May 14, 2009

CONSOLIDATED FINANCIAL STATEMENTS

For the twelve-month period ended March 31, 2009

Name of the Company: Tsubakimoto Chain Co.
Code number: 6371
Stock exchange listings: Tokyo, Osaka, Nagoya
URL: http://tsubakimoto.com/
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*Amounts less than ¥1 million are omitted

1. Consolidated Operating Results for the Twelve Months Ended March 31, 2009

(1) Consolidated Results of Operation

(% figures show change compared to the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For 12 months ended March 31, 2009	141,517	(15.4)	9,095	(54.1)	9,328	48.3	6,188	(40.3)
For 12 months ended March 31, 2008	167,202	7.4	19,805	23.7	18,051	24.1	10,371	21.4

	Net income per share	Net income per share (diluted)	Return on Equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
For 12 months ended March 31, 2009	33.26	–	7.7	4.9	6.4
For 12 months ended March 31, 2008	55.70	–	12.8	8.7	11.8

Note: Equity (loss) in earnings under the equity method, net

Fiscal Year ended March 31, 2009: ¥66 million

Fiscal Year ended March 31, 2008: ¥89 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholder’s equity per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2009	178,455	84,458	43.9	421.53
March 31, 2008	202,316	87,502	40.3	438.56

Note: Shareholders’ equity

As of March 31, 2009: ¥78,422 million

As of March 31, 2008: ¥81,605 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For 12 months ended March 31, 2009	7,263	(9,723)	(3,540)	11,269
For 12 months ended March 31, 2008	20,873	(11,481)	(5,582)	17,744

2. Dividends

	Dividends per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
(Recorded date)	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY 2007	–	3.00	–	5.00	8.00	1,488	14.4	1.8
FY 2008	–	4.00	–	4.00	8.00	1,488	24.1	1.9
FY 2009 (Forecasted)	–	3.00	–	3.00	6.00		372.7	

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2010

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
6-month period ending September 30, 2009	50,000	(39.1)	(2,800)	–	(2,700)	–	(1,600)	–	(8.60)
12-month period ending March 31, 2010	110,000	(22.3)	800	(91.2)	700	(92.5)	300	(95.2)	1.61

4. Others

(1) Significant changes in scope of consolidation: No

(2) Changes in rules, procedures, or presentation methods of accounting methods in preparation of quarterly consolidated financial statements (inclusion of changes in significant items that form the basis of the preparation of quarterly consolidated financial statements)

[1] Changes due to revisions in accounting standards: Yes

[2] Changes other than those in [1]: No

(3) Number of shares issued (Common stock)

[1] Number of shares issued at the fiscal year end (including treasury stock):

As of March 31, 2009: 191,406,969 shares

As of March 31, 2008: 191,406,969 shares

[2] Number of treasury stocks at the fiscal year end:

As of March 31, 2009: 5,363,483 shares

As of March 31, 2008: 5,329,914 shares

(Reference)

Non-Consolidated Financial Highlights for the Twelve Months Ended March 31, 2009

(1) Non-Consolidated Results of Operations

*Amounts less than ¥1 million are omitted

	Net sales		Operating loss		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For 12 months ended March 31, 2009	77,611	(13.9)	2,465	(69.2)	4,361	(52.9)	2,374	(59.0)
For 12 months ended March 31, 2008	90,167	2.8	8,016	13.5	9,251	8.8	5,794	(18.3)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
For 12 months ended March 31, 2009	12.76	–
For 12 months ended March 31, 2008	31.12	–

(2) Non-Consolidated Financial Position

*Amounts less than ¥1 million rounded down

	Total assets	Net assets	Equity ratio	Shareholder's equity per share
	Millions of Yen	Millions of Yen	%	Yen
March 31, 2009	130,450	57,687	44.2	310.07
March 31, 2008	148,283	61,818	41.7	332.22

Note: Shareholders' equity

As of March 31, 2009: ¥57,687 million

As of March 31, 2008: ¥61,818 million

3. Outlook for Non-Consolidated Operating Results for the 12 Months Ending March 31, 2010

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
6-month period ending September 30, 2009	26,000	(42.0)	(2,500)	–	(1,300)	–	(600)	–	(3.23)
12-month period ending March 31, 2009	60,000	(22.7)	(1,000)	–	500	(88.5)	500	(78.9)	2.69

**Explanation on correct use of operating results outlook and other items*

To understand the assumptions on which the operating results outlook are based, please see the following sections: 1. Business Results and (1) Analysis of Business Results.

