May 11, 2012

Consolidated Financial Results for the Fiscal 2011 [Japanese GAAP]

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 28, 2012**
Date of issue of Financial Report: **June 28, 2012**
Start of cash dividend payments: **June 8, 2012**
Supplementary financial materials prepared: **None**
Financial results information meeting held: **Yes (for institutional investors)**

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

(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 2011	¥76,370	+6.2%	¥751	-78.3%	¥383	-87.4%	¥-3,374	−
Fiscal 2010	71,887	-0.3	3,463	+53.5	3,054	+88.2	765	+80.0

Note: Comprehensive income
Fiscal 2011: ¥-2,324 million (−%)
Fiscal 2010: ¥564 million (-49.6%)

	Net income per share (Yen)	Net income per share (fully diluted) (Yen)	ROE (%)	Ordinary income/ total assets (%)	Operating income/ net sales (%)
Fiscal 2011	¥-23.24	−	-8.7%	0.4%	1.0%
Fiscal 2010	5.26	5.26	1.9	2.9	4.8

Note: Gain/loss on investments based on equity method
Fiscal 2011: ¥-88 million
Fiscal 2010: ¥13 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 2011	¥105,487	¥40,173	35.3%	¥256.64
Fiscal 2010	104,937	42,915	38.2	276.35

Note: Equity capital at the year-end
Fiscal 2011: ¥37,268 million
Fiscal 2010: ¥40,110 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 2011	¥-4,332	¥-5,521	¥7,654	¥1,822
Fiscal 2010	10,757	-5,375	-3,433	3,480

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 2010	−	¥0.00	−	¥2.50	¥2.50	¥362	47.5%	0.9%
Fiscal 2011	−	0.00	−	2.50	2.50	363	−	0.9
Fiscal 2012 (est.)	−	0.00	−	0.00	0.00		−	

3. Forecast for Fiscal 2012 (April 1, 2012–March 31, 2013)

(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	¥32,000	-11.0%	¥-1,300	−%	¥-1,500	−%	¥-1,800	−%	¥-12.40
Full year	76,000	-0.5	400	-46.8	100	-74.0	-1,000	−	-6.89

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: None
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 2011: 162,682,420
   Fiscal 2010: 162,682,420
2. Number of treasury shares outstanding
   Fiscal 2011: 17,464,495
   Fiscal 2010: 17,536,571
3. Average number of shares over the year
   Fiscal 2011: 145,210,795
   Fiscal 2010: 145,548,698

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 2011 Results

During the fiscal year ended March 31, 2012, Japan's economy remained under a cloud of uncertainty. Despite activities to recover from the effects of the Great East Japan Earthquake, which were evident from mid-year, there was no expansion in public works as a whole, while the historical appreciation of the yen, debt problems in Europe and the weakening of economic growth in newly developing countries were also matters of concern.

Based on these circumstances, the Tokyo Rope Group adopted as its medium to long-term vision the motto "Quest for Total Cable Technology," and worked to expand operations and earnings in each of its businesses. Nevertheless, as the result of a sharp deterioration in earnings during the second half of the year in the Steel Cord segment, which was negatively affected by a slump in demand and intensifying competition in the solar power generation business, the Tokyo Rope Group's operating results also came under severe pressure.

Consolidated net sales for the Tokyo Rope Group for the fiscal year amounted to ¥76,370 million, up 6.2% from the previous fiscal year. This growth reflected sales on the large-scale orders for wire saw booked in the prior period, which offset lower sales of tire cord in the aftermath of the Great East Japan Earthquake and weaker domestic sales of saw wire and road safety equipment.

In terms of profits, operating income contracted sharply under pressure from factors that included lower saw wire prices in Japan and overseas and a decline in sales in the Product Development segment, falling 78.3% from the previous fiscal year to ¥751 million, and ordinary income tumbled 87.4% from the prior year to ¥383 million. For the period, the Group recorded an extraordinary expense for business structure improvement expenses of ¥3,487 million in the Steel Cord segment that included an impairment loss and a loss on disposition of assets and a compensatory repair cost of ¥721 million in the Product Development segment. As a result, the Tokyo Rope Group reported a net loss of ¥3,374 million compared with net income of ¥765 million in the previous consolidated fiscal year.

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

Wire Rope

Domestic sales volume of wire declined year-on-year, while sales volume of elevator rope and fiber rope for marine products industry that were affected by the earthquake recovery support, increased.

As a result, total sales of this business amounted to ¥27,495 million.

