

Consolidated Financial Results for the Fiscal 2012 [Japanese GAAP]

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

Listing: **Tokyo Stock Exchange, Osaka Securities Exchange**

Stock code number: **5981**

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

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Annual Meeting of Shareholders: **June 27, 2013**

Date of issue of Financial Report: **June 27, 2013**

Start of cash dividend payments: **-**

Supplementary financial materials prepared: **None**

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

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

(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 2012	¥65,289	-14.5%	¥(3,444)	-	¥(3,529)	-	¥(28,827)	-
Fiscal 2011	76,370	+6.2%	751	-78.3%	383	-87.4%	(3,374)	-

Note: Comprehensive income (loss)

Fiscal 2012: ¥(28,854) million (-%)

Fiscal 2011: ¥(2,324) million (-%)

	Net income (loss) per share	Net income per share (fully diluted)	ROE	Ordinary income/total assets	Operating income/net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal 2012	¥(198.52)	-	-122.7%	-3.7%	-5.3%
Fiscal 2011	(23.24)	-	-8.7%	0.4%	1.0%

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

Fiscal 2012: ¥29 million

Fiscal 2011: ¥(88) million

(2) Financial Position

	(Millions of yen, rounded down)			
	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
Fiscal 2012	¥ 82,944	¥11,796	11.7%	¥ 67.06
Fiscal 2011	105,487	40,173	35.3%	256.64

Note: Equity capital at the year-end

Fiscal 2012: ¥9,737 million

Fiscal 2011: ¥37,268 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 2012	¥ 2,657	¥(2,094)	¥2,977	¥5,463
Fiscal 2011	(4,332)	(5,521)	7,654	1,822

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 2011	–	¥0.00	–	¥2.50	¥2.50	¥363	–	0.9%
Fiscal 2012	–	0.00	–	0.00	0.00	–	–	–
Fiscal 2013 (est.)	–	0.00	–	0.00	0.00	–	–	–

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

(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	¥31,000	0.5%	¥ 400	–%	¥ 200	–%	¥ 100	–%	¥0.69
Full year	68,000	4.2	2,000	–	1,300	–	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: Yes
2. Other changes in accounting policies: None
3. Changes in accounting estimates: Yes
4. Restatements: None

(3) Shares outstanding (common stock) at the year-end

1. Number of shares outstanding (including treasury stock)
 - Fiscal 2012: 162,682,420
 - Fiscal 2011: 162,682,420
2. Number of treasury shares outstanding
 - Fiscal 2012: 17,477,279
 - Fiscal 2011: 17,464,495
3. Average number of shares over the year
 - Fiscal 2012: 145,214,521
 - Fiscal 2011: 145,210,795

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 consolidated fiscal year that ended March 31, 2013, the Japanese economy remained in severe conditions through the end of 2012 in light of the European sovereign debt problem, the slowdown in emerging economies and the prolonged hyper-appreciation of the yen. Entering 2013, however, bright signs came to surface, such as the correction in the high value of the yen, expectations for the effectiveness of monetary policies and rising stock prices.

Under such circumstances, the Tokyo Rope Group endeavored to expand its operations and earnings of respective business lines under the medium- to long-term vision of “Quest for Total Cable Technology” it adopted as its motto. However, the Steel Cord segment failed to show a recovery in earnings that had worsened in the previous fiscal year, leading to unfavorable business results of the entire Group.

Consolidated net sales of the Tokyo Rope Group for the fiscal year decreased 14.5% year-on-year to ¥65,289 million due to a large drop in sales for the Steel Cord segment including products related to solar power generation (saw wire and wire saw).

In terms of profits, the Group recorded operating loss of ¥3,444 million (in contrast to operating income of ¥751 million for the previous fiscal year) and ordinary loss of ¥3,529 million (same, ordinary income of ¥383 million). The Group posted net loss of ¥28,827 million (same, net loss of ¥3,374 million), recording extraordinary expenses that included ¥24,176 million for business structure improvement expenses in the Steel Cord segment.

