

Consolidated Financial Results for the Fiscal 2016 [Japanese GAAP]

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

Listing: **Tokyo Stock Exchange**

Stock code number: **5981**

URL: **<http://www.tokyorope.co.jp>**

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Annual Meeting of Shareholders: **June 27, 2017**

Date of issue of Financial Report: **June 27, 2017**

Start of cash dividend payments: **June 7, 2017**

Supplementary financial materials prepared: **None**

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

1. Fiscal 2016 (April 1, 2016 – March 31, 2017)

(1) Results of Operations

	(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)							
	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		(% change from previous year)		(% change)		(% change)		(% change)
Fiscal 2016	¥64,993	-0.4%	¥3,492	-18.8%	¥2,989	-1.1%	¥1,882	-29.6%
Fiscal 2015	65,281	-11.0	4,303	9.0	3,021	-32.0	2,673	-30.0

Note: Comprehensive income

Fiscal 2016: ¥2,620 million (84.2%)

Fiscal 2015: ¥1,422 million (-78.2%)

	Earnings per share	Earnings per share (fully diluted)	ROE	Ordinary income/ total assets	Operating income/ net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal 2016	¥116.12	¥ —	8.3%	3.5%	5.4%
Fiscal 2015	166.82	164.95	12.7	3.4	6.6

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

Fiscal 2016: ¥ (95) million

Fiscal 2015: ¥ (210) million

*The Company implemented a consolidation of its common stock at a ratio of 10 shares to 1 share, effective as of October 1, 2016. In line with the share consolidation, earnings per share and Earnings per share (fully diluted) are calculated assuming that the consolidation of common stock was implemented at the beginning of the previous fiscal year.

(2) Financial Position

	(Millions of yen, rounded down)			
	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
Fiscal 2016	¥81,702	¥25,615	28.8%	¥1,458.55
Fiscal 2015	88,508	23,945	24.7	1,344.54

Note: Equity capital at the year-end

Fiscal 2016: ¥23,515 million

Fiscal 2015: ¥21,865 million

*The Company implemented a consolidation of its common stock at a ratio of 10 shares to 1 share, effective as of October 1, 2016. In line with the share consolidation, Net assets per share are calculated assuming that the consolidation of common stock was implemented at the beginning of the previous fiscal year.

(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 2016	¥3,491	¥ (100)	¥(5,319)	¥3,144
Fiscal 2015	4,240	(2,166)	(2,087)	4,569

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 2015	—	¥0.00	—	¥4.00	¥4.00	¥650	24.0%	3.1%
Fiscal 2016	—	0.00	—	40.00	40.00	650	34.4	2.9
Fiscal 2017 (est.)	—	0.00	—	40.00	40.00		23.9	

*The Company implemented a consolidation of its common stock at a ratio of 10 shares to 1 share, effective October 1, 2016. Cash dividend per share for the fiscal year ending March 31, 2017 indicates that before the share consolidation. Furthermore, when the share consolidation is taken into consideration, the year-end cash dividend per share will be ¥40.00.

3. Forecast for Fiscal 2016 (April 1, 2016–March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share (Yen)
First 2 quarters	¥30,500	-5.1%	¥1,300	-22.8%	¥1,200	-2.8%	¥ 900	11.0%	¥ 55.82
Full year	66,000	1.5	3,800	8.8	3,700	23.8	2,700	43.4	167.46

Notes

(1) Changes in important subsidiaries during the year (changes in specific subsidiaries due to change in scope of consolidation):

None

Newly consolidated - Excluded -

(2) Changes in accounting policies; changes in accounting estimates; restatements:

1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes

2. Other changes in accounting policies: None

3. Changes in accounting estimates: None

4. Restatements: None

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

1. Number of shares outstanding (including treasury shares)

Fiscal 2016: 16,268,242

Fiscal 2015: 16,268,242

2. Number of treasury shares outstanding

Fiscal 2016: 145,452

Fiscal 2015: 5,882

3. Average number of shares over the year

Fiscal 2016: 16,214,500

Fiscal 2015: 15,844,469

Note: The Company implemented a consolidation of its common stock at a ratio of 10 shares to 1 share, effective as of October 1, 2016. In line with the share consolidation, the number of shares outstanding, number of treasury shares outstanding and average number of shares over period is calculated assuming that the consolidation of common stock was implemented at the beginning of the previous fiscal year.