Business Results

(1) Analysis of Business Results

1. Overview of Operating Results

In the fiscal year under review (April 2008-March 2009), the economic recession that began with the financial crisis in the U.S. rapidly developed to a global scale, and by the second half of the year had spread to Japan, Europe, Asia, and newly developing nations.

Despite the uncertain elements that characterized the Group's operating environment, including rising crude oil prices and surging material prices, the operating performance until the end of the second quarter was solid. However, due to factors such as the appreciation of the yen, curbed capital investment, and the significant reduction in production by automakers, from the third quarter results rapidly deteriorated and the Group's operating conditions became extremely severe.

As a result, consolidated orders decreased 20.9%, to ¥134,727 million, and sales declined 15.4%, to ¥141,517 million, for the Group.

While the entire Group worked to reduce costs, the impact of the significant decline in sales resulted in operating income decreasing 54.1%, to ¥9,095 million, and ordinary income falling 48.3%, to ¥9,328 million. Accompanying the introduction of a system to exclude dividend earnings from overseas subsidiaries, a portion of the deferred tax liabilities recorded in previous fiscal years was reversed. As a result of the above, net income was ¥6,188 million, a 40.3% fall.

Segment results are summarized as follows.

Power Transmission Products

Sales declined in chain operations and the power transmission units and components business. This was primarily due to the impact of the reduction in production, which accompanied the inventory adjustment carried out by automakers and in the machine tool and other industries important to the Group, and curbs to capital investment.

In the automotive parts business, while overseas bases in China and Thailand performed comparatively strongly, the adverse effects of the major reductions in production by automakers in Japan, the U.S., and Europe, resulted in a fall in sales.

Given these factors, orders declined 18.9% to ¥108,897 million, sales decreased 15.2% to ¥113,286 million, and operating income decreased 42.5% to ¥11,171 million in the Power Transmissions Products Segment.

Materials Handling Systems

Sales of bulk conveyance systems were strong, particularly to the cement industry, but overall sales were down because of the curb on capital investment brought about by the economic recession.

Consequently, orders decreased 28.2% to ¥25,829 million, sales declined 16.3% to ¥27,695 million and operating income decreased 56.0% to ¥1,737 million in the Materials Handling Systems Segment.

2. Outlook for the Current Fiscal Year

The outlook ahead is uncertain due to fears that a further slowdown in the global economy will prolong the economic stagnation.

Under these challenging conditions, the Tsubaki Group will make concerted efforts to reduce costs by cutting spending, such as in fixed costs, and by improving productivity.

It will push forward with measures to strengthen product competitiveness and quality and to globalize its business activities, Further, the intention is for all Group companies to work together to secure sales.

Our projections for the fiscal year ending March 31, 2010 are as follows:

1. Consolidated forecasts	Net sales	¥110.0 billion	(down 22.3%)
	Operating income	¥0.8 billion	(down 91.2%)
	Ordinary income	¥0.7 billion	(down 92.5%)
	Net income	¥0.3 billion	(down 95.2%)
2. Non-consolidated forecasts	Net sales	¥60.0 billion	(down 22.7%)
	Operating income	¥(1.0) billion	(—)
	Ordinary income	¥0.5 billion	(down 88.5%)
	Net income	¥0.5 billion	(down 78.9%)

For the fiscal year ending March 31, 2010, we assume a foreign exchange rate of ¥90/US$ and 1€=¥115.