Steel Cord

Sales volume of tire cord in Japan declined compared with the previous fiscal year under the impact of the Great East Japan Earthquake, while in China the level was nearly unchanged year-on-year.

In saw wire, both domestic and overseas prices fell substantially as a result of increasing sharp competition from mid-year.

The number of wire saws sold increased as a result of sales based on the large volume of orders received in the prior period.

Accordingly, total sales in the Steel Cord segment amounted to ¥26,047 million.

Product Development

Sales of road safety equipment fell below the volume in the previous fiscal year, but bridge-related sales were higher year-on-year. As a result, product development sales totaled ¥12,675 million.

Real Estate

Sales in the Real Estate segment were lower than in the previous fiscal year, slipping to ¥1,171 million.

Other

Sales of oil products, industrial machinery (automatic weighing machines and packaging machines) and powder metallurgy products expanded in each segment, pushing sales for the Other segment to ¥8,980 million.

2) Outlook for Fiscal 2012

The environment surrounding the Tokyo Rope Group over the next fiscal year is expected to remain clouded by conditions which remain unpredictable, including Europe's protracted debt problems and the economic slowdown in newly developing countries, as well as the continuing strength of the yen and Japan's domestic electric power supply situation.

While these abrupt changes in the operating environment will continue to have a significant effect on operating results during the coming fiscal year, the Tokyo Rope Group intends to work diligently to recover business results in the fiscal year ending March 2014 and lay the groundwork for new growth, by devoting its full efforts to structural reforms concerning these changes in the steel cord business and working steadily on each measure outlined in "Total Cable Technology II," the Group's new recently announced Medium-Term Management Plan.

The Group's consolidated forecasts for fiscal 2012 are net sales of ¥76.0 billion, operating income of ¥400 million, ordinary income of ¥100 million and a net loss of ¥1.0 billion. Forecasts for the first two-quarter period of fiscal 2012 (cumulative total of the first 2 quarters) are net sales of ¥32.0 billion, operating loss of ¥1.3 billion, ordinary loss of ¥1.5 billion and a net loss of ¥1.8 billion.

(2) Financial Position

1) Assets, Liabilities and Net Assets

At March 31, 2012, the Tokyo Rope Group had total assets of ¥105,487 million, up ¥549 million from a year earlier.

Total liabilities increased ¥3,291 million compared to March 31, 2011, to ¥65,313 million, due mainly to an increase in borrowings.

Net assets decreased ¥2,741 million compared with the end of the previous consolidated fiscal year to ¥40,173 million, as the result of reporting a net loss of ¥3,374 million, despite an increase in the land revaluation difference as a result of tax reform, and an increase in the valuation difference on available-for-sale securities that reflected the stock price rise.

2) Cash Flows

At March 31, 2012, cash and cash equivalents totaled ¥1,822 million, down ¥1,658 million from a year earlier.

Net cash used in operating activities amounted to ¥4,332 million, which mainly reflected an increase in notes and accounts receivable and a decrease in notes and accounts payable.

Net cash used in investing activities totaled ¥5,521 million, mainly due to purchases of property, plant, and equipment.

Net cash provided by financing activities was ¥7,654 million, mainly reflecting increases in borrowings.

(Reference) Cash Flow Indicators

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Equity ratio (%)	40.0	37.8	39.0	38.2	35.3
Equity ratio based on market price (%)	23.9	31.5	36.6	43.6	23.3
Debt coverage (years)	5.2	6.5	11.3	2.0	-
Interest coverage ratio (times)	8.1	5.6	3.2	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.

The Company regrets that it will suspend the payment of dividends for fiscal 2012 because of the structural reforms the Tokyo Rope Group will implement in the steel cord business.

(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, 2012.

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 business operations in several foreign countries. 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."

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, the enhancement of safety, and lower cost.

The Tokyo Rope Group has accumulated technologies through provision of its broad product lineup of wire, wire rope, and fiber rope, and their derivatives such as those used in the Product Development business to every industry in Japan. Our development activities include technologies for developing carbon fiber and other materials as well as for hybridization.

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.

Please refer to Total Cable Technology II (TCT-II), our new Medium-Term Management Plan for the two-year period beginning from the next fiscal year, which we released separately on May 11, 2012.

3. Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2010 (March 31, 2011)	Fiscal 2011 (March 31, 2012)
ASSETS		
Current assets		
Cash and bank deposits	¥ 3,515	¥ 1,857
Notes and accounts receivable	16,778	19,384
Commodities and products	4,365	5,196
Goods in process	8,439	7,443
Materials and supplies	3,634	4,154
Deferred tax assets	866	1,043
Other	2,589	1,335
Allowance for doubtful accounts	(36)	(36)
Total current assets	40,152	40,378
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	8,973	13,669
Machinery and vehicles (net)	14,032	13,697
Land	18,297	21,166
Trust assets (net)	7,878	—
Lease assets (net)	796	1,176
Construction in progress	2,088	1,936
Other (net)	707	804
Total property, plant and equipment	52,774	52,450
Intangibles	707	609
Investments and other assets		
Investment securities	6,118	6,593
Deferred tax assets	1,868	2,867
Other	3,721	3,025
Allowance for doubtful accounts	(426)	(453)
Total investments and other assets	11,282	12,032
Total fixed assets	64,764	65,092
Deferred assets	20	15
Total assets	**104,937**	**105,487**

(Millions of yen, rounded down)

	Fiscal 2010 (March 31, 2011)	Fiscal 2011 (March 31, 2012)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 16,164	¥ 12,394
Short-term borrowings	13,147	19,826
Accrued expenses	1,697	2,081
Reserve for employees' bonuses	1,017	891
Other	6,469	3,330
Total current liabilities	38,496	38,525
Long-term liabilities		
Long-term loans	8,649	11,702
Lease obligations	960	1,617
Deferred tax liabilities	59	52
Deferred tax liabilities due to revaluation	6,634	5,788
Reserve for employees' retirement bonuses	4,300	4,763
Reserve for directors' retirement bonuses	165	159
Asset retirement obligations	511	519
Long-term deposits in trust	1,500	—
Long-term advances received	34	13
Other	709	2,172
Total long-term liabilities	23,525	26,787
Total liabilities	62,022	65,313
NET ASSETS		
Shareholders' equity		
Common stock	15,074	15,074
Capital surplus	8,574	8,575
Retained earnings	10,095	6,290
Treasury stock	(3,284)	(3,271)
Total shareholders' equity	30,459	26,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	170	482
Deferred gains or losses on hedges	0	1
Revaluation reserve for land	10,005	10,851
Foreign currency translation adjustment	(524)	(733)
Total accumulated other comprehensive income	9,651	10,600
Minority interests	2,804	2,905
Total net assets	42,915	40,173
Total liabilities and net assets	**104,937**	**105,487**

(2) Statements of Income and Statements of Comprehensive Income

1) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Net sales	¥71,887	¥76,370
Cost of sales	58,131	64,022
Gross profit	13,756	12,348
Selling, general and administrative expenses	10,293	11,597
Operating income	3,463	751
Other income		
Interest income	25	34
Dividend income	132	127
Transfer from allowance for doubtful accounts	78	37
Subsidy income	—	67
Other	270	287
Total other income	506	553
Other expenses		
Interest expense	552	441
Foreign exchange gains	110	73
Other	252	405
Total other expenses	915	920
Ordinary income	3,054	383
Extraordinary income		
Gain on sales of investment securities	—	4
Gain on lump-sum repayment of construction assistance fund receivables	234	—
Other	0	—
Total extraordinary income	234	4
Extraordinary expenses		
Loss on sales of investment securities	—	30
Loss on valuation of investment securities	369	11
Loss on adjustment for changes of accounting standard for asset retirement obligations	499	—
Soil improvement costs	112	—
Loss on disaster	615	76
Compensatory repair cost	—	721
Business structure improvement expenses	—	3,487
Other	304	14
Total extraordinary expenses	1,901	4,341
Income (loss) before income taxes	1,387	(3,953)
Income taxes	365	615
Income tax adjustment	(20)	(1,291)
Total income taxes	345	(675)
Income (loss) before minority interests	1,042	(3,277)
Minority interests in earnings of affiliates	276	96
Net income (loss)	765	(3,374)

2) Statement of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Income (loss) before minority interests	¥1,042	¥(3,277)
Other comprehensive income		
Valuation difference on available-for-sale securities	125	312
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	—	845
Foreign currency translation adjustment	(562)	(208)
Share of other comprehensive income of associates accounted for using equity method	(41)	2
Total other comprehensive income	(478)	952
Comprehensive income	564	(2,324)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	389	(2,425)
Comprehensive income attributable to minority interests	174	100