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

Wire Rope

Domestic sales volume of rope and wire declined year-on-year, while sales volume of elevator rope in Vietnam increased.

As a result, total sales in the Wire Rope segment amounted to ¥26,131 million.

Steel Cord

Sales volume of tire cord remained almost flat from the previous fiscal year in Japan, but dropped year-on-year for exports and in China.

Sales volume of saw wire decreased with prices falling substantially, and the number of wire saws sold also decreased sharply, both on a year-on-year basis. As a result, total sales in the Steel Cord segment amounted to ¥15,573 million.

Product Development

Sales of road safety equipment fell below the previous fiscal year’s results, but bridge-related sales increased year-on-year, bringing Product Development sales to ¥13,522 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 failed to increase in each segment, causing sales for the Other segment to stay at ¥8,877 million.

2) Outlook for Fiscal 2012

The Group's consolidated forecasts for fiscal 2013 are net sales of ¥68 billion, operating income of ¥2,000 million, ordinary income of ¥1,300 million and net income of ¥1,000 million, anticipated to turn into surplus through implementation of various measures, including drastic reductions in labor costs and other fixed costs throughout the Group, on top of the above-mentioned structural reform of the Steel Cord segment. Forecasts for the first two-quarter period of fiscal 2013 (cumulative total of the first 2 quarters) are net sales of ¥31 billion, operating income of ¥400 million, ordinary income of ¥200 million and net income of ¥100 million.

The Steel Cord segment is expected to continue facing severe business conditions. We have recorded impairment loss both for Japan and China, but they should remain as import production bases for the Group. We will make further efforts to reduce costs, while proactively conducting development and release of new products.

In the Wire Rope segment and the Product Development segment, we expect there will be more opportunities for our products to be utilized in Japan, as expenditures related to public spending have been increased in the fiscal 2012 supplementary budget and the fiscal 2013 budget, with a focus placed on recovery from the earthquake and disaster prevention. Overseas, growth is expected for the Wire Rope business in Vietnam and the Product Development business in Russia and Kazakhstan, and we will work to securely capture demand in these areas.

In order to recover business performance as soon as possible, 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, 2013, the Tokyo Rope Group had total assets of ¥82,944 million, down ¥22,543 million from a year earlier, due to a decrease through impairment loss of fixed assets, loss on valuation of inventories and other factors.

Total liabilities increased ¥5,834 million compared to March 31, 2012, to ¥71,147 million, due to an increase in borrowings, etc.

Net assets decreased ¥28,377 million compared with the end of the previous consolidated fiscal year to ¥11,796 million, as the result of recording a net loss of ¥28,827 million, despite an increase in the valuation difference on available-for-sale securities that reflected the stock price rise.

2) Cash Flows

At March 31, 2013, cash and cash equivalents totaled ¥5,463 million, up ¥3,641 million from a year earlier.

Net cash provided by operating activities amounted to ¥2,657 million, which mainly reflected a decrease in notes and accounts receivable and inventories.

Net cash used in investing activities totaled ¥2,094 million, mainly due to purchases of property, plant, and equipment.

Net cash provided by financing activities was ¥2,977 million, mainly reflecting increases in borrowings.

(Reference) Cash Flow Indicators

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity ratio (%)	37.8	39.0	38.2	35.3	11.7
Equity ratio based on market price (%)	31.5	36.6	43.6	23.3	19.6
Debt coverage (years)	6.5	11.3	2.0	-7.3	13.6
Interest coverage ratio (times)	5.6	3.2	18.4	-9.7	4.9

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.

However, because of the considerable amount of net loss recorded, we must regretfully suspend the payment of the year-end cash dividend.

As for the forecast dividend for fiscal 2013, the situation will force the Group to not pay cash dividend and continue without dividend when taking into account the dividend source. The Company is determined to endeavor after recovery of business performance and re-start payment of cash dividends as soon as possible.

(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 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.

