Financial Section

Eleven-Year Financial Summary

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
Years ended March 31

	2009	2008	2007	2006
Net sales	¥141,517	¥167,202	¥155,746	¥147,761
Operating income	9,095	19,805	16,008	13,830
Income (loss) before income taxes and minority interests	8,442	18,485	17,634	12,608
Net income (loss)	6,188	10,371	8,541	6,606
Net income (loss) per share (yen and U.S. dollars)	¥ 33.26	¥ 55.70	¥ 45.55	¥ 34.78
Diluted net income (loss) per share (yen and U.S. dollars)	—	—	—	—
Interest expense:				
Net	¥ 650	¥ 839	¥ 950	¥ 908
Gross: Interest received	116	124	73	85
Interest paid	766	963	1,024	994
Capital expenditures	10,041	10,225	10,893	7,488
Depreciation and amortization	7,344	7,301	5,948	5,509
Total current assets	75,037	90,533	92,961	78,856
Total current liabilities	47,213	53,958	58,105	56,337
Property, plant and equipment, net	84,168	83,412	81,796	76,263
Total long-term liabilities	46,782	60,855	68,465	60,917
Total assets	178,455	202,316	212,739	198,458
Paid-in capital	17,076	17,076	17,076	17,076
Retained earnings	64,782	60,317	51,279	44,508
Shareholders' equity	78,422	81,605	81,033	77,098
Equity ratio (%)	43.9	40.3	38.1	38.8
ROE (%)	7.7	12.8	10.8	8.9
D/E ratio	0.48	0.48	0.52	0.51
Net cash provided by operating activities	¥ 7,263	¥ 20,873	¥ 10,107	¥ 10,680
Net cash (used in) provided by investing activities	(9,723)	(11,481)	(5,879)	(5,595)
Net cash (used in) provided by financing activities	(3,540)	(5,582)	(647)	(5,595)
Cash and cash equivalents at end of the year	11,269	17,744	14,618	10,984
Number of shares outstanding at end of the year*2 (Thousands)	186,043	186,077	187,492	187,541
Number of employees*3	5,339	5,371	5,114	4,675

1. The financial summary was prepared in Japanese yen and translated into U.S. dollars for the convenience of the reader.
   The exchange rate prevailing on March 31, 2009, of ¥98.23 = U.S.$1.00, was used.
2. Excluding treasury stock
3. The number of employees includes contracted and temporary staff.

Millions of Yen (Unless Noted Otherwise)							Thousands of U.S. Dollars[*1]
2005	2004	2003	2002	2001	2000	1999	2009
¥129,563	¥119,141	¥116,670	¥113,741	¥114,206	¥106,281	¥110,919	**$1,440,674**
10,447	7,950	7,351	6,038	6,961	2,704	2,358	**92,595**
8,597	6,536	2,800	2,661	226	2,724	(1,017)	**85,942**
4,449	3,384	1,530	1,201	464	1,218	(1,714)	**62,996**
¥ 22.77	¥ 17.40	¥ 7.92	¥ 6.27	¥ 2.42	¥ 6.36	¥ (8.92)	**$ 0.34**
—	—	—	—	—	—	—	**—**
¥ 1,160	¥ 1,362	¥ 1,635	¥ 1,585	¥ 1,666	¥ 1,577	¥ 1,163	**$ 6,619**
33	68	103	222	283	162	263	**1,184**
1,194	1,431	1,738	1,808	1,949	1,739	1,426	**7,803**
3,697	3,505	2,942	16,193	10,251	32,487	5,156	**102,224**
5,503	6,083	6,735	5,611	4,321	4,443	4,620	**74,767**
72,125	69,735	83,073	90,750	93,983	83,142	72,541	**763,898**
53,800	48,395	52,061	58,124	65,374	50,079	47,256	**480,645**
75,393	76,307	80,416	85,381	82,178	76,351	48,249	**856,854**
49,850	56,758	67,638	77,676	74,065	67,473	27,397	**476,256**
179,263	175,432	183,260	201,555	208,876	184,468	137,691	**1,816,706**
17,076	17,076	17,076	17,076	17,076	17,076	17,076	**173,843**
39,343	36,198	33,974	33,499	33,480	34,020	31,943	**659,502**
71,633	66,872	60,306	62,673	66,463	63,750	61,672	**798,351**
40.0	38.1	32.9	31.1	31.8	34.6	44.8	
6.4	5.3	2.5	1.9	0.7	1.9	—	
0.61	0.75	1.08	1.22	1.18	1.16	0.73	
¥ 9,672	¥ 7,995	¥ 12,020	¥ 7,709	¥ 5,968	¥ 3,268	¥ 6,951	**$ 73,948**
(2,465)	9,067	(3,014)	(10,718)	(10,833)	(28,755)	(4,527)	**(98,986)**
(9,412)	(15,537)	(14,216)	(4,243)	2,026	27,166	2,427	**(36,047)**
11,562	13,680	12,416	17,679	24,852	27,585	24,879	**114,728**
187,612	188,543	188,722	191,386	191,406	191,406	191,406	
4,765	4,709	4,871	4,916	5,237	5,440	5,368	

Highlights and Main Points

Recorded a decrease in sales and a substantial decline in income due to the global economic recession

The Tsubaki Group's performance is susceptible to trends in private-sector capital investment and automotive production, and the slump in both of these areas in fiscal 2009, ended March 31, 2009, resulted in a decline in net sales of 15.4% year on year, and a 48.3% fall in ordinary income. This brought an end to a run of six consecutive fiscal years of increased sales and income.

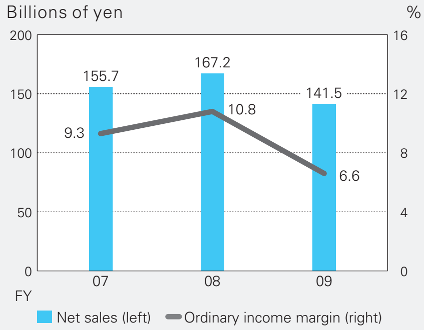
Whether by region or segment, past growth drivers experienced major declines

Sales in Asia and Oceania remained solid, but sales in North America slumped 33.1% year on year. Further, sales fell by 15% in both the Power Transmission Products segment and Materials Handling Systems segment. Performance in the Power Transmission Products segment was particularly affected by a fall in excess of 20% in sales in Automotive Parts operations, which had previously maintained the highest rate of growth.

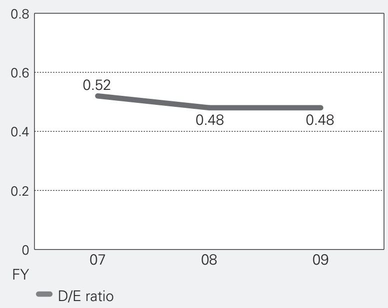
Maintaining a strong financial condition

Amid these kinds of challenging operating conditions, we were still able to maintain our strong financial condition. Interest-bearing debt declined 4.4% year on year and the debt to equity (D/E) ratio was kept at the same level as the previous year, at 0.48 times. The equity ratio was 43.9%.

Trends in growth potential and profitability



Trends in financial soundness



Detailed Analysis of Management Performance —Major Items on the Income Statement

Net Sales

During fiscal 2009, major industrialized nations, including Japan, the United States, and Europe, significantly reduced their levels of private-sector capital investment and automotive production, both of which have a major impact on the Tsubaki Group's performance. Consequently, consolidated net sales declined 15.4% year on year, to ¥141,517 million.

Within this figure sales in Japan were down 12.0%. Sales to the steel industry remained firm, but particularly from the second half of the fiscal year sales to the machine tools and automotive industries fell significantly.

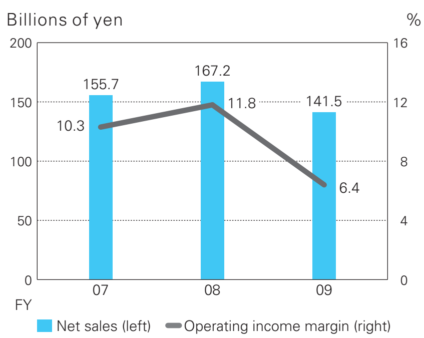
Overseas sales were down 21.0% year on year. In particular, sales slumped 33.3% in North America and 25.9% in Europe. But, sales in Asia and Oceania increased 12.8%.

Operating Income

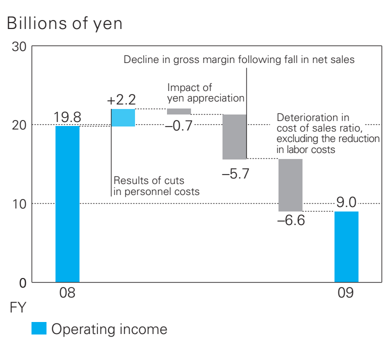
Operating income declined a substantial 54.1% year on year, to ¥9,095 million, and the operating income margin fell 5.4 percentage points, to 6.4%.