Note: Treasury stocks that are deducted when calculating the number of treasury stocks outstanding at the end of Fiscal 2016 and the average number of shares over the year include shares of the Company owned by Board Benefit Trust (137,500 shares).

This financial report is exempt from audit procedures.

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 “(4) Future Outlook” on page 3 for information on preconditions underlying the above forecasts and other related information.

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1. Overview of Performance and Financial Position

(1) Overview of Consolidated Business Results

During the consolidated fiscal year ended March 31, 2017, the Japanese economy remained on course for a modest recovery with ongoing improvements in the employment and income environments backed by economic measures and monetary policies of the government. On the other hand, with the slowdown of resource-rich countries and emerging economies overseas, there are mounting uncertainties in overseas economies such as the political situation in Europe as well as movements of the new U.S. administration, and concerns over the impact of foreign exchange fluctuation on corporate earnings, among others, leaves the future prospect of the economy in a state of uncertainty.

Under these circumstances, the Tokyo Rope Group has worked, as it did in the previous fiscal year, on both domestic and overseas measures to promote "further enhancement of its business base" and "starting and implementing its strategies for growth" during the consolidated fiscal year under review, which is the second year of its mid-term management plan "TCT-Focus 2020."

For the consolidated fiscal year under review, net sales of the Tokyo Rope Group decreased 0.4% year-on-year to ¥64,993 million due to the decrease in sales of the Product Development segment and other factors, despite increase in sales of wire saw (equipment for solar cell production).

In terms of profits, the Group posted operating income of ¥3,492 million, down 18.8% year-on-year due to a decrease in the Product Development segment and an increase in sales, general and administrative expenses including R&D expenses. Ordinary income decreased 1.1% year-on-year to ¥2,989 million due to a year-on-year decrease in foreign exchange losses in accordance with the revaluation of foreign currency-denominated bonds. Profit attributable to owners of parent was down 29.6% year-on-year to ¥1,882 million as a result of recording gain on sales of non-current assets as extraordinary income in line with the transfer of real estate for leasing, and of recording impairment loss of non-current asset (real estate for leasing) in extraordinary expenses due to lowering of profitability.

Results by business segment of the Group were as follows:

Wire Rope

Although sales volume of fiber rope increased, total sales in the Wire Rope segment decreased to ¥28,736 million (down 0.2% year-on-year) due to a decrease in sales volume of wire rope for the domestic market. Operating income amounted to ¥2,182 (down 4.5% year-on-year) due to a rise in raw material cost despite efforts to improve costs through cost reduction and such.

Steel Cord

Total sales in the Steel Cord segment amounted to ¥14,506 million (up 11.3% year-on-year) and operating income totaled ¥1,159 million (up 49.1% year-on-year) due to sales of wire saw despite the decrease in sales volume of tire cord.

Product Development

As bridge-related sales decreased in Japan and delivery of development products for overseas was postponed to the next fiscal year, sales decreased resulting in total sales of ¥12,927 million (down 13.2% year-on-year) for the Product Development segment. Operating loss totaled ¥622 million (operating gain of ¥658 million for the year-earlier period) due to such factors as a decrease in sales and an increase in selling, general and administrative expenses including R&D expenses.

Real Estate

With an increase in the electricity sales revenue from solar power plant operations which started in June 2015, total sales of the Real Estate segment amounted to ¥1,315 million (up 3.4% year-on-year). The segment posted operating income totaling ¥323 million (up 157.7% year-on-year) due to lowered costs through reducing fixed costs and such.

Other

Total sales of the Other segment increased to ¥7,508 million (up 3.1% year-on-year) due to an increase in industrial machinery sales. The segment posted operating income of ¥450 million (down 1.8% year-on-year) due to a year-on-year decrease in highly profitable industrial machinery-related properties.