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 2011 (March 31, 2012)	Fiscal 2012 (March 31, 2013)
ASSETS		
Current assets		
Cash and bank deposits	¥ 1,857	¥ 5,499
Notes and accounts receivable	19,384	15,733
Commodities and products	5,196	4,608
Goods in process	7,443	3,853
Materials and supplies	4,154	3,705
Deferred tax assets	1,043	985
Other	1,335	1,241
Allowance for doubtful accounts	(36)	(199)
Total current assets	40,378	35,427
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	13,669	8,943
Machinery and vehicles (net)	13,697	4,754
Land	21,166	19,862
Lease assets (net)	1,176	1,136
Construction in progress	1,936	150
Other (net)	804	312
Total property, plant and equipment	52,450	35,159
Intangibles	609	318
Investments and other assets		
Investment securities	6,593	8,055
Deferred tax assets	2,867	1,543
Other	3,025	4,229
Allowance for doubtful accounts	(453)	(1,802)
Total investments and other assets	12,032	12,025
Total fixed assets	65,092	47,503
Deferred assets	15	12
Total assets	105,487	82,944

(Millions of yen, rounded down)

	Fiscal 2011 (March 31, 2012)	Fiscal 2012 (March 31, 2013)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 12,394	¥ 13,354
Short-term borrowings	19,826	29,061
Accrued expenses	2,081	2,998
Reserve for employees' bonuses	891	781
Other	3,330	3,716
Total current liabilities	38,525	49,912
Long-term liabilities		
Long-term loans	11,702	7,142
Lease obligations	1,617	1,590
Deferred tax liabilities	52	34
Deferred tax liabilities for land revaluation	5,788	5,326
Reserve for employees' retirement benefits	4,763	4,285
Reserve for directors' retirement benefits	159	184
Asset retirement obligations	519	527
Long-term advances received	13	10
Other	2,172	2,133
Total long-term liabilities	26,787	21,235
Total liabilities	65,313	71,147
NET ASSETS		
Shareholders' equity		
Common stock	15,074	15,074
Capital surplus	8,575	8,574
Retained earnings	6,290	(22,058)
Treasury stock	(3,271)	(3,272)
Total shareholders' equity	26,668	(1,682)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	482	975
Deferred gains or losses on hedges	1	—
Revaluation reserve for land	10,851	10,009
Foreign currency translation adjustment	(733)	435
Total accumulated other comprehensive income	10,600	11,420
Minority interests	2,905	2,059
Total net assets	40,173	11,796
Total liabilities and net assets	105,487	82,944

(2) Statements of Income and Statements of Comprehensive Income

1) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2011 (April 1, 2011 – March 31, 2012)	Fiscal 2012 (April 1, 2012 – March 31, 2013)
Net sales	¥76,370	¥65,289
Cost of sales	64,022	57,864
Gross profit	12,348	7,425
Selling, general and administrative expenses	11,597	10,869
Operating income (loss)	751	(3,444)
Other income		
Interest income	34	29
Dividend income	127	197
Foreign exchange gains	—	153
Transfer from allowance for doubtful accounts	37	4
Subsidy income	67	31
Other	287	245
Total other income	553	661
Other expenses		
Interest expense	441	535
Foreign exchange losses	73	—
Other	405	211
Total other expenses	920	747
Ordinary income (loss)	383	(3,529)
Extraordinary income		
Gain on sales of investment securities	4	530
Total extraordinary income	4	530
Extraordinary expenses		
Loss on sales of investment securities	30	0
Loss on valuation of investment securities	11	2
Loss on disaster	76	—
Compensatory repair cost	721	—
Business structure improvement expenses	3,487	24,176
Other	14	1,422
Total extraordinary expenses	4,341	25,600
Income (loss) before income taxes	(3,953)	(28,599)
Income taxes	615	436
Income tax adjustment	(1,291)	688
Total income taxes	(675)	1,125
Income (loss) before minority interests	(3,277)	(29,724)
Minority interests in income (loss)	96	(897)
Net income (loss)	(3,374)	(28,827)