While we rapidly implemented a series of measures from the second half of the year to respond to the severe operating conditions, such as narrowing down capital investment targets and reducing personnel costs, we could not entirely compensate for the decline in sales. As a result, the cost of sales ratio increased 3.3 percentage points and the ratio of selling, general and administrative (SG&A) costs to sales increased 2.1 percentage points.

Net sales



Analysis of changes to operating income in fiscal 2009



Ordinary Income

Ordinary income decreased 48.3% year on year, to ¥9,328 million.

However, net non-operating income improved significantly, from a loss of ¥1,754 million in fiscal 2008 to a profit of ¥233 million. This was because, unlike the preceding fiscal year, we did not record a foreign exchange loss, and in addition was due to the reduction in interest-bearing debt that contributed to the ¥200 million improvement in financial earnings.

Net Income

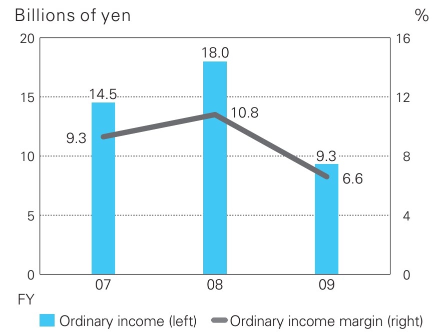
Net income decreased 40.3%, to ¥6,188 million.

A loss in extraordinary income of ¥887 million was recorded in fiscal 2009, compared to a gain of ¥434 million in fiscal 2008. The primary factors behind the decline were that income from sales of negotiable securities that was recorded in fiscal 2008 was not recorded in fiscal 2009, and was also due to a loss on the disposal and sale of and impairment to fixed assets. On the other hand, the percentage of income taxes to income before income taxes and minority interests fell significantly, from 38.5% in fiscal 2008 to 18.3% in fiscal 2009, primarily due to the introduction of a system to exclude dividends from foreign subsidiaries when calculating income tax payments.

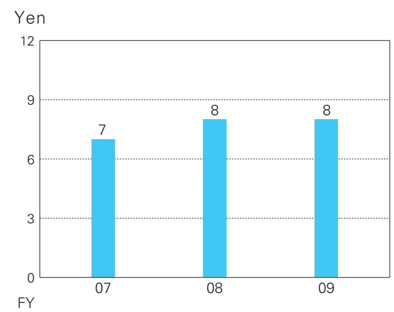
As a result, return on equity (ROE) was 7.7%, which represented a year-on-year decline of 5.1 percentage points.

Despite the substantial fall in income, the Company decided to pay dividends of ¥8 per share, unchanged from fiscal 2008. Consequently, the consolidated dividend payout ratio was up 9.7 percentage points, to 24.1%.

Ordinary income and ordinary income margin



Cash dividends per share



Analysis of Results by Business Segment and Segment Data

Segment Data by Business

1. Power Transmission Products Segment

Net sales in this segment fell 15.2% year on year, and operating income was down 42.5%. The operating income margin fell from 14.4% in fiscal 2008 to 9.7%.

The Power Transmission Products segment is made up of Chain operations, Power Transmission Units and Components operations, and Automotive Parts operations, and their net sales in managerial accounts declined 12%, 6%, and 21%, respectively, year on year.

In Chain operations, sales in Japan to the steel industry were strong, increasing 7%, but in contrast, sales to the machine tools industry slumped 30%. Overseas, subsidiaries in the United States and Europe both recorded declines in sales.

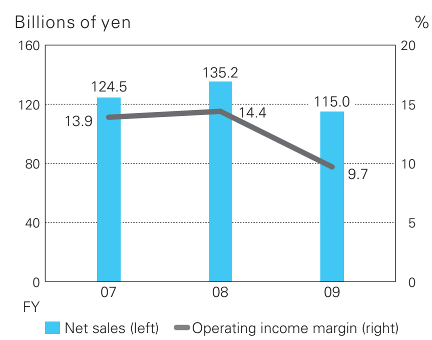
In Power Transmission Units and Components operations, sales were solid to the shipbuilding industry but sluggish for the machine tools and automotive industries. In addition, from the second half of the fiscal year demand from the LCD IT and other industries dramatically fell.

In Automotive Parts operations, our subsidiaries in China and Thailand performed strongly. But in contrast, our subsidiaries in the United States and Europe both recorded significant declines.

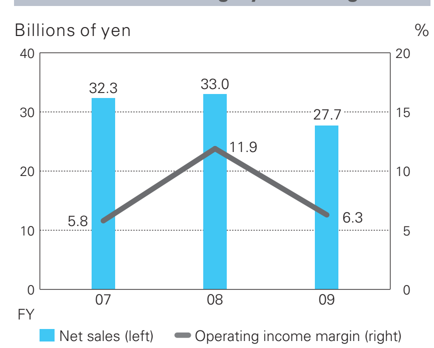
2. Materials Handling Systems Segment

Net sales in this segment decreased 16.3% year on year and operating income was down 56.0%. The operating income margin was 6.3%, a major year-on-year decline of 5.6 percentage points. Sales of automotive body paint shop conveyor systems, one of the Tsubaki Group's leading products, declined. In addition, from the second half of the fiscal year sales of chip conveyors for the machine tools industry, which are mainly handled by a subsidiary, dropped dramatically. On the other hand, sales of bulk conveyance systems remained solid, particularly to the cement industries in India and China.

Net sales and operating income margin in Power Transmission Products segment



Net sales and operating income margin in Materials Handling Systems segment



Segment Data by Region

1. Japan

Net sales declined 10.9% year on year and operating income was down 39.1%. The operating income margin was 8.6%, a drop of 4.0 percentage points compared to the previous fiscal year.

Overall performance in Japan slumped, as in addition to the decline in results by the parent company, subsidiaries also recorded sluggish sales, excluding TSUBAKIMOTO BULK SYSTEMS CORP. (TBS), which handles the previously mentioned bulk conveyance systems.

2. North America

Net sales fell 33.1% and operating income decreased 72.6%. The operating income margin fell 5.1 percentage points, to 3.6%.

The Automotive Parts operations business environment was seriously impacted by the slump in automotive production. Moreover, sales of industrial-use steel chains were affected by customers cutting back on capital investment.

3. Europe

Net sales decreased 26.8% and operating income fell 61.2%. The operating income margin was 6.3%, a fall of 5.7 percentage points.

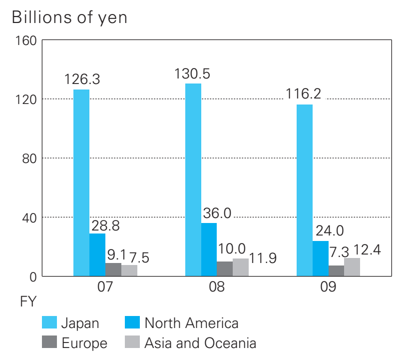
Sales in both Chain operations and Automotive Parts operations were sluggish due to the serious economic recession throughout Europe, reflected in the decline in performance of our consolidated subsidiary, TSUBAKIMOTO EUROPE B.V.

4. Asia and Oceania

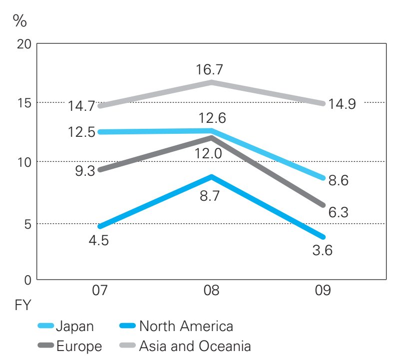
Net sales were strong and increased 4.3%, but operating income was down 6.7%. The operating income margin fell 1.8 percentage points, but at 14.9% remained at a high level.

Accompanying the increase in local production by Japanese automakers, our automotive parts subsidiaries in China and Thailand recorded firm results and were able to contribute to performance despite the global economic recession.

Net sales by region



Operating income margin by region



Analysis of Financial Condition

Assets

Total assets stood at ¥178,455 million at the end of the fiscal year, down 11.8%, or ¥23,861 million.

A decrease in total current assets made up ¥15,495 million of this decline. Following the decline in net sales, trade notes and accounts receivable were down by more than ¥12,000 million.

Non-current assets fell ¥8,365 million, primarily due to a decrease in investments in securities of approximately ¥8,500 million, which was caused by the fall in the value of the stock market.

