

Consolidated Statements of Cash Flows

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 |
| Cash flows from operating activities: | | | | |
| Income before income taxes and minority interests | ¥ 8,598 | ¥ 6,537 | ¥ 2,800 | \$ 80,116 |
| Adjustments for: | | | | |
| Depreciation | 5,504 | 6,083 | 6,736 | 51,286 |
| Loss (gain) on sales of property, plant and equipment | (866) | 243 | 93 | (8,069) |
| Loss on valuation of investment in securities | — | 42 | 1,908 | — |
| Allowance for doubtful accounts, net | (85) | (216) | (134) | (792) |
| Increase (decrease) in accrued pension and severance cost | (568) | (6,087) | 156 | (5,293) |
| (Decrease) increase in account payable for transfer to differed contribution pension plan | (447) | 4,692 | — | (4,165) |
| Decrease (increase) in trade notes and accounts receivable | (2,380) | (4,132) | 1,531 | (22,177) |
| Decrease (increase) in inventories | (630) | 2,223 | 325 | (5,870) |
| Increase (decrease) in trade notes and accounts payable | 3,168 | 1,052 | (3,980) | 29,519 |
| Other | 963 | 118 | 4,472 | 8,973 |
| Sub total | 13,257 | 10,555 | 13,907 | 123,528 |
| Interest and dividend income received | 209 | 311 | 225 | 1,947 |
| Interest expenses paid | (1,210) | (1,440) | (1,748) | (11,275) |
| Income taxes paid | (2,583) | (1,431) | (364) | (24,068) |
| Net cash provided by operating activities | 9,673 | 7,995 | 12,020 | 90,132 |
| Cash flows from investing activities: | | | | |
| Increase in time deposits (due after 3 months) | — | (9) | (108) | — |
| Decrease in time deposits (due after 3 months) | 93 | 119 | 86 | 867 |
| Payments for purchase of investments in securities | (192) | (2,049) | (7,827) | (1,789) |
| Proceeds from sales of investments in securities | 188 | 8,107 | 9,557 | 1,752 |
| Payments for purchase of investments in subsidiaries | (439) | (10) | (0) | (4,091) |
| Increase in long-term loans receivable | (48) | (36) | (111) | (447) |
| Decrease in long-term loans receivable | 171 | 55 | 14 | 1,593 |
| Payments for purchase of property, plant and equipment | (3,034) | (5,307) | (5,379) | (28,271) |
| Proceeds from sales of property, plant and equipment | 796 | 8,104 | 754 | 7,417 |
| Other | — | 94 | — | — |
| Net cash provided by (used in) investing activities | (2,465) | 9,068 | (3,014) | (22,969) |
| Cash flows from financing activities: | | | | |
| Increase (decrease) in short-term bank loans, net | 2,658 | (6,463) | (8,499) | 24,767 |
| Proceeds from long-term loans | 3,156 | 430 | 473 | 29,407 |
| Repayment of long-term loans | (6,985) | (7,707) | (1,050) | (65,086) |
| Issuance of bonds | — | 98 | 99 | — |
| Payments on redemption of bonds | (6,200) | (100) | (2,585) | (57,771) |
| Payments on installment purchases | (456) | (527) | (412) | (4,249) |
| Cash dividends | (1,130) | (1,132) | (1,141) | (10,529) |
| Cash dividends for minority shareholders | (119) | (74) | (142) | (1,109) |
| Payments for purchase of treasury stock | (339) | (69) | (959) | (3,158) |
| Proceeds from sales of treasury stock | 3 | 6 | — | 28 |
| Net cash used in financing activities | (9,412) | (15,538) | (14,216) | (87,700) |
| Effect of exchange rate changes on cash and cash equivalents | | | | |
| Net increase (decrease) in cash and cash equivalents | 73 | (261) | (104) | 680 |
| Net increase (decrease) in cash and cash equivalents | (2,131) | 1,264 | (5,314) | (19,857) |
| Cash and cash equivalents at the beginning of the year | 13,681 | 12,417 | 17,679 | 127,479 |
| Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation | 12 | — | 52 | 112 |
| Cash and cash equivalents at the end of the year | ¥ 11,562 | ¥ 13,681 | ¥ 12,417 | \$ 107,734 |

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