(2) Overview of Financial Position during Fiscal 2016

As of March 31, 2017, the Tokyo Rope Group had total assets of ¥81,702 million. The figure represents a decrease of ¥6,806 million from the end of the previous consolidated fiscal year (March 31, 2016), due mainly to a decrease in fixed assets.

Total liabilities decreased ¥8,476 million yen from the end of the previous consolidated fiscal year to ¥56,086 million as a result of a decrease in borrowings.

Net assets increased ¥1,670 million from the end of the previous fiscal year to ¥25,615 million due to an increase in retained earnings despite a decrease in revaluation reserve for land.

(3) Overview of Cash Flows during Fiscal 2016

As of March 31, 2017, cash and cash equivalents totaled ¥3,144 million, down ¥ 1,424 million from a year earlier.

Net cash provided by operating activities amounted to ¥3,491 million, which mainly reflected a recording of net income before income taxes for the year under review.

Net cash used in investing activities totaled ¥100 million, mainly due to purchases of property, plant, and equipment and purchases of investment securities despite proceeds from sales of property, plant and equipment.

Net cash used in financing activities was ¥5,319 million, mainly reflecting decrease in borrowings and payment of cash dividends.

(4) Future Outlook

The Group's consolidated forecasts for fiscal 2017 are net sales of ¥66.0 billion, operating income of ¥3.8 billion, ordinary income of ¥3.7 billion and profit attributable to owners of parent of ¥2.7 billion. Forecasts for the first two quarters of fiscal 2017 (the cumulative total of the first two quarters) are net sales of ¥30.5 billion, operating income of ¥1.3 billion, ordinary income of ¥1.2 billion and profit attributable to owners of parent of ¥900 million.

In the Wire Rope segment, total sales are projected to slightly decrease assuming unpredictable business environment mainly due to foreign exchange fluctuations and weak domestic demand, while orders for elevator rope for overseas are expected to remain solid.

In the Steel Cord segment, on the contrary to the fiscal year under review, which saw profit contribution from large sales of wire saw (equipment for solar cell production) the next fiscal year is expected to see sales decrease in repercussion. Furthermore, although the Japanese and Chinese tire cord markets still continue to face tough business conditions, the Group will strive to maintain and improve profits through strengthening provision of products with high added value and other efforts.

In the Product Development segment, the Group anticipates profit contribution from an increase in overseas

sales of disaster prevention products, which had been behind schedule, as well as from progress in carbon fiber composite cable (CFCC®) business.

The Tokyo Rope Group will continue its group-wide and integrated endeavors to further enhance its business base to enable continuous growth and social contribution in the future by steadily implementing measures stated in the TCT-Focus 2020, the mid-term management plan, which was reviewed this time.

2. Basic Perspective on Selection of Accounting Standards

It is the Tokyo Rope Group's policy to prepare the consolidated financial statements based on the Japanese Accounting Standards for the time being, taking into account the comparability of consolidated financial statements with other fiscal years and with other companies.

For the future, the Group intends to explore application of the International Financial Reporting Standards (IFRS) while considering factors such as the changes in its foreign shareholder ratio and the trends of domestic peer companies in terms of adoption of the IFRS.

3. Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2015 (March 31, 2016)	Fiscal 2016 (March 31, 2017)
ASSETS		
Current assets		
Cash and bank deposits	¥ 4,604	¥ 3,167
Notes and accounts receivable	14,493	14,314
Commodities and products	5,967	6,430
Goods in process	4,681	3,644
Materials and supplies	4,054	3,873
Deferred tax assets	941	631
Other	1,909	1,872
Allowance for doubtful accounts	(25)	(22)
Total current assets	36,627	33,911
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	9,831	6,749
Machinery and vehicles (net)	6,528	6,411
Land	19,782	18,338
Lease assets (net)	1,194	1,108
Construction in progress	524	462
Other (net)	451	483
Total property, plant and equipment	38,313	33,553
Intangibles	317	433
Investments and other assets		
Investment securities	7,948	8,984
Net defined benefit asset	113	133
Deferred tax assets	2,815	2,646
Other	3,031	2,910
Allowance for doubtful accounts	(679)	(883)
Total investments and other assets	13,230	13,791
Total fixed assets	51,861	47,779
Deferred assets	19	11
Total assets	88,508	81,702