Liabilities

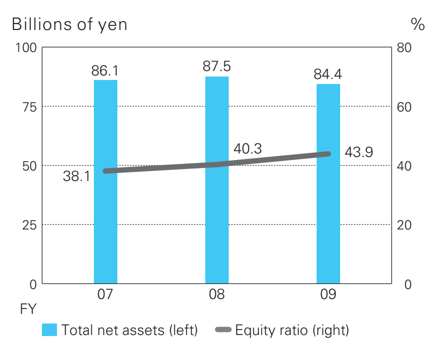
Total liabilities were ¥93,996 million, a decline of ¥20,817, or 18.1%. The primary factors were a year-on-year decline of approximately ¥9,000 million in trade notes and accounts payable that accompanied the decline in production, and a decrease of ¥4,600 million due to a reversal on deferred tax liabilities recorded in a previous fiscal year, which followed from the introduction of a system to exclude dividends from foreign subsidiaries when calculating income tax payments.

Interest-bearing debt was ¥37,600 million, down ¥1,714 million.

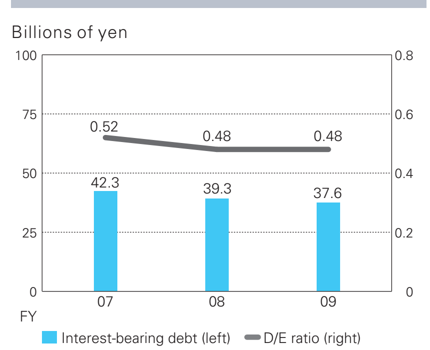
Net Assets

Total net assets stood at ¥84,458 million at the end of fiscal 2009, a decrease of ¥3,044 million, or 3.5%, year on year. Total shareholders' equity increased approximately ¥4,400 million, but this was counteracted by factors including a ¥4,500 million decrease due to a contraction in net unrealized holding gain on securities and a ¥2,700 million increase in the loss recorded in translation adjustments. The shareholders' equity ratio rose 3.6 percentage points, to 43.9%.

Total net assets and equity ratio



Interest-bearing debt and D/E ratio



Analysis of Cash Flows

Net Cash Provided by Operating Activities

Net cash provided by operating activities was ¥7,263 million, a decrease of more than ¥13,600 million year on year.

The primary factor was a year-on-year decline in income before income taxes and minority interests of approximately ¥10,000 million, which accompanied the decline in business performance.

Net Cash Used in Investing Activities

Net cash used in investing activities was ¥9,723 million, a decrease of ¥1,758 million from the previous year.

The main factor behind the decrease was our rapid response to dramatically declining demand, as we significantly narrowed down our capital investment targets. As a result, purchases of property, plant and equipment in fiscal 2009 was ¥9,702 million, compared to ¥11,342 million in fiscal 2008.

Net Cash Used in Financing Activities

Net cash used in financing activities totaled ¥3,540 million, compared to ¥5,582 million in fiscal 2008.

As in the previous fiscal year, repayment of long-term loans exceeded ¥2,000 million. However, the primary factor behind the decrease was that, unlike fiscal 2008, practically no purchases of treasury stock were recorded.

Cash and Cash Equivalents

As a result, the balance of cash and cash equivalents was ¥11,269 million, a decrease of ¥6,475 million year on year.

Risk Factors and Countermeasures

Risks from the Market Environment: Amid slumping demand for the Tsubaki Group's products due to the deterioration in global economic conditions, the Group is making concerted efforts to secure sales and to reduce the cost of sales by cutting fixed and other costs, and also through higher productivity. However, an additional fall in demand due to a further worsening of the current economic recession may have a significant negative effect on business performance.

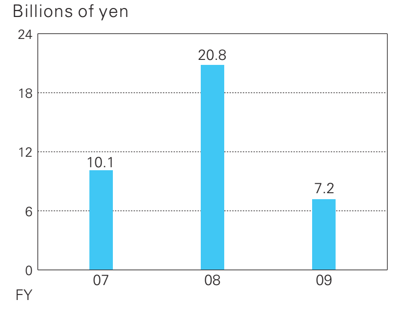
Risks from Disasters: The Tsubaki Group supplies domestic automakers with engine-use parts, such as timing chains and tensioners. A natural or human disaster at the Group's Saitama Plant, its main production base, may result in it being unable to stably supply automakers with these parts. To cope with this risk, it is taking steps to reinforce the plant against earthquake damage and to additionally supply its customers from its various overseas production bases.

Risks to Overseas Business Activities: In order to reduce foreign exchange risk and to strengthen cost competitiveness, the Tsubaki Group procures parts from global suppliers and is increasing sales of its products overseas. However, global economies may experience temporary turmoil or stagnation due to political or economic upheaval, such as an outbreak of a new type of influenza, a terrorist act, or war. This may create difficulties for the Tsubaki Group, including delays in product manufacturing and problems in procuring parts and plant operations, which may negatively affect its business performance.

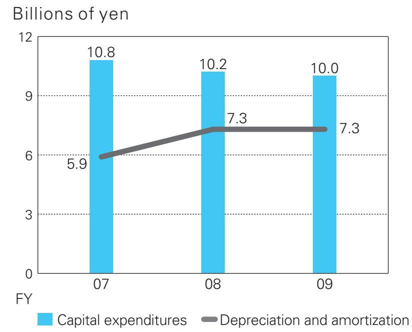
Risks from Price Competition: The Tsubaki Group faces severe competition for orders in its Materials Handling Systems segment, and may be required to accept orders that only provide minimal profits. This may negatively affect its business performance.

Risks from Currency Exchange Rates: As the Group seeks aggressive expansion internationally, it hedges against risk from fluctuations in currency exchange rates through currency exchange contracts by dispersing account settlements between order, sales, and other accounting periods. However, major near-term volatility in exchange rates may negatively affect business performance.

Net cash provided by operating activities



Capital expenditures and depreciation and amortization



Note: The risks outlined above are not representative of all of the potential risks faced by the Group. The countermeasures described will not necessarily reduce risk.

Consolidated Balance Sheets

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
Assets	2009	2008	2009
Current assets:			
Cash and cash equivalents	¥ 11,269	¥ 17,744	$ 114,728
Time deposits (Note 6)	244	255	2,483
Trade notes and accounts receivable	30,604	42,901	311,557
Inventories (Note 5)	28,023	25,218	285,289
Deferred tax assets (Note 7)	2,582	2,859	26,285
Other current assets	2,794	1,939	28,448
Allowance for doubtful accounts	(480)	(385)	(4,894)
Total current assets	75,037	90,533	763,898
Property, plant and equipment, at cost (Note 6):			
Land (Notes 10 and 14)	36,399	36,653	370,550
Buildings and structures	47,061	46,264	479,090
Machinery, equipment and vehicles	71,419	69,468	727,067
Tools, furniture and fixtures	16,388	15,930	166,835
Construction in progress	4,025	2,951	40,984
Subtotal	175,294	171,268	1,784,528
Less accumulated depreciation	(91,125)	(87,855)	(927,674)
Property, plant and equipment, net	84,168	83,412	856,854
Investments and other assets:			
Investments in securities (Notes 4 and 6)	11,157	19,670	113,585
Investments in unconsolidated subsidiaries and affiliates	1,215	1,361	12,373
Long-term loans receivable	84	103	864
Deferred tax assets (Note 7)	1,509	1,558	15,363
Other assets (Note 6)	5,476	5,853	55,753
Allowance for doubtful accounts	(195)	(175)	(1,987)
Total investments and other assets	19,248	28,370	195,953
Total assets	¥178,455	¥202,316	$1,816,706

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
Current liabilities:			
Short-term loans (Note 6)	¥ 8,877	¥ 8,221	$ 90,379
Current portion of long-term debt and finance lease obligations (Note 6)	8,572	2,460	87,271
Trade notes and accounts payable	17,703	26,757	180,228
Accrued income taxes	695	3,182	7,080
Accrued bonuses to employees	2,371	2,704	24,141
Accrued expenses	1,534	2,085	15,621
Other current liabilities (Note 6)	7,457	8,547	75,923
Total current liabilities	47,213	53,958	480,645
Long-term liabilities:			
Long-term debt and finance lease obligations (Note 6)	20,290	28,633	206,560
Long-term accounts payable	2,358	3,062	24,012
Accrued retirement benefits to employees (Note 8)	10,059	10,167	102,410
Accrued retirement benefits to directors and corporate auditors	263	534	2,678
Deferred tax liabilities (Note 7)	6,373	10,997	64,887
Deferred tax liabilities on land revaluation (Note 10)	6,748	6,773	68,698
Other long-term liabilities (Note 6)	688	687	7,007
Total long-term liabilities	46,782	60,855	476,256
Contingent liabilities (Note 9)			
Net assets:			
Shareholders' equity (Notes 11 and 12):			
Common stock:			
Authorized — 299,000,000 shares in 2009 and 2008			
Issued — 191,406,969 shares in 2009 and 2008	17,076	17,076	173,843
Capital surplus	12,654	12,657	128,823
Retained earnings (Notes 12 and 19)	64,782	60,317	659,502
Treasury stock, at cost:			
5,363,483 shares in 2009 and 5,329,914 shares in 2008	(2,541)	(2,528)	(25,868)
Total shareholders' equity	91,972	87,523	936,300
Valuation and translation adjustments:			
Net unrealized holding gain on securities (Note 4)	2,815	7,339	28,658
Net unrealized deferred (loss) gain on derivative instruments	(55)	268	(568)
Net unrealized loss on land revaluation (Note 10)	(12,084)	(12,047)	(123,018)
Translation adjustments	(4,225)	(1,479)	(43,020)
Total valuation and translation adjustments	(13,550)	(5,918)	(137,948)
Minority interests	6,036	5,897	61,452
Total net assets	84,458	87,502	859,804
Total liabilities and net assets	¥178,455	¥202,316	$1,816,706

