

Consolidated Balance Sheets

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
March 31, 2006 and 2005

THOUSANDS OF
U.S. DOLLARS
(NOTE 1)

Assets	MILLIONS OF YEN		2006
	2006	2005	
Current assets:			
Cash and cash equivalents	¥ 10,984	¥ 11,562	\$ 93,497
Time deposits	500	4	4,256
Marketable securities (Note 4)	—	39	—
Trade notes and accounts receivable	39,975	35,626	340,271
Inventories (Note 5)	23,875	21,287	203,226
Deferred income taxes (Note 7)	2,436	2,058	20,735
Other current assets	1,358	1,823	11,559
Allowance for doubtful accounts	(272)	(274)	(2,315)
Total current assets	78,856	72,125	671,229
Property, plant and equipment, at cost (Note 6):			
Land (Note 10)	35,306	36,034	300,528
Buildings and structures	41,967	42,014	357,227
Machinery, equipment and vehicles	62,606	59,256	532,908
Tools, furniture and fixtures	15,465	14,961	131,639
Construction in progress	3,156	1,361	26,864
Less accumulated depreciation	(82,237)	(78,232)	(700,009)
Property, plant and equipment, net	76,263	75,394	649,157
Investments and other assets:			
Investment in securities (Note 4)	34,881	21,193	296,910
Investments in unconsolidated subsidiaries and affiliates	1,501	752	12,777
Long-term loans receivable	38	41	323
Deferred income taxes (Note 7)	1,815	1,933	15,450
Deferred income taxes on revaluation of land	—	2,113	—
Other assets (Note 6)	5,279	5,944	44,935
Allowance for doubtful accounts	(175)	(232)	(1,490)
Total investments and other assets	43,339	31,744	368,905
Total assets	¥198,458	¥179,263	\$1,689,291

See accompanying notes to consolidated financial statements.

Liabilities and Shareholders' Equity	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS (NOTE 1)
	2006	2005	2006
Current liabilities:			
Short-term loans (Note 6)	¥ 7,413	¥ 9,909	\$ 63,100
Current portion of long-term debt (Note 6)	7,955	9,196	67,714
Trade notes and accounts payable	25,444	21,496	216,581
Accrued income taxes	3,461	2,330	29,460
Accrued expenses	4,179	4,237	35,572
Other current liabilities (Note 6)	7,885	6,633	67,118
Total current liabilities	56,337	53,801	479,545
Long-term liabilities:			
Long-term debt (Note 6)	23,598	24,275	200,868
Accrued retirement benefits to employees (Note 8)	9,916	11,024	84,406
Accrued retirement benefits to directors and corporate auditors	364	337	3,098
Deferred income taxes (Note 7)	14,148	8,203	120,429
Deferred income taxes on revaluation of land	6,773	—	57,652
Other long-term liabilities (Note 6)	6,119	6,011	52,086
Total long-term liabilities	60,918	49,850	518,539
Minority interests	4,105	3,978	34,942
Contingent liabilities (Note 9)			
Shareholders' equity (Note 11):			
Common stock:			
Authorized - 299,000,000 shares in 2006 and 2005			
Issued - 191,406,969 shares in 2006 and 2005	17,077	17,077	145,361
Capital surplus	12,654	12,653	107,712
Net unrealized loss on land revaluation (Note 10)	(12,047)	(3,091)	(102,545)
Retained earnings (Note 2)	44,509	39,344	378,864
Net unrealized holding gain on securities	16,749	8,591	142,569
Translation adjustments	(429)	(1,575)	(3,652)
Treasury stock:			
3,865,828 shares in 2006 and 3,794,043 shares in 2005	(1,415)	(1,365)	(12,044)
Total shareholders' equity	77,098	71,634	656,265
Total liabilities and shareholders' equity	¥198,458	¥179,263	\$1,689,291

Consolidated Statements of Income

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
For the years ended March 31, 2006 and 2005

THOUSANDS OF
U.S. DOLLARS
(NOTE 1)

	MILLIONS OF YEN		2006
	2006	2005	
Net sales (Note 16)	¥147,761	¥129,563	\$1,257,754
Cost of sales (Note 12)	108,500	94,630	923,561
Gross profit	39,261	34,933	334,193
Selling, general and administrative expenses (Note 12)	25,431	24,485	216,471
Operating income (Note 16)	13,830	10,448	117,722
Other income (expenses):			
Interest and dividend income	353	193	3,005
Interest expense	(994)	(1,195)	(8,461)
Equity in earnings of affiliates	7	21	60
Foreign exchange loss	(244)	(163)	(2,077)
Loss on amendment to retirement benefit plans (Note 8)	(273)	—	(2,324)
Loss on impairment of fixed assets (Note 3)	(32)	—	(272)
Other, net	(38)	(706)	(324)
Income before income taxes and minority interests	12,609	8,598	107,329
Income taxes (Note 7):			
Current	5,402	3,314	45,982
Deferred	(111)	159	(944)
Income before minority interests	7,318	5,125	62,291
Minority interests	(711)	(676)	(6,052)
Net income	¥ 6,607	¥ 4,449	\$ 56,239

