

Consolidated Statements of Income

Tsubakimoto Chain Co. and Consolidated Subsidiaries
For the years ended March 31, 2005, 2004 and 2003

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2005	2004	2003	2005
Net sales (Note 17)	¥129,563	¥119,141	¥116,670	\$1,207,258
Cost of sales (Note 14)	94,630	87,477	85,064	881,755
Gross profit	34,933	31,664	31,606	325,503
Selling, general and administrative expenses (Note 14)	24,485	23,713	24,255	228,149
Operating income (Note 17)	10,448	7,951	7,351	97,354
Other income (expenses):				
Interest and dividend income	193	250	232	1,798
Interest expense	(1,195)	(1,431)	(1,739)	(11,135)
Equity in earnings of an affiliate	21	42	36	196
Foreign exchange loss	(163)	(284)	(265)	(1,519)
Other, net	(415)	(312)	(616)	(3,867)
Ordinary income	8,889	6,216	4,999	82,827
Extraordinary profit (losses):				
Loss on evaluation of investment securities	—	(42)	(1,908)	—
Net gain on the modification of retirement benefit plan	—	1,116	—	—
Loss on disposal of inventories	—	(664)	—	—
Other, net	(291)	(89)	(291)	(2,711)
Income before income taxes and minority interests	8,598	6,537	2,800	80,116
Income taxes (Note 16):				
Current	3,314	2,553	1,389	30,880
Deferred	159	237	(301)	1,482
Minority interests	(676)	(362)	(181)	(6,299)
Net income	¥ 4,449	¥ 3,385	¥ 1,531	\$ 41,455

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