Consolidated Statements of Income

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Net sales (Note 18)	¥141,517	¥167,202	$1,440,674
Cost of sales (Notes 13 and 18)	104,184	117,492	1,060,620
Gross profit	37,332	49,710	380,054
Selling, general and administrative expenses (Notes 13 and 18)	28,237	29,904	287,458
Operating income (Note 18)	9,095	19,805	92,595
Other income (expenses):			
Interest and dividend income	557	517	5,677
Interest expense	(766)	(963)	(7,803)
Equity in earnings of affiliates	66	89	676
Foreign exchange gain (loss), net	102	(1,232)	1,040
Gain on sale of investment in an affiliate	—	149	—
Gain on amendments to retirement benefit plans, net (Note 8)	—	113	—
Loss on impairment of fixed assets (Note 14)	(52)	—	(539)
Loss on sales or disposal of property, plant and equipment, net	(191)	(289)	(1,954)
Loss on devaluation of investments in securities	(827)	—	(8,421)
Other, net	458	294	4,672
Income before income taxes and minority interests	8,442	18,485	85,942
Income taxes (Note 7):			
Current	2,473	6,095	25,177
Deferred	(930)	1,024	(9,470)
	1,542	7,120	15,706
Income before minority interests	6,899	11,364	70,236
Minority interests	(711)	(993)	(7,239)
Net income	¥ 6,188	¥ 10,371	$ 62,996

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of Yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Net unrealized deferred (loss) gain on derivative instruments	Net unrealized loss on land revaluation	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2007	¥17,076	¥12,656	¥51,279	¥(1,451)	¥13,472	¥ (99)	¥(12,047)	¥ 146	¥5,134	¥86,168
Cash dividends paid	—	—	(1,308)	—	—	—	—	—	—	(1,308)
Net income	—	—	10,371	—	—	—	—	—	—	10,371
Purchases of treasury stock	—	—	—	(1,079)	—	—	—	—	—	(1,079)
Sales of treasury stock	—	0	—	2	—	—	—	—	—	3
Decrease in retained earnings resulting from initial inclusion of a subsidiary in consolidation	—	—	(24)	—	—	—	—	—	—	(24)
Other net changes during the year	—	—	—	—	(6,132)	367	—	(1,626)	763	(6,627)
Balance at March 31, 2008	¥17,076	¥12,657	¥60,317	¥(2,528)	¥ 7,339	¥ 268	¥(12,047)	¥(1,479)	¥5,897	¥87,502
Cash dividends paid	—	—	(1,674)	—	—	—	—	—	—	(1,674)
Net income	—	—	6,188	—	—	—	—	—	—	6,188
Purchases of treasury stock	—	—	—	(24)	—	—	—	—	—	(24)
Sales of treasury stock	—	(3)	—	11	—	—	—	—	—	8
Decrease in retained earnings resulting from changes in accounting policies applied to foreign subsidiaries	—	—	(84)	—	—	—	—	—	—	(84)
Reversal of net unrealized loss on land revaluation	—	—	36	—	—	—	—	—	—	36
Other net changes during the year	—	—	—	—	(4,524)	(324)	(36)	(2,746)	138	(7,493)
Balance at March 31, 2009	**¥17,076**	**¥12,654**	**¥64,782**	**¥(2,541)**	**¥ 2,815**	**¥ (55)**	**¥(12,084)**	**¥(4,225)**	**¥6,036**	**¥84,458**

	Thousands of U.S. Dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized holding gain on securities	Net unrealized deferred (loss) gain on derivative instruments	Net unrealized loss on land revaluation	Translation adjustments	Minority interests	Total net assets
Balance at March 31, 2008	$173,843	$128,854	$614,045	$(25,737)	$ 74,718	$ 2,733	$(122,645)	$(15,058)	$60,042	$890,796
Cash dividends paid	—	—	(17,047)	—	—	—	—	—	—	(17,047)
Net income	—	—	62,996	—	—	—	—	—	—	62,996
Purchases of treasury stock	—	—	—	(245)	—	—	—	—	—	(245)
Sales of treasury stock	—	(31)	—	113	—	—	—	—	—	81
Decrease in retained earnings resulting from changes in accounting policies applied to foreign subsidiaries	—	—	(864)	—	—	—	—	—	—	(864)
Reversal of net unrealized loss on land revaluation	—	—	372	—	—	—	—	—	—	372
Other net changes during the year	—	—	—	—	(46,060)	(3,302)	(372)	(27,961)	1,410	(76,286)
Balance at March 31, 2009	**$173,843**	**$128,823**	**$659,502**	**$(25,868)**	**$ 28,658**	**$ (568)**	**$(123,018)**	**$(43,020)**	**$61,452**	**$859,804**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 8,442	¥18,485	$ 85,942
Adjustments for:			
Depreciation and amortization	7,344	7,301	74,767
Loss on impairment of fixed assets	52	—	539
Loss on sales or disposal of property, plant and equipment	129	262	1,317
Gain on sale of investment in an affiliate	—	(149)	—
Loss on valuation of investments in securities	827	—	8,421
Increase in allowance for doubtful accounts	127	142	1,295
(Decrease) increase in accrued retirement benefits to employees	(341)	46	(3,472)
Decrease in obligation on transfer to defined contribution pension plans included in other current liabilities and other long-term liabilities	(801)	(903)	(8,164)
Decrease in trade notes and accounts receivable	11,529	5,185	117,375
Increase in inventories	(4,270)	(1,398)	(43,479)
Decrease in trade notes and accounts payable	(8,159)	(2,469)	(83,068)
Other	(1,338)	1,627	(13,624)
Subtotal	13,541	28,131	137,850
Interest and dividends received	558	525	5,687
Interest paid	(748)	(975)	(7,616)
Income taxes paid	(6,087)	(6,809)	(61,972)
Net cash provided by operating activities	7,263	20,873	73,948
Cash flows from investing activities:			
Increase in time deposits	(49)	(0)	(502)
Decrease in time deposits	61	270	621
Purchases of investments in securities	(13)	(1,174)	(134)
Proceeds from sales of investments in securities	1	4	12
Payment for additional purchase of investment in a consolidated subsidiary	—	(5)	—
Payment for investment in non-consolidated affiliate	(280)	—	(2,851)
Proceeds from sale of investment in an affiliate	—	218	—
Increase in long-term loans receivable	(50)	(62)	(513)
Collection of long-term loans receivable	73	56	744
Purchases of property, plant and equipment	(9,702)	(11,342)	(98,770)
Proceeds from sales of property, plant and equipment	236	553	2,408
Net cash used in investing activities	(9,723)	(11,481)	(98,986)
Cash flows from financing activities:			
Increase in short-term loans, net	1,001	28	10,194
Proceeds from long-term loans	150	500	1,527
Repayment of long-term loans	(2,420)	(2,995)	(24,637)
Redemption for bonds	(50)	(160)	(509)
Repayment of finance lease obligations	(19)	—	(200)
Payments for installment payables	(337)	(348)	(3,439)
Cash dividends paid	(1,674)	(1,308)	(17,047)
Cash dividends paid to minority interests	(173)	(221)	(1,770)
Purchases of treasury stock	(24)	(1,079)	(245)
Proceeds from sales of treasury stock	8	3	81
Net cash used in financing activities	(3,540)	(5,582)	(36,047)
Effect of exchange rate changes on cash and cash equivalents	(474)	(766)	(4,830)
Net (decrease) increase in cash and cash equivalents	(6,474)	3,042	(65,914)
Cash and cash equivalents at beginning of the year	17,744	14,618	180,643
Increase in cash and cash equivalents resulting from initial inclusion of a subsidiary in consolidation	—	83	—
Cash and cash equivalents at end of the year	¥11,269	¥17,744	$114,728

See accompanying notes to consolidated financial statements.

1. Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements of TSUBAKIMOTO CHAIN CO. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan. In addition, the notes to the consolidated financial statements include certain information which is not required under accounting principles generally accepted in Japan, but is presented herein as additional information.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at ¥98.23 = U.S.$1.00, the exchange rate prevailing on March 31, 2009. This translation should not be construed as a representation that yen can be converted into U.S. dollars at the above or any other rate.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended March 31, 2008 to the 2009 presentation.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen for the years ended March 31, 2009 and 2008 have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements for the years ended March 31, 2009 and 2008 (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All material intercompany balances and transactions have been eliminated in consolidation.

The assets and liabilities of the consolidated subsidiaries are revalued at fair value by the full value method as of their respective dates of acquisition. Goodwill or negative goodwill arising from the difference between the cost of investments in such subsidiaries and the equity in their net assets at their respective dates of acquisition is amortized over a period of five years on a straight-line basis.

The balance sheet dates of certain consolidated subsidiaries are December 31 and January 31. Any significant differences in their intercompany accounts and transactions arising from intervening intercompany transactions during the periods from January 1 through March 31 and February 1 through March 31 have been adjusted, if necessary.

The number of consolidated subsidiaries and affiliates accounted for by the equity method for the years ended March 31, 2009 and 2008 is summarized below:

	2009	2008
Domestic subsidiaries	11	11
Overseas subsidiaries	13	13
Overseas affiliates	2	2

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(c) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts at an amount calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

(d) Investments in securities

Securities are classified into three categories: trading securities, held-to-maturity debt securities or other securities. Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain and loss, both realized and unrealized, are credited or charged to income. Held-to-maturity debt securities are stated at their amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of net assets. Non-marketable securities classified as other securities are carried at cost determined by the moving-average method.

All securities held by the Company and its consolidated subsidiaries are classified as "other securities" and have been accounted for as outlined above.

(e) Derivatives

Derivatives are stated at fair value.

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the interest-rate swaps had originally applied to the underlying debt. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding contract rates.

(f) Inventories

Inventories are mainly stated at the lower of cost or net selling value, cost being determined by the first-in, first-out method, the individual identification method or the moving average method, except for goods held by certain overseas subsidiaries which are valued at the lower of cost or market.

(g) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are stated at cost. Depreciation is calculated by the declining-balance method over the estimated useful lives of the respective assets, except for the depreciation of buildings (other than structures attached to the buildings). Depreciation of buildings is calculated by the straight-line method.

The principal estimated useful lives are summarized as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	4 to 13 years

Supplementary information

Effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have changed their useful lives for depreciation of tangible fixed assets, primarily machinery and equipment. This change was made based on an amendment to the Corporation Tax Law. As a result of this change, operating income and income before income taxes and minority interests increased by ¥425 million ($4,327 thousand) for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous useful lives. The impact on segment information is outlined in Note 18.

Effective the year ended March 31, 2008, depreciation expense for property, plant and equipment acquired on or before March 31, 2007 is computed based on the salvage value of 5% of acquisition cost, and the amount between the salvage value (5% of acquisition cost) and memorandum value is depreciated from the year following the year in which the book value of an asset reaches 5% of its acquisition cost by the straight-line method over a period of 5 years. This change was made based on an amendment to the Corporation Tax Law. As a result of this change, operating income and income before income taxes and minority interests decreased by ¥323 million and ¥334 million, respectively, for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the method applied in the previous year. The impact on segment information is outlined in Note 18.

(h) Leases

For lease transactions involving the transfer of ownership, leased assets are depreciated by the same depreciation method applied to fixed assets owned by the lessee.

For lease transactions not involving the transfer of ownership, leased assets are depreciated over their useful lives using the straight-line method with a residual value of zero.

The Company and its domestic consolidated subsidiaries continue to account for finance lease transactions not involving the transfer of ownership that commenced prior to April 1, 2008 as operating leases.

(i) Income taxes

Deferred income taxes have been recognized with respect to the differences between financial reporting and the tax bases of the assets and liabilities. Deferred taxes are measured at the rates which are expected to apply to the period when each asset or liability is realized based on the tax rates which have been enacted as of the balance sheet date or are subsequently enacted.

(j) Accrued bonuses to employees

Accrued bonuses to employees are provided based on the estimated amount of bonuses to be paid to employees which are charged to income in the current year.

(k) Accrued retirement benefits to employees

Accrued retirement benefits to employees are provided at the retirement benefit obligation less the fair value of the pension plan assets, as adjusted for net unrecognized actuarial gain or loss. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.

Prior service cost is credited or charged to income in the year in which the gain or loss is recognized.

Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized by the straight-line method over a period which is shorter than the average estimated remaining years of service of the eligible employees (10 years).

(l) Accrued retirement benefits to directors and corporate auditors

Directors and corporate auditors of domestic consolidated subsidiaries are entitled to lump-sum payments under unfunded retirement benefit plans. The provision for retirement benefits to directors and corporate auditors has been made at an estimated amount based on the internal rules.

Supplementary information

Up until the date of the annual shareholder meeting of the Company held on June 27, 2008, the Company had retirement benefit plans for payments to directors and corporate auditors (collectively "officers") which were stated at 100% of the estimated amount calculated in accordance with the Company's internal rules. However, the Company abolished the retirement benefit plans for these officers at the annual general meeting referred to above. As a result, the outstanding balance of accrued retirement benefits to officers in the amount of ¥274 million at June 27, 2008 has been reclassified as "Other long-term liabilities" in the accompanying consolidated balance sheet at March 31, 2009.

(m) Revenue recognition

The Company and its consolidated subsidiaries recognize revenue from, and the related costs of, long-term construction contracts by applying the completed-contract method, except for certain overseas subsidiaries in the Materials handling systems business to which the percentage-of-completion method is applied.

(n) Research and development costs and computer software

Research and development costs are charged to income when incurred.

Expenditures relating to computer software developed for internal use are charged to income when incurred, except if the software is expected to contribute to the generation of future income or cost savings. Such expenditures are capitalized as assets and are amortized by the straight-line method over their estimated useful lives (5 years).

(o) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Revenues and expenses are translated at the rates of exchange prevailing when the transactions were made.

The assets, liabilities and minority interests of overseas subsidiaries and affiliates are translated into yen at the exchange rates in effect at the balance sheet date, and the components of net assets excluding minority interests are translated at their respective historical rates. Revenues and expenses are translated at the average rates of exchange for the respective years. Differences arising from translation are reflected in net assets (presented as "Translation adjustments" and "Minority interests") in the accompanying consolidated balance sheets.

(p) Distribution of retained earnings

Under the Corporation Law of Japan (the "Law"), the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period and the accounts for that period do not, therefore, reflect such distributions. (Refer to Note 19.)

3. Changes in Method of Accounting Policies

(a) Application of Accounting Standard for Measurement of Inventories

Effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No.9 issued on July 5, 2006). This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. As a result of application of this standard, operating income and income before income taxes and minority interests decreased by ¥427 million ($4,350 thousand) for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the method applied in the previous year. The impact on segment information is outlined in Note 18.

(b) Accounting policies applied to overseas consolidated subsidiaries

Effective the year ended March 31, 2009, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No.18, May 17, 2006), has been applied by the Company and its overseas subsidiaries. The impact of this change on operating income and income before income taxes and minority interests was immaterial.

(c) Application of Accounting Standards for Lease Transactions

Up to April 1, 2008, finance lease transactions not involving the transfer of ownership were accounted for in a manner similar to the accounting treatment for operating lease transactions. However, effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan Statement No.13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan Guidance No.16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised on March 30, 2007). Such transactions are accounted for as ordinary sale and purchase transactions.

The Company and its domestic consolidated subsidiaries continue to account for finance lease transactions not involving the transfer of ownership that were entered into prior to April 1, 2008 as operating lease transactions.

The impact of this change on operating income and income before income taxes and minority interests for the year ended March 31, 2009 was immaterial.

(d) Method of depreciation applicable to tangible fixed assets acquired on or after April 1, 2007

Effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007. This change was made based on an amendment to the Corporation Tax Law. As a result of this change, operating income and income before income taxes and minority interests decreased by ¥222 million and ¥227 million, respectively, for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the method applied in the previous year. The impact on segment information is outlined in Note 18.

4. Investments in Securities

(a) Investments in securities with determinable market value classified as other securities at March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2009			2008			2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)	Acquisition costs	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:									
Equity securities	¥5,297	¥ 9,874	¥4,577	¥6,672	¥19,034	¥12,361	$53,928	$100,526	$46,597
Other	—	—	—	29	31	2	—	—	—
Subtotal	5,297	9,874	4,577	6,701	19,065	12,364	53,928	100,526	46,597
Securities whose carrying value does not exceed their acquisition costs:									
Equity securities	942	865	(76)	382	209	(173)	9,596	8,812	(783)
Other	49	43	(5)	19	18	(1)	498	439	(59)
Subtotal	991	908	(82)	402	228	(174)	10,095	9,252	(842)
Total	¥6,289	¥10,783	¥4,494	¥7,103	¥19,294	¥12,190	$64,023	$109,778	$45,754

The Company recorded a loss on impairment of marketable other securities of ¥827 million ($8,421 thousand) for the year ended March 31, 2009.

