

August 8, 2013

Consolidated Financial Results for the First Quarter of Fiscal 2013 [Japanese GAAP]

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

Listing: **Tokyo Stock Exchange**

Stock code number: **5981**

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

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Preparation of Supplementary Explanations of Quarterly Financial Results: **August 12, 2013**

Start of cash dividend payments: **–**

Supplementary quarterly materials prepared: **None**

Quarterly results information meeting held: **None**

*Amounts fewer than one million yen have been rounded down.

1. Fiscal 2013–First quarter (April 1– June 30, 2013)

(1) Results of operations

	(Millions of yen, except per share data; percentage figures denote year-on-year change)							
	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
		(% change)		(% change)		(% change)		(% change)
Fiscal 2013–First quarter	¥15,257	2.6%	¥ 228	–%	¥ 587	–%	¥ 545	–%
Fiscal 2012–First quarter	14,870	-6.3	(1,450)	–	(1,500)	–	(1,429)	–

Note: Comprehensive income (loss)

Fiscal 2013–1st quarter: ¥348 million (–%)

Fiscal 2012–1st quarter: ¥(1,054) million (–%)

	Net income (loss) per share		Net income per share (fully diluted)	
	(Yen)		(Yen)	
Fiscal 2013–First quarter	¥ 3.76		¥ –	
Fiscal 2012–First quarter	(9.84)		–	

(2) Financial position

	(Millions of yen)		
	Total assets	Net assets	Equity ratio
Fiscal 2013–First quarter	¥83,117	¥12,001	12.0%
Fiscal 2012–Year-end	82,944	11,796	11.7

Note: Equity capital at term-end

Fiscal 2013–1st quarter: ¥9,983 million

Fiscal 2012: ¥9,737 million

2. Cash dividends

	Cash dividend per share (yen)				
	First quarter	Second quarter	Third quarter	Year-end	Full year
Fiscal 2012	–	¥0.00	–	¥0.00	¥0.00
Fiscal 2013	–				
Fiscal 2013 (est.)		0.00	–	0.00	0.00

(Note) Revision of latest cash dividend forecast in review: No

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

(Millions of yen, except per share data; 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

(Note) Revision of latest consolidated forecasts in review: No

Notes

(1) Significant changes in subsidiaries during the period (changes in specific subsidiaries due to change in scope of consolidation):
None

Note: This refers to the existence of changes to specific subsidiaries due to changes in the scope of consolidation in the period under review.

(2) Application of special accounting treatment: Yes

Note: This note refers to the adoption of special accounting treatment pertaining to the preparation of quarterly consolidated financial statements.

(3) 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

Note: This refers to the existence of changes in accounting policies, changes in accounting estimates, restatements, pertaining to the preparation of quarterly consolidated financial statements.

(4) Shares outstanding (common stock) at term-end

1. Number of shares outstanding (including treasury stock)
Fiscal 2013–1st quarter: 162,682,420
Fiscal 2012: 162,682,420
2. Number of treasury shares outstanding
Fiscal 2013–1st quarter: 17,480,915
Fiscal 2012: 17,477,279
3. Average number of shares over period (consolidated total for quarter)
Fiscal 2013–1st quarter: 145,203,726
Fiscal 2012–1st quarter: 145,217,807

Implementation status of quarterly review procedures

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

Appropriate use of business forecasts; other special items

In this document, performance forecasts and other forward-looking statements are based on information currently available and certain assumptions judged by the Company to be rational. Actual results may differ significantly from forecasts due to various factors. Please refer to “(3) Performance Forecasts” on page 3 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

During the first quarter of the consolidated fiscal year ending March 31, 2014, the Japanese economy showed signs of recovery, such as higher stock prices based on expectations for monetary and financial policies of the government, a pickup in exports as a result of the yen becoming weaker, and an increase in public spending.

Under these circumstances, net sales of the Tokyo Rope Group increased 2.6% year-on-year to ¥15,257 million for the first quarter.

