates	(82)	(40)
Loans extended	(217)	(81)
Proceeds from loans recovered	150	102
Purchases of property, plant and equipment	(3,147)	(3,056)
Proceeds from sales of property, plant and equipment	56	70
Other	(498)	(540)
Net cash used in investing activities	(5,417)	(3,698)

(Millions of yen, rounded down)

	Fiscal 2007 (April 1, 2007– March 31, 2008)	Fiscal 2008 (April 1, 2008– March 31, 2009)
Financing activities		
Net increase (decrease) in short-term borrowings	574	1,308
Proceeds from long-term borrowings	7,000	2,000
Repayment of long-term borrowings	(4,766)	(2,103)
Cash dividends paid	(380)	(378)
Purchase of treasury stock	(502)	(791)
Other	9	17
Net cash used in financing activities	1,934	53
Effect of exchange rate changes on cash and cash equivalents	8	(176)
Net increase (decrease) in cash and cash equivalents	839	(151)
Cash and cash equivalents at beginning of term	1,051	1,891
Increase in cash and cash equivalents due to new inclusions in consolidation	—	53
Decrease in cash and cash equivalents due to exclusions from consolidation	—	(37)
Cash and cash equivalents at end of term	1,891	1,756

Segment Information

1. Business Segment Information

Fiscal 2007 (April 1, 2007–March 31, 2008)

(Millions of yen)

	Wire rope & steel cord	Product development	Real estate	Other	Total	Elimination/ corporate	Consolidation
1. Net sales and Operating income/losses							
Net sales							
(1) Sales to outside customers	¥42,136	¥25,544	¥1,398	¥9,365	¥78,444	¥ —	¥78,444
(2) Intersegment sales or transfers	178	394	—	1,733	2,306	(2,306)	—
Total	42,315	25,939	1,398	11,098	80,751	(2,306)	78,444
Operating expenses	41,014	24,378	587	10,710	76,690	(2,306)	74,383
Operating income	1,300	1,560	811	388	4,061	—	4,061
2. Assets, Depreciation, Impairment loss, and Capital participations:							
Assets	63,984	19,459	14,100	8,300	105,845	2,458	108,303
Depreciation	2,830	370	335	102	3,639	—	3,639
Impairment loss	48	31	—	—	80	—	80
Capital participations	3,131	473	0	78	3,684	—	3,684

Fiscal 2008 (April 1, 2008–March 31, 2009)

(Millions of yen)

	Wire rope & steel cord	Product development	Real estate	Other	Total	Elimination/ corporate	Consolidation
1. Net sales and Operating income/losses							
Net sales							
(1) Sales to outside customers	¥45,709	¥23,396	¥1,414	¥9,239	¥79,759	¥ —	¥79,759
(2) Intersegment sales or transfers	133	355	—	1,413	1,903	(1,903)	—
Total	45,842	23,752	1,414	10,653	81,662	(1,903)	79,759
Operating expenses	44,540	23,185	597	10,148	78,471	(1,903)	76,568
Operating income	1,302	567	816	504	3,191	—	3,191
2. Assets, Depreciation, Impairment loss, and Capital participations:							
Assets	63,005	18,781	14,495	7,190	103,473	1,404	104,877
Depreciation	2,830	427	337	129	3,724	—	3,724
Impairment loss	252	56	—	0	309	—	309
Capital participations	2,808	414	3	145	3,372	—	3,372

2. Segment Information by Business Location

(April 1, 2007–March 31, 2008)
Segment information by business location is omitted, as more than 90% of sales from all business segments are generated in Japan.

(April 1, 2008–March 31, 2009)
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, 2007–March 31, 2008)
Overseas sales information is omitted, as less than 10% of the Company’s sales are generated overseas.

(April 1, 2008–March 31, 2009)
Overseas sales information is omitted, as less than 10% of the Company’s sales are generated overseas.