(b) Sales of other securities for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Sales	¥1	¥ 4	$12
Gross realized gain	0	1	5

The carrying value of securities without determinable market value at March 31, 2009 and 2008 is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Other securities:			
Unlisted equity securities	¥374	¥376	$3,807

5. Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Finished goods	¥12,548	¥11,582	$127,744
Raw materials	4,190	3,524	42,657
Work in process	10,543	9,355	107,332
Supplies	742	756	7,554
	¥28,023	¥25,218	$285,289

6. Short-Term Loans and Long-Term Debt

Short-term loans consisted principally of loans from banks and insurance companies at a weighted average interest rate of 1.4% at March 31, 2009 and 2008.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Loans, principally from banks and insurance companies, due through 2014 at an average annual interest rate of 2.1%:			
Secured	¥ 4,779	¥ 6,947	$ 48,659
Unsecured	16,902	17,055	172,070
0.41% secured bonds due 2008	—	10	—
0.88% secured bonds due 2009	10	30	101
0.56% secured bonds due 2010	30	50	305
0.83% unsecured bonds due 2010	7,000	7,000	71,261
Lease obligations	140	—	1,433
	28,863	31,093	293,832
Less current portion	8,572	2,460	87,271
Total	¥20,290	¥28,633	$206,560

Other interest-bearing liabilities included in other current liabilities and other long-term liabilities represented installment payables at average annual interest rates for the years ended March 31, 2009 and 2008 of 3.3% and 3.2%, respectively.

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 8,572	$ 87,271
2010	9,236	94,026
2011	7,158	72,877
2012	667	6,794
2013	3,206	32,641
2014 and thereafter	21	220
Total	¥28,863	$293,832

The aggregate annual maturities of other interest-bearing liabilities subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2010	¥323	$3,288
2011	333	3,395
2012	174	1,776
Total	¥831	$8,461

Assets pledged as collateral for short-term bank loans of ¥158 million ($1,608 thousand), the current portion of long-term debt of ¥4,626 million ($47,096 thousand), the current portion of secured bonds of ¥30 million ($305 thousand) and long-term debt of ¥163 million ($1,663 thousand) at March 31, 2009 were composed of the following:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Land	¥30,393	$309,412
Buildings and structures	14,786	150,526
Machinery, equipment and vehicles	10,728	109,221
Tools, furniture and fixtures	826	8,410
Construction in progress	75	764
Time deposits	20	203
Investments in securities	53	549
Other assets	1	19
	¥56,885	$579,108

The Company has concluded line-of-credit agreements with certain banks to achieve efficient financing. The status of these lines of credit at March 31, 2009 and 2008 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Lines of credit	¥15,000	¥15,000	$152,702
Credit utilized	2,000	2,000	20,360
Available credit	¥13,000	¥13,000	$132,342

7. Income Taxes

Income taxes applicable to the Company and its consolidated subsidiaries comprise corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended March 31, 2009 and 2008.

A reconciliation of the statutory and effective tax rates for the years ended March 31, 2009 and 2008 is summarized as follows:

	2009	2008
Statutory tax rate	40.6%	40.6%
Permanent differences such as entertainment expenses	0.9	0.6
Per capita portion of inhabitants' taxes	0.7	0.3
Equity in earnings of affiliates	(0.2)	(0.2)
Permanently non-taxable dividends received	(0.8)	(0.4)
Tax credits such as research and development costs and other	(0.8)	(0.5)
Effect of change in tax regulations related to dividends from overseas subsidiaries	(18.7)	—
Other	(3.4)	(1.9)
Effective tax rates	18.3%	38.5%

The significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries at March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets:			
Accrued retirement benefits	¥3,975	¥ 4,010	$ 40,470
Obligation on transfer to defined contribution pension plans	866	1,192	8,823
Accrued bonuses	883	1,111	8,991
Unrealized gain and losses on inventories	528	578	5,376
Accrued enterprise taxes	7	222	73
Other	2,006	1,615	20,424
Gross deferred tax assets	8,266	8,731	84,159
Less: valuation allowance	(966)	(665)	(9,841)
Total deferred tax assets	7,300	8,066	74,317
Deferred tax liabilities:			
Deferred gain on replacement of property	(5,389)	(5,376)	(54,870)
Undistributed earnings of overseas subsidiaries	(662)	(2,347)	(6,740)
Net unrealized gain on revaluation of assets and liabilities of subsidiaries	(734)	(756)	(7,478)
Unrealized holding gain on securities	(1,680)	(4,823)	(17,104)
Other	(1,115)	(1,341)	(11,360)
Total deferred tax liabilities	(9,582)	(14,646)	(97,556)
Net deferred tax liabilities	¥(2,282)	¥ (6,579)	$(23,238)

8. Retirement Benefits

The Company and its domestic consolidated subsidiaries have defined benefit pension plans, i.e., lump-sum payment plans, defined contribution pension plans and advance payment schemes for retirement benefits. In addition to the retirement benefit plans described above, the Company and its domestic subsidiaries pay additional retirement benefits under certain conditions. Certain overseas subsidiaries also have defined benefit pension plans.

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the accompanying consolidated balance sheets at March 31, 2009 and 2008 for the Company's and the consolidated subsidiaries' defined benefit pension plans:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Retirement benefit obligation	¥(13,065)	¥(13,214)	$(133,009)
Plan assets at fair value	1,190	1,756	12,123
Unfunded retirement benefit obligation	(11,874)	(11,458)	(120,885)
Unrecognized actuarial loss	1,814	1,297	18,474
Net retirement benefit obligation	(10,059)	(10,160)	(102,410)
Prepaid pension cost	—	6	—
Accrued retirement benefits	¥ (10,059)	¥(10,167)	$(102,410)

As permitted under the accounting standard for retirement benefits, certain domestic subsidiaries calculate their retirement benefit obligation for their employees by simplified methods.

Certain overseas consolidated subsidiaries amended a portion of their defined benefit pension plans and adopted a defined contribution pension plan at January 1, 2008. The effects of these amendments on the retirement benefit plans as of March 31, 2008 are summarized as follows:

	Millions of Yen
	2008
Decrease in retirement benefit obligation	¥113
Decrease in plan assets	—
Gain on amendments to retirement benefit plans, net	¥113

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are outlined as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost	¥ 716	¥ 741	$ 7,298
Interest cost	224	233	2,284
Expected return on plan assets	(32)	(55)	(329)
Gain on amendments to retirement benefit plans, net	—	(113)	—
Contributions to defined contribution pension plans	510	511	5,198
Amortization of unrecognized actuarial loss	209	228	2,136
Amortization of prior service cost	—	117	—
Retirement benefit expenses	¥1,629	¥1,662	$16,589

The assumptions used in accounting for the defined benefit pension plans for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
Discount rate	Principally 2.0%	Principally 2.0%
Expected rate of return on plan assets	Principally 2.5%	Principally 2.5%

9. Contingent Liabilities

At March 31, 2009, the Company and its consolidated subsidiaries were contingently liable for the following items:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Notes receivable discounted	¥ 94	$ 960
Guarantees of home mortgage loans by employees	213	2,178
Guarantees of loans made by affiliates	69	704
Total	¥377	$3,843

10. Net Unrealized Loss on Land Revaluation

Effective March 31, 2001, the Company revalued its land held for business use in accordance with the "Law on Land Revaluation." Differences on land revaluation have been accounted for as "Net unrealized loss on land revaluation" under net assets at the net amount of the relevant tax effect. The method followed in determining the land revaluation was in accordance with the "Enforcement Act Concerning Land Revaluation." The carrying value of this land exceeded its corresponding fair value by ¥9,000 million ($91,621 thousand) and ¥9,500 million at March 31, 2009 and 2008, respectively.

11. Shareholders' Equity

The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met. The Company's legal reserve amounted to ¥3,376 million ($34,376 thousand) at March 31, 2009 and 2008.

12. Notes to the Consolidated Statements of Changes in Net Assets

(a) Type and number of issued shares of common stock and treasury stock

Movements in issued shares of common stock and treasury stock during the years ended March 31, 2009 and 2008 are summarized as follows:

	Number of Shares			
	2009			
	March 31, 2008	Increase	Decrease	March 31, 2009
Issued shares of common stock	191,406,969	—	—	191,406,969
Treasury stock	5,329,914	57,092	23,523	5,363,483

Notes: 1. Increase in the number of shares of treasury stock was due to purchases of fractional shares of less than one unit.
2. Decrease in the number of shares of treasury stock was due to sales of fractional shares of less than one unit.