(Millions of yen, rounded down)

	Fiscal 2015 (March 31, 2016)	Fiscal 2016 (March 31, 2017)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥12,190	¥11,793
Short-term borrowings	13,754	9,242
Accrued expenses	2,768	2,362
Reserve for employees' bonuses	861	921
Other	6,593	4,515
Total current liabilities	36,168	28,837
Long-term liabilities		
Long-term loans	15,391	15,730
Lease obligations	554	399
Deferred tax liabilities for land revaluation	4,598	4,206
Reserve for directors' retirement benefits	165	189
Reserve for directors' shares	-	29
Net defined benefit liability	5,813	5,354
Asset retirement obligations	465	547
Provision for environmental measures	213	136
Other	1,192	655
Total long-term liabilities	28,395	27,249
Total liabilities	64,563	56,086
NET ASSETS		
Shareholders' equity		
Capital stock	1,000	1,000
Capital surplus	796	796
Retained earnings	10,422	12,543
Treasury shares	(11)	(310)
Total shareholders' equity	12,207	14,029
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	641	961
Revaluation reserve for land	10,711	9,821
Foreign currency translation adjustment	(44)	79
Remeasurements of defined benefit plans	(1,649)	(1,377)
Total accumulated other comprehensive income	9,658	9,485
Minority interests	2,079	2,100
Total net assets	23,945	25,615
Total liabilities and net assets	88,508	81,702

(2) Statements of Income and Statements of Comprehensive Income

Statements of Income

(Millions of yen, rounded down)

	Fiscal 2015 (April 1, 2015 – March 31, 2016)	Fiscal 2016 (April 1, 2016 – March 31, 2017)
Net sales	¥65,281	¥64,993
Cost of sales	51,286	50,691
Gross profit	13,995	14,301
Selling, general and administrative expenses	9,691	10,808
Operating income	4,303	3,492
Other income		
Interest income	22	41
Dividend income	184	225
Transfer from allowance for doubtful accounts	147	-
Other	208	235
Total other income	563	502
Other expenses		
Interest expense	437	327
Share of loss of entities accounted for using equity method	210	95
Foreign exchange losses	669	129
Provision for environmental measures	213	-
Provision of allowance for doubtful accounts	-	199
Other	314	253
Total other expenses	1,844	1,005
Ordinary income	3,021	2,989
Extraordinary income		
Gain on sales of non-current assets	4	1,908
Gain on sales of investment securities	31	107
Penalty income	-	686
Other	3	-
Total extraordinary income	39	2,703
Extraordinary expenses		
Business structure improvement expenses	251	-
Impairment loss	-	3,310
Other	-	0
Total extraordinary expenses	251	3,311
Income before income taxes	2,809	2,381
Income taxes	384	456
Income tax adjustment	(269)	22
Total income taxes	114	478
Profit	2,694	1,903
Profit attributable to non-controlling interests	21	20
Profit attributable to owners of parent	2,673	1,882

Statement of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal 2015 (April 1, 2015 – March 31, 2016)	Fiscal 2016 (April 1, 2016 – March 31, 2017)
Profit	¥ 2,694	¥ 1,903
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,295)	320
Revaluation reserve for land	251	-
Foreign currency translation adjustment	163	335
Remeasurements of defined benefit plans, net of tax	(63)	272
Share of other comprehensive income (loss) of associates accounted for using equity method	(328)	(211)
Total other comprehensive income (loss)	(1,272)	717
Comprehensive income	1,422	2,620
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,400	2,599
Comprehensive income attributable to non-controlling interests	21	20

(3) Statements of Changes in Shareholders' Equity

Fiscal 2015 (April 1, 2015 – March 31, 2016)