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
For the years ended March 31, 2006 and 2005

THOUSANDS OF
U.S. DOLLARS
(NOTE 1)

	MILLIONS OF YEN		2006
	2006	2005	
Common stock:			
Balance at beginning and end of the year	¥ 17,077	¥17,077	\$ 145,361
Capital surplus:			
Balance at beginning of the year	¥ 12,653	¥12,653	\$ 107,703
Gain on sales of treasury stock	1	0	9
Balance at end of the year	¥ 12,654	¥12,653	\$ 107,712
Net unrealized loss on land revaluation:			
Balance at beginning of the year	¥ (3,091)	¥(3,091)	\$ (26,311)
Transfer to retained earnings	(41)	—	(349)
Adjustment to deferred tax assets on land revaluation reserve	(8,915)	—	(75,885)
Balance at end of the year	¥(12,047)	¥(3,091)	\$ (102,545)
Retained earnings:			
Balance at beginning of the year	¥ 39,344	¥36,199	\$ 334,899
Net income	6,607	4,449	56,239
Appropriations:			
Cash dividends	(1,313)	(1,130)	(11,176)
Bonuses to directors and corporate auditors	(170)	(101)	(1,447)
Decrease resulting from initial consolidation of additional subsidiaries	—	(73)	—
Transfer from net unrealized loss on land revaluation	41	—	349
Balance at end of the year	¥ 44,509	¥39,344	\$ 378,864
Net unrealized holding gain on securities:			
Balance at beginning of the year	¥ 8,591	¥ 7,066	\$ 73,127
Net changes during the year	8,158	1,525	69,442
Balance at end of the year	¥ 16,749	¥ 8,591	\$ 142,569
Translation adjustments:			
Balance at beginning of the year	¥ (1,575)	¥(2,003)	\$ (13,406)
Net changes during the year	1,146	428	9,754
Balance at end of the year	¥ (429)	¥(1,575)	\$ (3,652)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
For the years ended March 31, 2006 and 2005

THOUSANDS OF
U.S. DOLLARS
(NOTE 1)

	MILLIONS OF YEN		2006
	2006	2005	
Cash flows from operating activities:			
Income before income taxes and minority interests	¥12,609	¥ 8,598	\$107,329
Adjustments for:			
Depreciation	5,509	5,504	46,893
Loss on impairment of fixed assets	32	—	272
Gain on sales of property, plant and equipment	(305)	(866)	(2,596)
Allowance for doubtful accounts, net	(43)	(85)	(366)
Decrease in accrued retirement benefits	(763)	(568)	(6,495)
Increase (decrease) in obligation on transfer to defined contribution pension plans	488	(447)	4,154
Increase in trade notes and accounts receivable	(4,194)	(2,380)	(35,699)
Increase in inventories	(3,147)	(630)	(26,788)
Increase in trade notes and accounts payable	4,441	3,168	37,802
Other	958	963	8,155
Subtotal	15,585	13,257	132,661
Interest and dividends received	359	209	3,056
Interest paid	(990)	(1,210)	(8,427)
Income taxes paid	(4,273)	(2,583)	(36,372)
Net cash provided by operating activities	10,681	9,673	90,918
Cash flows from investing activities:			
Decrease in time deposits	4	93	34
Increase in investments in securities	(20)	(192)	(170)
Proceeds from sales of investments in securities	142	188	1,209
Increase in investments in affiliates	(155)	(439)	(1,319)
Increase in long-term loans receivable	(66)	(48)	(562)
Decrease in long-term loans receivable	68	171	579
Purchases of property, plant and equipment	(6,786)	(3,034)	(57,763)
Proceeds from sales of property, plant and equipment	1,218	796	10,367
Net cash used in investing activities	(5,595)	(2,465)	(47,625)
Cash flows from financing activities:			
(Decrease) increase in short-term loans, net	(1,694)	2,658	(14,419)
Proceeds from long-term loans	1,000	3,156	8,512
Repayment of long-term loans	(8,183)	(6,985)	(69,654)
Issuance of bonds	6,955	—	59,201
Redemption of bonds	(1,700)	(6,200)	(14,471)
Payments on installment payables	(451)	(456)	(3,839)
Cash dividends paid	(1,313)	(1,130)	(11,176)
Cash dividends paid to minority interests	(160)	(119)	(1,362)
Purchases of treasury stock	(51)	(339)	(434)
Proceeds from sales of treasury stock	1	3	8
Net cash used in financing activities	(5,596)	(9,412)	(47,634)
Effect of exchange rate changes on cash and cash equivalents	205	73	1,745
Net decrease in cash and cash equivalents	(305)	(2,131)	(2,596)
Cash and cash equivalents at beginning of the year	11,562	13,681	98,417
(Decrease) increase in cash and cash equivalents resulting from initial inclusion in or exclusion from consolidation	(273)	12	(2,324)
Cash and cash equivalents at end of the year	¥10,984	¥11,562	\$ 93,497

See accompanying notes to consolidated financial statements.