2) Statement of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal 2011 (April 1, 2011 – March 31, 2012)	Fiscal 2012 (April 1, 2012 – March 31, 2013)
Income (loss) before minority interests	¥(3,277)	¥(29,724)
Other comprehensive income		
Valuation difference on available-for-sale securities	312	492
Deferred gains or losses on hedges	0	(1)
Revaluation reserve for land	845	(841)
Foreign currency translation adjustment	(208)	1,120
Share of other comprehensive income of associates accounted for using equity method	2	99
Total other comprehensive income	952	870
Comprehensive income (loss)	(2,324)	(28,854)
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	(2,425)	(28,007)
Comprehensive income (loss) attributable to minority interests	100	(846)

(3) Statements of Changes in Shareholders' Equity

(Millions of yen, rounded down)

	Fiscal 2011 (April 1, 2011 – March 31, 2012)	Fiscal 2012 (April 1, 2012 – March 31, 2013)
Shareholders' equity		
Common stock		
Balance at beginning of the year	¥15,074	¥15,074
Changes of items during the period		
Total changes of items during the period	–	–
Balance at end of the year	15,074	15,074
Capital surplus		
Balance at beginning of the year	8,574	8,575
Changes of items during the period		
Disposal of treasury stock	1	(0)
Total changes of items during the period	1	(0)
Balance at end of the year	8,575	8,574
Retained earnings		
Balance at beginning of the year	10,095	6,290
Changes of items during the period		
Dividends from surplus	(362)	(363)
Net income (loss)	(3,374)	(28,827)
Reversal of revaluation reserve for land	–	841
Change of scope of consolidation	(68)	–
Total changes of items during the period	(3,805)	(28,349)
Balance at end of the year	6,290	(22,058)
Treasury stock		
Balance at beginning of the year	(3,284)	(3,271)
Changes of items during the period		
Purchase of treasury stock	(5)	(2)
Disposal of treasury stock	17	1
Total changes of items during the period	12	(0)
Balance at end of the year	(3,271)	(3,272)
Total shareholders' equity		
Balance at beginning of the year	30,459	26,668
Changes of items during the period		
Dividends from surplus	(362)	(363)
Net income (loss)	(3,374)	(28,827)
Reversal of revaluation reserve for land	–	841
Purchase of treasury stock	(5)	(2)
Disposal of treasury stock	19	1
Change of scope of consolidation	(68)	–
Total changes of items during the period	(3,791)	(28,350)
Balance at end of the year	26,668	(1,682)

(Millions of yen, rounded down)

	Fiscal 2011 (April 1, 2011 – March 31, 2012)	Fiscal 2012 (April 1, 2012 – March 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of the year	¥170	¥482
Changes of items during the period		
Changes of items other than shareholder s' equity (net)	312	492
Total changes of items during the period	312	492
Balance at end of the year	482	975
Deferred gains or losses on hedges		
Balance at beginning of the year	0	1
Changes of items during the period		
Changes of items other than shareholder s' equity (net)	0	(1)
Total changes of items during the period	0	(1)
Balance at end of the year	1	—
Revaluation reserve for land		
Balance at beginning of the year	10,005	10,851
Changes of items during the period		
Changes of items other than shareholder s' equity (net)	845	(841)
Total changes of items during the period	845	(841)
Balance at end of the year	10,851	10,009
Foreign currency translation adjustment		
Balance at beginning of the year	(524)	(733)
Changes of items during the period		
Changes of items other than shareholder s' equity (net)	(209)	1,169
Total changes of items during the period	(209)	1,169
Balance at end of the year	(733)	435
Total accumulated other comprehensive income		
Balance at beginning of the year	9,651	10,600
Changes of items during the period		
Changes of items other than shareholder s' equity (net)	948	819
Total changes of items during the period	948	819
Balance at end of the year	10,600	11,420
Minority interests		
Balance at beginning of the year	2,804	2,905
Changes of items during the period		
Changes of items other than shareholder s' equity (net)	100	(846)
Total changes of items during the period	100	(846)
Balance at end of the year	2,905	2,059

(Millions of yen, rounded down)