	Number of Shares			
	2008			
	March 31, 2007	Increase	Decrease	March 31, 2008
Issued shares of common stock	191,406,969	—	—	191,406,969
Treasury stock	3,914,760	1,420,497	5,343	5,329,914

Notes: 1. Increase in the number of shares of treasury stock was due to repurchases of stock in accordance with a corporate resolution (1,361,000) and purchases of fractional shares of less than one unit (59,497).
2. Decrease in the number of shares of treasury stock was due to sales of fractional shares of less than one unit.

(b) Matters related to dividends

1. Pursuant to a resolution approved at the annual general shareholders' meeting held on June 27, 2008, the Company paid the following cash dividends on June 30, 2008 to shareholders of common stock of record at March 31, 2008:

	March 31, 2008
Cash dividends	¥930 million

2. Pursuant to a resolution approved at a meeting of the Board of Directors held on November 10, 2008, the Company paid the following cash dividends on December 10, 2008 to shareholders of common stock of record at September 30, 2008:

	September 30, 2008
Cash dividends	¥744 million

13. Research and Development Costs

Research and development costs included in manufacturing costs, and selling, general and administrative expenses for the years ended March 31, 2009 and 2008 amounted to ¥3,847 million ($39,163 thousand) and ¥3,681 million, respectively.

14. Loss on Impairment of Fixed Assets

The Company and its consolidated subsidiaries group their fixed assets relating to power transmission products, materials handling systems and other businesses primarily at each business which manages receipts and payments separately. They also group their fixed assets which they have determined to dispose of and idle assets primarily at each asset.

A certain domestic consolidated subsidiary wrote down the following item to its respective recoverable amount which had been used for employee training but deemed as an idle property as it was no longer being utilized and recorded the related loss on impairment of fixed assets of ¥52 million ($539 thousand) in the consolidated statement of income for the year ended March 31, 2009.

			Millions of Yen	Thousands of U.S. Dollars
Classification	Location	Use	2009	2009
Land	Kadoma City, Osaka Prefecture	Idle property	¥52	$539

The carrying amount of the above fixed asset was written down to its respective recoverable amount and was measured using its respective net selling price principally based on valuations by third-party appraisals.

15. Leases

The following pro forma amounts represent the acquisition cost, accumulated depreciation and net book value of the leased assets as of March 31, 2009 and 2008, which would have been reflected in the accompanying consolidated balance sheets if finance leases other than those which transfer the ownership of the leased assets to the Company and its domestic consolidated subsidiaries that started on or before March 31, 2008 (currently accounted for as operating leases) had been capitalized:

	Millions of Yen		
	2009		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 275	¥162	¥112
Tools, furniture and fixtures	586	325	261
Other assets	253	129	124
Total	¥1,115	¥616	¥498

	Millions of Yen		
	2008		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 318	¥151	¥166
Tools, furniture and fixtures	748	356	392
Other assets	433	239	193
Total	¥1,500	¥747	¥752

	Thousands of U.S. Dollars		
	2009		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	$ 2,802	$1,656	$1,146
Tools, furniture and fixtures	5,968	3,309	2,659
Other assets	2,584	1,314	1,270
Total	$11,356	$6,280	$5,076

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥255 million ($2,601 thousand) and ¥311 million for the years ended March 31, 2009 and 2008, respectively. Depreciation of the leased assets computed by the straight-line method over the respective lease terms amounted to ¥255 million ($2,601 thousand) and ¥311 million for the years ended March 31, 2009 and 2008, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2009 under finance leases, other than those which transfer the ownership of the leased assets to the Company and its domestic consolidated subsidiaries, that started on or before March 31, 2008 are summarized as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2009	¥200	$2,040
2010 and thereafter	298	3,035
	¥498	$5,076

The acquisition cost and future minimum lease payments under finance leases presented in the above tables include the imputed interest expense.

Future minimum lease payments subsequent to March 31, 2009 for non-cancelable operating leases are summarized as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2009	¥102	$1,048
2010 and thereafter	157	1,607
	¥260	$2,655

16. Derivatives

The Company and certain consolidated subsidiaries utilize derivative financial instruments to reduce foreign exchange rate and interest-rate risk. The Company and certain consolidated subsidiaries utilize forward foreign exchange contracts to ensure stable profit by hedging the risk of exchange rate fluctuation which impacts their assets and liabilities denominated in foreign currencies. In addition, the Company and certain consolidated subsidiaries utilize interest-rate swaps to hedge the effect of any fluctuation in interest rates on their borrowings. The Company and these consolidated subsidiaries do not enter into derivatives contracts for speculative trading purposes.

The Company and certain consolidated subsidiaries are exposed to certain market risk arising from their forward foreign exchange contracts and interest-rate swap agreements. They are also exposed to the risk of credit loss in the event of nonperformance by the counterparties with respect to such forward foreign exchange contracts and interest-rate swap agreements; however, they do not anticipate nonperformance by any of the counterparties, all of whom are financial institutions with high credit ratings.

Each business department determines the appropriate amount of forward foreign exchange contracts within predetermined limits and the financial section of each department executes and manages these positions. In addition, the Finance Department of the Company enters into and manages interest-rate swap positions as an integral part of the process of entering into loan agreements.

The notional amounts of forward foreign exchange contracts and interest-rate swap agreements, the estimated fair value of the outstanding derivatives positions and unrealized gain or loss at March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2009			2008			2009		
	Notional amount	Estimated fair value	Unrealized gain (loss)	Notional amount	Estimated fair value	Unrealized gain (loss)	Notional amount	Estimated fair value	Unrealized gain (loss)
Forward foreign exchange contracts:									
Sell:									
U.S. dollars	¥1,911	¥1,800	¥111	¥3,667	¥3,397	¥269	$19,459	$18,324	$1,135
Euros	628	578	49	666	694	(27)	6,394	5,890	503
Canadian dollars	151	120	31	205	198	6	1,541	1,222	319
Australian dollars	93	103	(10)	113	108	4	948	1,051	(102)
Pounds sterling	—	—	—	—	—	—	2,215	2,137	(78)
Buy:									
Japanese yen	217	209	(7)	479	484	5	63	62	(1)
U.S. dollars	6	6	(0)	—	—	—	78	71	(6)
Canadian dollars	7	7	(0)	—	—	—	—	—	—
Interest-rate swap agreements:									
Floating paid/fixed received	150	(3)	(3)	150	(4)	(4)	1,527	(39)	(39)
Total			¥169			¥253			$1,729

Notes: 1. Estimated fair value is based on the prices quoted by various financial institutions.
2. Derivatives positions to which hedge accounting has been applied have been excluded from the above table.

17. Amounts per Share

Amounts per share at March 31, 2009 and 2008 and for the years then ended were as follows:

	Yen		U.S. Dollars
	2009	2008	2009
Net assets	¥421.53	¥438.56	$4.29
Net income	33.26	55.70	0.34
Cash dividends	8.00	8.00	0.08

The amounts per share of net assets are computed based on the number of shares of common stock outstanding at each year end.

Net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

Diluted net income per share for the years ended March 31, 2009 and 2008 has not been presented because no potentially dilutive shares of common stock were outstanding.

Information used in the calculation of basic net income per share is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Net income	¥6,188	¥10,371	$62,996
Net income not available for distribution to shareholders of common stock	—	—	—
Net income on which basic net income per share is calculated	¥6,188	¥10,371	$62,996

	Thousands of Shares	
	2009	2008
Weighted-average number of shares of common stock on which net income per share is calculated	186,058	186,208

18. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of power transmission products and materials handling systems. The Company and its consolidated subsidiaries also engage in certain other activities such as building maintenance, insurance brokerage, sales of health care equipment, and so forth.

