

CONSOLIDATED BALANCE SHEETS

Tsubakimoto Chain Co. and Consolidated Subsidiaries
As of March 31, 2002 and 2001

Assets	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Current assets:			
Cash and cash equivalents	¥ 17,679	¥ 24,853	\$ 132,925
Short-term investments	5,040	8,192	37,895
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	28	52	211
Other	31,020	35,386	233,233
Inventories	24,278	22,613	182,541
Deferred tax assets	1,670	1,768	12,556
Other receivables:			
Unconsolidated subsidiaries and affiliates	89	22	669
Other current assets	11,275	1,333	84,775
Allowance for doubtful receivables	(329)	(235)	(2,474)
Total current assets	90,750	93,984	682,331
Property, plant and equipment (Note 7):			
Land	36,223	41,351	272,353
Buildings and structures	42,680	33,366	320,902
Machinery and equipment	73,402	70,845	551,895
Construction in progress	3,051	9,653	22,940
Less accumulated depreciation	(69,975)	(73,036)	(526,128)
Net property, plant and equipment	85,381	82,179	641,962
Investments and long-term loans receivable:			
Investment securities:			
Unconsolidated subsidiaries and affiliates	438	255	3,293
Other	15,526	17,369	116,737
Long-term loans receivable	22	29	165
Deferred tax assets	1,085	1,057	8,158
Deferred tax assets on revaluation of land	2,183	—	16,414
Other noncurrent items (Note 7)	6,761	14,557	50,835
Allowance for doubtful receivables	(591)	(553)	(4,444)
Total investments and long-term loans receivable	25,424	32,714	191,158
Total assets	¥201,555	¥208,877	\$1,515,451

The accompanying notes are an integral part of these financial statements.

Liabilities and Shareholders' Equity	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Current liabilities:			
Short-term bank loans and current portion of long-term debt.....	¥ 22,731	¥ 29,571	\$ 170,910
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	977	807	7,346
Other	21,450	23,379	161,278
Income taxes payable	349	1,768	2,624
Accrued expenses	2,142	3,427	16,105
Deferred tax liabilities	17	161	128
Other	10,459	6,261	78,639
Total current liabilities.....	58,125	65,374	437,030
Noncurrent liabilities:			
Bonds	11,200	13,840	84,210
Long-term loans, less current maturities	42,803	35,254	321,827
Retirement benefits (Note 13)	17,535	17,742	131,842
Deferred tax liabilities	2,746	3,068	20,647
Other	3,392	4,162	25,504
Total noncurrent liabilities	77,676	74,066	584,030
Minority interests	3,080	2,974	23,158
Shareholders' equity:			
Common stock	17,077	17,077	128,398
Capital surplus	12,653	12,653	95,135
Revaluation surplus (Note 9)	(3,015)	—	(22,669)
Retained earnings	33,500	33,480	251,880
Net unrealized holding gains on securities	2,319	4,031	17,436
Currency translation adjustments	146	(777)	1,098
Total shareholders' equity	62,680	66,464	471,278
Treasury stock	(6)	(1)	(45)
Total shareholders' equity	62,674	66,463	471,233
Total liabilities and shareholders' equity	¥201,555	¥208,877	\$1,515,451

CONSOLIDATED STATEMENTS OF INCOME

Tsubakimoto Chain Co. and Consolidated Subsidiaries
Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	2002
Net sales	¥113,741	¥114,206	¥106,281	\$855,195
Cost of sales	82,399	82,683	78,481	619,541
Gross profit	31,342	31,523	27,800	235,654
Selling, general and administrative expenses	25,304	24,561	25,095	190,255
Operating income	6,038	6,962	2,705	45,399
Other income (expenses):				
Interest and dividend income	382	477	393	2,872
Interest expense	(1,808)	(1,950)	(1,739)	(13,594)
Foreign exchange gains (losses)	(68)	49	(227)	(511)
Other, net	(522)	(423)	743	(3,925)
Ordinary income	4,022	5,115	1,875	30,241
Extraordinary profit (loss):				
Loss on valuation of investment securities	(1,933)	—	—	(14,534)
Difference caused by changing standards for retirement benefits	—	(6,654)	—	—
Other, net	572	1,765	850	4,301
Income before income taxes and minority interests	2,661	226	2,725	20,008
Income taxes:				
Current	490	2,311	925	3,684
Deferred	799	(2,587)	550	6,008
Minority interests	(170)	(37)	(32)	(1,278)
Net income	¥ 1,202	¥ 465	¥ 1,218	\$ 9,038