(Millions of yen, rounded down)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of the year	¥1,000	¥3,781	¥ 7,816	¥(3,281)	¥ 9,316
Changes of items during the period					
Dividends from surplus			(82)		(82)
Profit attributable to owners of parent			2,673		2,673
Reversal of revaluation reserve for land			13		13
Purchase of treasury shares				(3,087)	(3,087)
Disposal of treasury shares		95		3,277	3,372
Retirement of treasury shares		(3,080)		3,080	-
Changes of items other than shareholder s' equity (net)					-
Total changes of items during the period	-	(2,985)	2,605	3,270	2,890
Balance at end of the year	1,000	796	10,422	(11)	12,207

	Accumulated other comprehensive income				Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans			
Balance at beginning of the year	¥1,936	¥10,474	¥120	¥(1,586)	¥10,944	¥2,058	¥22,320
Changes of items during the period							
Dividends from surplus							(82)
Profit attributable to owners of parent							2,673
Reversal of revaluation reserve for land							13
Purchase of treasury shares							(3,087)
Disposal of treasury shares							3,372
Retirement of treasury shares							-
Changes of items other than shareholder s' equity (net)	(1,295)	237	(165)	(63)	(1,286)	21	(1,265)
Total changes of items during the period	(1,295)	237	(165)	(63)	(1,286)	21	1,625
Balance at end of the year	641	10,711	(44)	(1,649)	9,658	2,079	23,945

Fiscal 2016 (April 1, 2016 – March 31, 2017)

(Millions of yen, rounded down)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of the year	¥1,000	¥796	¥ 10,422	¥(11)	¥12,207
Changes of items during the period					
Dividends from surplus			(650)		(650)
Profit attributable to owners of parent			1,882		1,882
Reversal of revaluation reserve for land			889		889
Purchase of treasury shares				(299)	(299)
Disposal of treasury shares		(0)		0	0
Retirement of treasury shares					-
Changes of items other than shareholder s' equity (net)					-
Total changes of items during the period	-	(0)	2,121	(299)	1,822
Balance at end of the year	1,000	796	12,543	(310)	14,029

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	¥641	¥10,711	¥(44)	¥(1,649)	¥9,658	¥2,079	¥23,945
Changes of items during the period							
Dividends from surplus							(650)
Profit attributable to owners of parent							1,882
Reversal of revaluation reserve for land							889
Purchase of treasury shares							(299)
Disposal of treasury shares							0
Retirement of treasury shares							-
Changes of items other than shareholder s' equity (net)	320	(889)	124	272	(172)	20	(152)
Total changes of items during the period	320	(889)	124	272	(172)	20	1,670
Balance at end of the year	961	9,821	79	(1,377)	9,485	2,100	25,615

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2015 (April 1, 2015 – March 31, 2016)	Fiscal 2016 (April 1, 2016 – March 31, 2017)
Operating activities		
Income before income taxes	¥2,809	¥2,381
Depreciation	2,144	2,031
Impairment loss	-	3,310
Increase (decrease) in allowance for doubtful accounts	(520)	227
Increase (decrease) in reserve for employees' bonuses	16	60
Increase (decrease) in reserve for directors' retirement benefits	30	34
Increase (decrease) in reserve for directors' shares	-	29
Increase (decrease) in net defined benefit liability	(323)	(253)
Interest and dividend income	(207)	(267)
Interest expense	437	327
Equity in (earning) losses of affiliates	210	95
Loss (gain) on sales of property, plant and equipment	(4)	(1,908)
(Gain) loss on sales investments securities	(31)	(107)
Business structure improvement expenses	251	-
Other extraordinary loss (income)	(3)	4
(Increase) decrease in notes and accounts receivable	258	88
(Increase) decrease in inventories	(1,976)	611
Net (increase) decrease in other assets	(205)	715
Increase (decrease) in notes and accounts payable	1,989	(444)
Increase (decrease) in advances received	1,295	(2,073)
Net increase (decrease) in accrued consumption tax	(142)	96
Net increase (decrease) in other liabilities	(944)	(1,069)
Subtotal	5,084	3,891
Interest and dividends received	240	227
Interest paid	(440)	(331)
Payments for directors' retirement benefits	(46)	(9)
Payments for business structure improvement expenses	(239)	-
Income tax paid	(359)	(288)
Net cash provided by operating activities	4,240	3,491
Investing activities		
Purchases of investment securities	(17)	(1,387)
Proceeds from sales of investment securities	56	678
Purchase of shares of subsidiaries and associates	(12)	-
Loans extended	(85)	(712)
Proceeds from loans recovered	134	113
Purchases of property, plant and equipment	(2,108)	(1,566)
Proceeds from sales of property, plant and equipment	61	2,981
Other	(194)	(208)
Net cash used in investing activities	(2,166)	(100)