(3) Statements of Changes in Shareholders' Equity

(Millions of yen, rounded down)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Shareholders' equity		
Common stock		
Balance at beginning of the year	¥15,074	¥15,074
Changes during term in review		
Total changes during term	–	–
Balance at end of the year	15,074	15,074
Capital surplus		
Balance at beginning of the year	8,571	8,574
Changes during term in review		
Disposal of treasury stock	2	1
Total changes during term	2	1
Balance at end of the year	8,574	8,575
Earned surplus		
Balance at beginning of the year	9,732	10,095
Changes during term in review		
Dividends from surplus	(365)	(362)
Net income (loss)	765	(3,374)
Reversal of revaluation reserve for land	41	—
Change of scope of consolidation	(82)	(68)
Other	5	—
Total changes during term	363	(3,805)
Balance at end of the year	10,095	6,290
Treasury stock		
Balance at beginning of the year	(3,052)	(3,284)
Changes during term in review		
Purchase of treasury stock	(278)	(5)
Disposal of treasury stock	46	17
Total changes during term	(231)	12
Balance at end of the year	(3,284)	(3,271)
Total shareholders' equity		
Balance at beginning of the year	30,325	30,459
Changes during term in review		
Dividends from surplus	(365)	(362)
Net income (loss)	765	(3,374)
Reversal of revaluation reserve for land	41	—
Purchase of treasury stock	(278)	(5)
Disposal of treasury stock	48	19
Change of scope of consolidation	(82)	(68)
Other	5	—
Total changes during term	133	(3,791)
Balance at end of the year	30,459	26,668

(Millions of yen, rounded down)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of the year	¥44	¥170
Changes during term in review		
Changes of items other than shareholder s' equity (net)	125	312
Total changes during term	125	312
Balance at end of the year	170	482
Deferred hedging gains or losses		
Balance at beginning of the year	–	0
Changes during term in review		
Changes of items other than shareholder s' equity (net)	0	0
Total changes during term	0	0
Balance at end of the year	0	1
Unrealized losses from land revaluation		
Balance at beginning of the year	10,046	10,005
Changes during term in review		
Reversal of revaluation reserve for land	(41)	—
Changes of items other than shareholder s' equity (net)	–	845
Total changes during term	(41)	845
Balance at end of the year	10,005	10,851
Translation adjustments		
Balance at beginning of the year	(22)	(524)
Changes during term in review		
Changes of items other than shareholder s' equity (net)	(501)	(209)
Total changes during term	(501)	(209)
Balance at end of the year	(524)	(733)
Total accumulated other comprehensive income		
Balance at beginning of the year	10,068	9,651
Changes during term in review		
Reversal of revaluation reserve for land	(41)	—
Changes of items other than shareholder s' equity (net)	(375)	948
Total changes during term	(416)	948
Balance at end of the year	9,651	10,600
Minority interests		
Balance at beginning of the year	2,524	2,804
Changes during term in review		
Changes of items other than shareholder s' equity (net)	279	100
Total changes during term	279	100
Balance at end of the year	2,804	2,905

(Millions of yen, rounded down)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Total net assets		
Balance at beginning of the year	¥42,919	¥42,915
Changes during term in review		
Dividends from surplus	(365)	(362)
Net income (loss)	765	(3,374)
Reversal of revaluation reserve for land	–	—
Purchase of treasury stock	(278)	(5)
Disposal of treasury stock	48	19
Change of scope of consolidation	(82)	(68)
Other	5	—
Changes of items other than shareholder s' equity (net)	(95)	1,049
Total changes during term	(3)	(2,741)
Balance at end of the year	42,915	40,173