Business Segments

The business segments of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008 are outlined as follows:

	Millions of Yen					
	2009					
	Power transmission products	Materials handling systems	Other	Total	Eliminations and general corporate assets	Consolidated
I. Sales and operating income						
Sales to third parties	¥113,286	¥27,695	¥ 535	¥141,517	¥ —	¥141,517
Intragroup sales and transfers	1,715	68	1,600	3,384	(3,384)	—
Net sales	115,001	27,764	2,135	144,901	(3,384)	141,517
Operating expenses	103,830	26,026	1,925	131,783	638	132,421
Operating income	¥ 11,171	¥ 1,737	¥ 209	¥ 13,118	¥ (4,022)	¥ 9,095
II. Total assets, depreciation and amortization and capital expenditures						
Total assets	¥117,670	¥22,536	¥2,755	¥142,962	¥35,492	¥178,455
Depreciation and amortization	6,560	237	4	6,802	541	7,344
Loss on impairment of fixed assets	—	—	52	52	—	52
Capital expenditures	9,105	304	0	9,410	631	10,041

	Millions of Yen					
	2008					
	Power transmission products	Materials handling systems	Other	Total	Eliminations and general corporate assets	Consolidated
I. Sales and operating income						
Sales to third parties	¥133,565	¥33,078	¥ 559	¥167,202	¥ —	¥167,202
Intragroup sales and transfers	1,660	18	1,788	3,468	(3,468)	—
Net sales	135,225	33,097	2,348	170,671	(3,468)	167,202
Operating expenses	115,796	29,146	2,107	147,050	347	147,397
Operating income	¥ 19,429	¥ 3,950	¥ 240	¥ 23,621	¥ (3,815)	¥ 19,805
II. Total assets, depreciation and amortization, loss on impairment of fixed assets and capital expenditures						
Total assets	¥129,010	¥24,027	¥2,930	¥155,969	¥46,347	¥202,316
Depreciation and amortization	6,584	193	6	6,784	517	7,301
Capital expenditures	9,457	279	6	9,743	481	10,225

	Thousands of U.S. Dollars					
	2009					
	Power transmission products	Materials handling systems	Other	Total	Eliminations and general corporate assets	Consolidated
I. Sales and operating income						
Sales to third parties	$1,153,278	$281,949	$ 5,447	$1,440,674	$ —	$1,440,674
Intragroup sales and transfers	17,463	694	16,294	34,453	(34,453)	—
Net sales	1,170,741	282,643	21,742	1,475,127	(34,453)	1,440,674
Operating expenses	1,057,018	264,954	19,606	1,341,579	6,499	1,348,078
Operating income	$ 113,723	$ 17,688	$ 2,135	$ 133,548	$ (40,952)	$ 92,595
II. Total assets, depreciation and amortization and capital expenditures						
Total assets	$1,197,907	$229,425	$28,053	$1,455,386	$361,319	$1,816,706
Depreciation and amortization	66,783	2,418	48	69,251	5,516	74,767
Loss on impairment of fixed assets	—	—	539	539	—	539
Capital expenditures	92,694	3,100	2	95,798	6,426	102,224

As mentioned in Note 3 (a), effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have changed their method of accounting for inventory. As a result, operating income decreased in the Power transmission products business segment and in the Materials handling systems business segment by ¥308 million ($3,138 thousand) and ¥119 million ($1,212 thousand), respectively, for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous method.

As mentioned in Note 3 (b), effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have changed the useful lives for depreciation of machinery and equipment. As a result, operating income decrease in the Power transmission products business segment and in the Materials handling systems business segment by ¥430 million ($4,380 thousand) and ¥5 million ($53 thousand), respectively, for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the previous useful lives.

As mentioned in Note 3 (d), effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007. As a result, operating income in the Power transmission products business segment decreased by ¥214 million, the Materials handling systems business segment decreased by ¥4 million, the Other business segment decreased by ¥0 million and Eliminations and general corporate assets decreased by ¥4 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method.

As mentioned in Note 2 (g), effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of property, plant and equipment acquired on or before March 31, 2007. As a result, operating income in the Power transmission products business segment decreased by ¥286 million, the Materials handling systems business segment decreased by ¥29 million, the Other business segment decreased by ¥0 million and Eliminations and general corporate assets decreased by ¥7 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method.

Geographic Segment Information

Segment information by geographic area for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of Yen							
	2009							
	Japan	North America	Europe	Asia and Oceania	Other	Total	Eliminations and general corporate assets	Consolidated
External sales	¥ 98,779	¥23,578	¥7,362	¥11,653	¥143	¥141,517	¥ —	¥141,517
Intragroup sales and transfers	17,513	520	7	832	—	18,873	(18,873)	—
Net sales	116,292	24,098	7,370	12,485	143	160,390	(18,873)	141,517
Operating expenses	106,245	23,236	6,902	10,622	154	147,162	(14,740)	132,421
Operating income (loss)	¥ 10,047	¥ 861	¥ 467	¥ 1,862	¥ (10)	¥ 13,227	¥ (4,132)	¥ 9,095
Total assets	¥114,406	¥17,420	¥5,501	¥ 9,798	¥ 18	¥147,144	¥ 31,310	¥178,455

	Millions of Yen							
	2008							
	Japan	North America	Europe	Asia and Oceania	Other	Total	Eliminations and general corporate assets	Consolidated
External sales	¥110,207	¥35,491	¥10,047	¥11,129	¥327	¥167,202	¥ —	¥167,202
Intragroup sales and transfers	20,337	511	23	836	—	21,709	(21,709)	—
Net sales	130,544	36,002	10,070	11,966	327	188,912	(21,709)	167,202
Operating expenses	114,059	32,857	8,865	9,969	286	166,037	(18,639)	147,397
Operating income	¥ 16,485	¥ 3,145	¥ 1,204	¥ 1,997	¥ 41	¥ 22,874	¥ (3,069)	¥ 19,805
Total assets	¥124,200	¥20,705	¥ 7,341	¥10,655	¥ 22	¥162,925	¥39,390	¥202,316

	Thousands of U.S. dollars							
	2009							
	Japan	North America	Europe	Asia and Oceania	Other	Total	Eliminations and general corporate assets	Consolidated
External sales	$1,005,594	$240,029	$74,955	$118,631	$1,464	$1,440,674	$ —	$1,440,674
Intragroup sales and transfers	178,288	5,296	75	8,472	—	192,131	(192,131)	—
Net sales	1,183,883	245,325	75,030	127,103	1,464	1,632,806	(192,131)	1,440,674
Operating expenses	1,081,601	236,551	70,273	108,140	1,576	1,498,143	(150,064)	1,348,078
Operating income (loss)	$ 102,281	$ 8,773	$ 4,757	$ 18,963	$ (111)	$ 134,663	$ (42,067)	$ 92,595
Total assets	$1,164,674	$177,342	$56,005	$ 99,747	$ 189	$1,497,961	$ 318,744	$1,816,706

The above segments principally include the following countries or regions:

North America:	U.S.A. and Canada
Europe:	The Netherlands and U.K.
Asia and Oceania:	Taiwan, People’s Republic of China, Singapore, Thailand and Australia
Other:	Brazil

As mentioned in Note 3 (a), effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have changed their method of accounting for inventory. As a result, operating income in the Japan segment decreased by ¥427 million ($4,350 thousand) for the year ended March 31, 2009 from the corresponding amount which would have been recorded under the previous method.

As mentioned in Note 3 (b), effective the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries have changed the useful lives for depreciation of machinery and equipment. As a result, operating income in the Japan segment increased by ¥425 million ($4,327 thousand) for the year ended March 31, 2009 from the corresponding amount which would have been recorded under the previous useful lives.

As mentioned in Note 3 (d), effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of property, plant and equipment acquired on or after April 1, 2007. As a result, operating income in the Japan segment decreased by ¥218 million, and Eliminations and general corporate assets decreased by ¥4 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method.

As mentioned in Note 2 (g), effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of property, plant and equipment acquired on or before March 31, 2007. As a result, operating income in the Japan segment decreased by ¥316 million, and Eliminations and general corporate assets decreased by ¥7 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the previous method.

Overseas Sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the overseas consolidated subsidiaries, for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen				
	2009				
	North America	Europe	Asia and Oceania	Other	Total
Overseas sales	¥23,794	¥7,956	¥17,227	¥472	¥ 49,450
Consolidated net sales					141,517
Overseas sales as a percentage of consolidated net sales	16.8%	5.6%	12.2%	0.3%	34.9%

	Millions of Yen				
	2008				
	North America	Europe	Asia and Oceania	Other	Total
Overseas sales	¥35,673	¥10,744	¥15,278	¥923	¥ 62,621
Consolidated net sales					167,202
Overseas sales as a percentage of consolidated net sales	21.3%	6.4%	9.1%	0.6%	37.5%

	Thousands of U.S. Dollars				
	2009				
	North America	Europe	Asia and Oceania	Other	Total
Overseas sales	$242,230	$80,997	$175,380	$4,807	$ 503,416
Consolidated net sales					1,440,674

19. Subsequent Events

(a) Distribution of retained earnings

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2009, was approved at the annual general meeting of the shareholders held on June 26, 2009:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
Cash dividends (¥4.0 ($0.04) per share)	¥744	$7,576

(b) Long-term loan agreements

On May 27 and 29, 2009, the Company entered into long-term loan agreements in the total amount of ¥7,300 million ($74,315 thousand) with Sumitomo Mitsui Banking Corporation and three other financial institutions in order to raise long-term operating funds. The loans were executed on May 29, 2009 and the due date of the loan agreements is May 30, 2014. The loans are unsecured and not guaranteed.

Report of Independent Auditors

The Board of Directors
TSUBAKIMOTO CHAIN CO.

We have audited the accompanying consolidated balance sheets of TSUBAKIMOTO CHAIN CO. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TSUBAKIMOTO CHAIN CO. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon LLC

Osaka, Japan
June 26, 2009