In terms of profits, the Group recorded a significant improvement from the corresponding period in the previous year, posting operating income of ¥228 million (in contrast to operating loss of ¥1,450 million a year ago), ordinary income of ¥587 million yen (same, ordinary loss of ¥1,500 million) and net income of ¥545 million (same, net loss of ¥1,429 million). The improvement was backed by strong demand for the Wire Rope segment and the Product Development segment, on top of the reduction in fixed costs in the Steel Cord segment, which had recorded business structure improvement expense in the previous consolidated fiscal year.

Results by business segment of the Group were as follows:

Wire Rope

Overseas sales of elevator rope continued to be strong, and wire products performed well for civil engineering and construction applications, while those for power generation and telecommunication applications were on track to recovery from the stagnancy after the earthquake. These led to an increase in sales of this segment. Domestic sales of wire rope remained almost flat year-on-year, but order volume has shown an upward trend since entering the current fiscal year.

As a result, total sales in the Wire Rope segment amounted to ¥6,886 million.

Steel Cord

Domestic sales volume of tire cord decreased year-on-year, and so did sales volume of saw wire both in Japan and China, impacted by the cutback of production systems. The volume of tire cord sold in China remained almost flat.

Accordingly, total sales in the Steel Cord segment amounted to ¥3,952 million.

Product Development

Road safety equipment achieved a significant increase in sales from the corresponding period in the previous year, primarily for Russia, and a year-on-year increase in orders in Japan as well.

This brought Product Development sales to ¥2,280 million.

Real Estate

Sales in the Real Estate segment remained almost flat year-on-year, totaling ¥294 million.

Other

Sales of oil products and powder metallurgy products failed to increase year-on-year, resulting in sales for the Other segment to be ¥1,843 million.

(2) Financial Position

Assets, Liabilities and Net Assets

As of June 30, 2013, the Tokyo Rope Group had total assets of ¥83,117 million. The figure represented a rise of ¥172 million from the end of the previous consolidated fiscal year (March 31, 2013), caused mainly by an increase in Property, plant and equipment.

Total liabilities decreased ¥32 million from the end of the previous consolidated fiscal year to ¥71,115 million, due to an increase in borrowings despite a decrease in notes and accounts payable.

Net assets totaled ¥12,001 million, grow ¥205 million compared with the end of the previous consolidated fiscal year. The increase was due to recording of net income for the quarter under review.

(3) Performance Forecasts

The Tokyo Rope Group has made no revision to its full-year projected results forecast released in the “Consolidated Financial Results for the Fiscal 2013” dated May 10, 2013.

2. Summary (Other) Information

(1) Significant Changes in Subsidiaries during the Period

Not applicable

(2) Application of Special Accounting Treatment

We have adopted the method in which income taxes are calculated by multiplying quarterly income before income taxes by reasonably estimated effective tax rate subsequent to the application of tax effect accounting to the income before income taxes and minority interests for the consolidated fiscal year, including the first quarter.

(3) Changes in Accounting Policies; Changes in Accounting Estimates; Restatements

Not applicable

3. Quarterly Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2012 (March 31, 2013)	Fiscal 2013–First quarter (June 30, 2013)
ASSETS		
Current assets		
Cash and bank deposits	¥ 5,499	¥ 6,229
Notes and accounts receivable	15,733	13,807
Commodities and products	4,608	4,774
Goods in process	3,853	3,902
Materials and supplies	3,705	3,650
Other	2,226	2,834
Allowance for doubtful accounts	(199)	(203)
Total current assets	35,427	34,996
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	8,943	8,844
Machinery and vehicles (net)	4,754	4,734
Land	19,862	19,862
Construction in progress	150	773
Other (net)	1,448	1,414
Total property, plant and equipment	35,159	35,630
Intangibles	318	314
Investments and other assets		
Investment securities	8,055	8,299
Deferred tax assets	1,543	1,493
Other	4,229	4,090
Allowance for doubtful accounts	(1,802)	(1,730)
Total investments and other assets	12,025	12,153
Total fixed assets	47,503	48,098
Deferred assets	12	22
Total assets	82,944	83,117

(Millions of yen, rounded down)