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Tsubakimoto Chain Co. and Consolidated Subsidiaries
Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	2002
Retained earnings at the beginning of the year.....	¥33,480	¥34,020	¥31,943	\$251,729
Increase in retained earnings, resulting from consolidation of additional subsidiaries	—	—	1,180	—
Increase in retained earnings, resulting from merger of an unconsolidated subsidiary	—	164	—	—
Prior years' tax effect	—	—	840	—
Appropriations:				
Cash dividends	(1,148)	(1,149)	(1,149)	(8,632)
Bonuses to directors and statutory auditors	(34)	(21)	(13)	(255)
Net income for the year.....	1,202	465	1,218	9,038
Retained earnings at the end of the year	¥33,500	¥33,480	¥34,020	\$251,880

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Tsubakimoto Chain Co. and Consolidated Subsidiaries
Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	2002
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 2,661	¥ 226	¥ 2,725	\$ 20,008
Adjustments for:				
Depreciation	5,611	4,321	4,444	42,188
Gain on sales of property, plant and equipment.....	(1,757)	(3,380)	(8,837)	(13,211)
Loss on valuation of deposits for golf club membership.....	—	450	—	—
Loss on valuation of investment securities	1,933	—	—	14,534
Provision for (reversal of) allowance for doubtful receivables.....	124	(91)	59	932
Provision for (reversal of) retirement benefits.....	(242)	6,007	5,859	(1,820)
Other	—	(242)	(237)	—
Decrease (increase) in trade notes and accounts receivable	4,895	(7,212)	(99)	36,805
Decrease (increase) in inventories.....	(863)	(847)	946	(6,489)
Increase (decrease) in trade notes and accounts payable	(2,055)	4,891	(2,410)	(15,451)
Other	1,553	4,502	3,008	11,677
Sub total.....	11,860	8,625	5,458	89,173
Interest and dividend income received	415	474	396	3,120
Interest expenses paid.....	(1,909)	(2,033)	(1,719)	(14,353)
Income taxes paid	(2,657)	(1,098)	(867)	(19,978)
Net cash provided by operating activities	7,709	5,968	3,268	57,962
Cash flows from investing activities:				
Increase of time deposits (due after 3 months)	(144)	(10)	(666)	(1,082)
Decrease of time deposits (due after 3 months)	158	8	—	1,188
Payments for purchase of investments in securities	(8,464)	(7,258)	(4,213)	(63,639)
Proceeds from sales of investments in securities	8,847	1,832	2,287	66,519
Payments for purchase of investments in subsidiaries	(227)	(15)	(222)	(1,707)
Increase of long-term loans receivable	(13)	(19)	(25)	(98)
Decrease of long-term loans receivable	14	31	39	105
Payments for purchase of property, plant and equipment	(12,771)	(10,072)	(32,487)	(96,022)
Proceeds from sales of property, plant and equipment.....	1,882	4,669	6,532	14,150
Net cash used in investing activities	(10,718)	(10,834)	(28,755)	(80,586)
Cash flows from financing activities:				
Increase (decrease) in short-term bank loans, net.....	(3,311)	1,667	517	(24,895)
Proceeds from long-term loans	10,607	2,615	21,413	79,752
Repayment of long-term loans	(7,343)	(725)	(864)	(55,210)
Proceeds from issue of bonds	100	—	8,000	752
Payments on redemption of bonds	(2,792)	(300)	(700)	(20,992)
Payments on installment purchases	(223)	—	—	(1,677)
Cash dividends.....	(1,148)	(1,149)	(1,149)	(8,632)
Cash dividends for minority shareholders.....	(127)	(82)	(51)	(955)
Other	(6)	—	—	(45)
Net cash provided by (used in) financing activities.....	(4,243)	2,026	27,166	(31,902)
Effect of exchange rate changes on cash and cash equivalents				
Net increase (decrease) in cash and cash equivalents.....	78	64	(52)	586
Cash and cash equivalents at the beginning of the year.....	(7,174)	(2,776)	1,627	(53,940)
Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	24,853	27,586	24,879	186,865
Increase in cash and cash equivalents due to merger of an unconsolidated subsidiary	—	—	1,080	—
Cash and cash equivalents at the end of the year	—	43	—	—
	¥ 17,679	¥ 24,853	¥ 27,586	\$132,925

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