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Operating activities		
Income (loss) before income taxes	¥1,387	¥(3,953)
Depreciation	3,624	3,911
Amortization of negative goodwill	(3)	—
Amortization of goodwill	–	35
Increase (decrease) in allowance for doubtful accounts	(74)	26
Increase (decrease) in reserve for employees' bonuses	45	(125)
Increase (decrease) in reserve for employees' retirement bonuses	542	462
Increase (decrease) in reserve for directors' retirement bonuses	(9)	20
Interest and dividend income	(158)	(161)
Interest expense	552	441
Equity in (earning) losses of affiliates	(13)	88
(Gain) loss on sales investments securities	–	25
Loss on adjustment for changes of accounting standard for asset retirement obligations	507	—
(Gain) loss on valuation of investment securities	369	11
Loss on disaster	615	76
Gain on lump-sum repayment of construction assistance fund receivables	(234)	—
Compensatory repair cost	–	721
Business structure improvement expenses	–	3,487
Other extraordinary loss (income)	303	14
(Increase) decrease in notes and accounts receivable	3,523	(2,534)
(Increase) decrease in inventories	(4,872)	(714)
Net (increase) decrease in other assets	(147)	(157)
Increase (decrease) in notes and accounts payable	4,868	(3,828)
Increase (decrease) in advances received	2,237	(1,062)
Net increase (decrease) in accrued consumption tax	(331)	198
Net increase (decrease) in other liabilities	(874)	607
Subtotal	11,861	(2,408)
Interest and dividends received	160	161
Interest paid	(583)	(440)
Directors' retirement bonuses paid	—	(32)
Payments for loss on disaster	(7)	(337)
Payments for compensatory repair cost	–	(713)
Income tax paid	(673)	(560)
Net cash provided by (used in) operating activities	10,757	(4,332)
Investing activities		
Purchases of investment securities	(26)	(15)
Proceeds from sales of investment securities	5	26
Payment for investments in affiliates	(668)	(74)
Purchase of stocks of subsidiaries and affiliates	(1,000)	(1,131)
Loans extended	(745)	(167)
Proceeds from loans recovered	173	161
Purchases of property, plant and equipment	(4,029)	(5,030)
Proceeds from sales of property, plant and equipment	1,182	851
Other	(265)	(140)
Net cash used in investing activities	(5,375)	(5,521)

(Millions of yen, rounded down)		
	Fiscal 2010 (April 1, 2010 – March 31, 2011)	Fiscal 2011 (April 1, 2011 – March 31, 2012)
Financing activities		
Net increase (decrease) in short-term borrowings	¥(3,778)	¥8,107
Proceeds from long-term borrowings	8,913	4,277
Repayment of long-term borrowings	(7,258)	(2,617)
Proceeds from redemption of long-term deposits in trust	2,100	1,029
Repayment of construction assistance funds	(2,700)	(2,400)
Cash dividends paid	(365)	(362)
Proceeds from disposal of treasury stock	53	19
Purchase of treasury stock	(278)	(5)
Other	(120)	(394)
Net cash provided by (used in) financing activities	(3,433)	7,654
Effect of exchange rate change on cash and cash equivalents	(79)	(58)
Net increase (decrease) in cash and cash equivalents	1,867	(2,257)
Cash and cash equivalents at beginning of the year	1,645	3,480
Increase in cash and cash equivalents due to inclusions in consolidation	—	599
Decrease in cash and cash equivalents due to exclusions from consolidation	(33)	—
Cash and cash equivalents at end of the year	3,480	1,822

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

(Millions of yen)

	Reporting Segment					Other (Note)	Total	Adjustment	Consolidated statements of Income
	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	¥ —	¥71,887
Intersegment sales or transfers	210	—	109	—	319	964	1,283	(1,283)	—
Total	25,775	24,108	13,184	1,230	64,297	8,873	73,171	(1,283)	71,887
Segment income	693	1,642	250	606	3,193	269	3,463	—	3,463
Segment assets	35,604	39,149	10,677	12,049	97,480	4,882	102,363	2,574	104,937
Other items									
Depreciation	1,089	1,857	180	339	3,466	158	3,624	—	3,624
Investment in affiliates accounted for by equity method	—	—	1,044	—	1,044	—	1,044	—	1,044
Increase (decrease) in Property, plant and equipment and Intangibles	954	2,798	652	0	4,405	134	4,539	—	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.

Fiscal 2011 (April 1, 2011 – March 31, 2012)

(Millions of yen)

	Reporting Segment					Other (Note)	Total	Adjustment	Consolidated statements of Income
	Wire Rope	Steel Cord	Product Development	Real Estate	Total				
Net sales									
Sales to outside customers	¥27,495	¥26,047	¥12,675	¥1,171	¥67,390	¥8,980	¥76,370	¥ —	¥76,370
Intersegment sales or transfers	147	—	135	—	283	1,245	1,528	(1,528)	—
Total	27,643	26,047	12,811	1,171	67,673	10,226	77,899	(1,528)	76,370
Segment income (loss)	1,136	(1,289)	(65)	503	284	466	751	—	751
Segment assets	36,075	40,834	11,614	10,449	98,973	4,929	103,902	1,585	105,487
Other items									
Depreciation	1,069	2,148	190	336	3,745	166	3,911	—	3,911
Investment in affiliates accounted for by equity method	—	—	959	—	959	—	959	—	959
Increase (decrease) in Property, plant and equipment and Intangibles	615	4,567	584	—	5,767	190	5,958	—	5,958

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.