	Fiscal 2012 (March 31, 2013)	Fiscal 2013–First quarter (June 30, 2013)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 13,354	¥ 12,010
Short-term borrowings	29,061	31,047
Accrued expenses	2,998	3,271
Reserve for employees' bonuses	781	1,129
Other	3,716	3,528
Total current liabilities	49,912	50,988
Long-term liabilities		
Long-term loans	7,142	6,279
Deferred tax liabilities for land revaluation	5,326	5,326
Reserve for employees' retirement benefits	4,285	4,195
Other	4,480	4,325
Total long-term liabilities	21,235	20,127
Total liabilities	71,147	71,115
NET ASSETS		
Shareholders' equity		
Common stock	15,074	15,074
Capital surplus	8,574	8,574
Retained earnings	(22,058)	(21,609)
Treasury stock	(3,272)	(3,273)
Total shareholders' equity	(1,682)	(1,233)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	975	1,195
Revaluation reserve for land	10,009	10,009
Foreign currency translation adjustment	435	11
Total accumulated other comprehensive income	11,420	11,217
Minority interests	2,059	2,017
Total net assets	11,796	12,001
Total liabilities and net assets	82,944	83,117

(2) Statements of Income and Statements of Comprehensive Income

1) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2012–First quarter (April 1–June 30, 2012)	Fiscal 2013–First quarter (April 1–June 30, 2013)
Net sales	¥14,870	¥15,257
Cost of sales	13,524	12,613
Gross profit	1,346	2,643
Selling, general and administrative expenses	2,797	2,415
Operating income (loss)	(1,450)	228
Other income		
Interest income	8	7
Dividend income	77	135
Foreign exchange gains	—	181
Transfer from allowance for doubtful accounts	2	172
Other	71	100
Total other income	159	598
Other expenses		
Interest expense	142	168
Foreign exchange losses	10	—
Other	56	69
Total other expenses	209	238
Ordinary income (loss)	(1,500)	587
Extraordinary income		
Gain on sales of investment securities	0	—
Total extraordinary income	0	—
Extraordinary expenses		
Loss on valuation of investment securities	220	—
Loss on valuation of golf club membership	—	1
Other	0	—
Total extraordinary expenses	220	1
Income (loss) before income taxes	(1,720)	586
Income taxes	(222)	34
Income (loss) before minority interests	(1,498)	551
Minority interests in income (loss)	(69)	5
Net income (loss)	(1,429)	545

2) Statements of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal 2012–First quarter (April 1–June 30, 2012)	Fiscal 2013–First quarter (April 1–June 30, 2013)
Income (loss) before minority interests	¥(1,498)	¥551
Other comprehensive income		
Valuation difference on available-for-sale securities	(229)	220
Deferred gains or losses on hedges	(1)	—
Foreign currency translation adjustment	623	(606)
Share of other comprehensive income of associates accounted for using equity method	51	182
Total other comprehensive income (loss)	444	(203)
Comprehensive income (loss)	(1,054)	348
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	(1,057)	342
Comprehensive income attributable to minority interests	3	5

(3) Notes on Going-concern Assumptions

Fiscal 2013–First quarter (April 1– June 30, 2013)

None

(4) Segment Information

Segment Information

Fiscal 2012–First quarter (April 1–June 30, 2012)

Sales, Income (Loss) by Reporting Segment

	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	¥ 6,600	¥4,305	¥1,536	¥295	¥12,737	¥2,133	¥14,870	¥ —	¥14,870
Intersegment sales or transfers	30	—	34	—	65	281	347	(347)	—
Total	6,630	4,305	1,571	295	12,802	2,414	15,217	(347)	14,870
Segment income (loss)	197	(1,431)	(389)	97	(1,525)	74	(1,450)	—	(1,450)

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

Fiscal 2013–First quarter (April 1– June 30, 2013)

Sales, Income (Loss) by Reporting Segment

	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	¥6,886	¥3,952	¥2,280	¥294	¥13,413	¥1,843	¥15,257	¥ —	¥15,257
Intersegment sales or transfers	34	3	41	—	79	213	292	(292)	—
Total	6,920	3,955	2,321	294	13,493	2,057	15,550	(292)	15,257
Segment income (loss)	346	(303)	64	93	201	26	228	—	228

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.

(5) Note in the Event of Major Changes in Shareholders’ Equity

Fiscal 2013–First quarter (April 1–June 30, 2013)

None