(Millions of yen, rounded down)

	Fiscal 2015 (April 1, 2015 – March 31, 2016)	Fiscal 2016 (April 1, 2016 – March 31, 2017)
Financing activities		
Net increase (decrease) in short-term borrowings	¥3,790	¥(4,885)
Proceeds from long-term borrowings	15,500	3,000
Repayment of long-term borrowings	(21,284)	(2,132)
Cash dividends paid	(82)	(646)
Proceeds from sales of treasury shares	3,371	0
Purchase of treasury shares	(3,086)	(299)
Repayments of lease obligations	(295)	(266)
Other	-	(89)
Net cash used in financing activities	(2,087)	(5,319)
Effect of exchange rate change on cash and cash equivalents	(65)	504
Net increase (decrease) in cash and cash equivalents	(79)	(1,424)
Cash and cash equivalents at beginning of the year	4,649	4,569
Cash and cash equivalents at end of the year	4,569	3,144

(5) Notes on Consolidated Financial Statements

Notes on Going-concern Assumptions

None

Changes in accounting policies

In line with the revision to the Corporation Tax Act, “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Practical Issues Task Force (PITF) No.32, June 17, 2016) is applied for the consolidated fiscal year under review. Accordingly, depreciation method has been changed from declining-balance method to straight-line method for facilities attached to buildings and structures acquired on or after April 1, 2016.

The impact of the change on operating income, ordinary income and net income before income taxes of the consolidated fiscal year under review is minimal.

Segment Information

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
Product Development	Road safety equipment, long-bridge cables, bridge design and construction, metallic fiber, carbon fiber composite cable (CFCC®)
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 2015 (April 1, 2015 – March 31, 2016)

(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	¥28,788	¥13,038	¥14,898	¥1,272	¥57,997	¥ 7,284	¥65,281	¥ -	¥65,281
Intersegment sales or transfers	183	200	316	-	700	809	1,510	(1,510)	-
Total	28,972	13,238	15,215	1,272	58,698	8,093	66,792	(1,510)	65,281
Segment income	2,284	777	658	125	3,845	458	4,303	-	4,303
Segment assets	41,566	16,684	13,576	9,781	81,609	4,713	86,322	2,186	88,508
Other items									
Depreciation	1,269	78	230	419	1,997	147	2,144	-	2,144
Investment in affiliates accounted for by equity method	766	-	1,640	-	2,407	-	2,407	-	2,407
Increase in Property, plant and equipment and Intangibles	1,049	291	384	712	2,437	240	2,677	-	2,677

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 2016 (April 1, 2016 – March 31, 2017)

(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	¥28,736	¥14,506	¥12,927	¥1,315	¥57,484	¥ 7,508	¥64,993	¥ -	¥64,993
Intersegment sales or transfers	153	67	251	-	472	699	1,172	(1,172)	-
Total	28,889	14,573	13,178	1,315	57,957	8,208	66,165	(1,172)	64,993
Segment income (loss)	2,182	1,159	(622)	323	3,042	450	3,492	-	3,492
Segment assets	42,412	14,127	12,927	5,650	75,117	5,035	80,152	1,549	81,702
Other items									
Depreciation	1,215	120	245	249	1,831	200	2,031	-	2,031
Investment in affiliates accounted for by equity method	520	-	1,580	-	2,101	-	2,101	-	2,101
Increase in Property, plant and equipment and Intangibles	631	397	434	38	1,503	428	1,931	-	1,931

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.