	Fiscal 2011 (April 1, 2011 – March 31, 2012)	Fiscal 2012 (April 1, 2012 – March 31, 2013)
Total net assets		
Balance at beginning of the year	¥42,915	¥40,173
Changes of items during the period		
Dividends from surplus	(362)	(363)
Net income (loss)	(3,374)	(28,827)
Reversal of revaluation reserve for land	—	841
Purchase of treasury stock	(5)	(2)
Disposal of treasury stock	19	1
Change of scope of consolidation	(68)	—
Changes of items other than shareholder s' equity (net)	1,049	(26)
Total changes of items during the period	(2,741)	(28,377)
Balance at end of the year	40,173	11,796

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2011 (April 1, 2011 – March 31, 2012)	Fiscal 2012 (April 1, 2012 – March 31, 2013)
Operating activities		
Income (loss) before income taxes	¥(3,953)	¥(28,599)
Depreciation	3,911	3,500
Amortization of goodwill	35	38
Increase (decrease) in allowance for doubtful accounts	26	166
Increase (decrease) in reserve for employees' bonuses	(125)	(110)
Increase (decrease) in reserve for employees' retirement benefits	462	(385)
Increase (decrease) in reserve for directors' retirement benefits	20	30
Interest and dividend income	(161)	(226)
Interest expense	441	535
Equity in (earning) losses of affiliates	88	(29)
(Gain) loss on sales investments securities	25	(530)
(Gain) loss on valuation of investment securities	11	2
Loss on disaster	76	—
Compensatory repair cost	721	—
Business structure improvement expenses	3,487	24,176
Other extraordinary loss (income)	14	1,422
(Increase) decrease in notes and accounts receivable	(2,534)	2,711
(Increase) decrease in inventories	(714)	939
Net (increase) decrease in other assets	(157)	178
Increase (decrease) in notes and accounts payable	(3,828)	678
Increase (decrease) in advances received	(1,062)	(181)
Net increase (decrease) in accrued consumption tax	198	18
Net increase (decrease) in other liabilities	607	(214)
Subtotal	(2,408)	4,121
Interest and dividends received	161	226
Interest paid	(440)	(540)
Payments for extra retirement payments	—	(725)
Payments for directors' retirement benefits	(32)	(15)
Payments for loss on disaster	(337)	—
Payments for compensatory repair cost	(713)	—
Income tax paid	(560)	(409)
Net cash provided by (used in) operating activities	(4,332)	2,657
Investing activities		
Purchases of investment securities	(15)	(1,073)
Proceeds from sales of investment securities	26	1,258
Payment for investments in affiliates	(74)	(25)
Purchase of stocks of subsidiaries and affiliates	(1,131)	—
Loans extended	(167)	(119)
Proceeds from loans recovered	161	62
Purchases of property, plant and equipment	(5,030)	(2,753)
Proceeds from sales of property, plant and equipment	851	656
Other	(140)	(101)
Net cash used in investing activities	(5,521)	(2,094)

(Millions of yen, rounded down)

	Fiscal 2011 (April 1, 2011 – March 31, 2012)	Fiscal 2012 (April 1, 2012 – March 31, 2013)
Financing activities		
Net increase (decrease) in short-term borrowings	¥8,107	¥4,237
Proceeds from long-term borrowings	4,277	551
Repayment of long-term borrowings	(2,617)	(886)
Proceeds from redemption of long-term deposits in trust	1,029	—
Repayment of construction assistance funds	(2,400)	—
Cash dividends paid	(362)	(362)
Proceeds from disposal of treasury stock	19	1
Purchase of treasury stock	(5)	(2)
Repayments of lease obligations	(394)	(561)
Net cash provided by financing activities	7,654	2,977
Effect of exchange rate change on cash and cash equivalents	(58)	102
Net increase (decrease) in cash and cash equivalents	(2,257)	3,641
Cash and cash equivalents at beginning of the year	3,480	1,822
Increase in cash and cash equivalents due to inclusions in consolidation	599	—
Cash and cash equivalents at end of the year	1,822	5,463

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

	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 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.

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				
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	35,728	15,942	12,479	10,189	74,339	4,988	79,328	3,962	83,290
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.