The above forecasts are based on the information currently available to the Tsubaki Group and assumptions which we deem to be reasonable. The information and assumptions contain known and unknown risks, uncertainties, and other variables. Actual operating results may differ from our forecasts due to factors such as changes in the operating environment, market trends, and fluctuations in exchange rates. Factors which may impact on the operating results are not limited to those noted here.

(2) Analysis of Financial Position

1. Assets, Liabilities and Shareholders' Equity

(Assets)

Total assets at the end of the fiscal year under review stood at ¥178,455 million, down ¥23,861 million from the end of the previous fiscal year.

Total current assets were down ¥15,495 million from the end of the previous fiscal year, to ¥75,037 million. This was primarily due to a decrease of ¥12,297 million in trade notes and accounts receivable due to the rapid slump in demand and a decline of ¥6,384 million in cash and cash equivalents, mainly because of income taxes paid.

Total non-current assets declined ¥8,365 million from the end of the previous fiscal year, to ¥103,417 million, which resulted from a ¥8,741 million decrease in investment in securities related to a significant fall in the market value of shares held.

(Liabilities)

Liabilities decreased ¥20,817 million from the end of the previous fiscal year, to ¥93,996 million, because of a decrease of ¥9,053 million in trade notes and accounts payable, a reduction of ¥4,623 million in deferred tax liabilities following a decrease in the differences with mark-to-market valuations on securities, and a ¥2,486 million fall in income tax payable due to the decline in profits.

(Net Assets)

Net assets stood at ¥84,458 million at the end of the fiscal year, down by ¥3,044 million from a year earlier. This was because while retained earnings increased ¥4,465 million due primarily to the recording of net income of ¥6,188 million and dividend payments of ¥1,674 million, this was counteracted by a ¥4,524 decrease in net unrealized holding gain on securities due to the differences with mark-to-market valuations on securities, and a ¥2,746 million decrease in translation adjustments because of fluctuations in currency exchange rates. The equity ratio improved 3.6 percentage points, to 43.9%.

2. Cash flow

Cash and cash equivalents at the end of the fiscal year was down ¥6,474 million from the previous fiscal year end, to ¥11,269 million.

The principal factors behind the net decrease are broken down as follows.

(Cash provided by operating activities]

Net cash provided by operating activities amounted to ¥7,263 million, attributable to income before income taxes and minority interests of ¥8,442 million and depreciation and amortization of ¥7,344 million, which canceled out the effect of income taxes paid of ¥6,087 million.

(Cash used in investing activities)

Net cash used in investing activities stood at ¥9,723 million, which was due to capital expenditures of ¥9,702 million for automotive parts production facilities.

(Cash used in financing activities]

Net cash used in financing activities was ¥3,540 million, which was related to repayments of long-term loans of ¥2,420 million and cash dividends paid of ¥1,674 million.

(Reference) Cash flow Indicators

	FY2006	FY2007	FY2008	FY2009
Shareholders' equity ratio	38.8 %	38.1 %	40.3%	43.9%
Shareholders' equity ratio (market-based)	83.3 %	65.3 %	54.4%	22.9%
Debt repayment periods	3.7 years	4.2 years	1.9 years	5.2 years
Interest coverage ratio	10.8x	10.0x	21.4x	9.7x

Shareholders' equity ratio: shareholders equity/total assets

Shareholders' equity ratio (market-based): market capitalization of stock/total assets

Debt repayment periods: interest-bearing debt/operating cash flow

Interest coverage ratio: operating cash flow/interest paid

Notes:

* All indicators are derived from consolidated-based financial figures.
* Market capitalization is derived from the closing share price multiplied by shares outstanding (excluding treasury stock) on the final day of the fiscal year.
* Operating cash flow denotes cash flow provided by operating activities in consolidated cash flow accounts. Interest-bearing debt denotes the portion of debt on the consolidated balance sheet for which interest is paid. Interest paid denotes interest amount on the consolidated cash flow statement.

(3) Basic policies for profit allocation and dividends in the fiscal year under review

The Tsubaki Group's highest priority is providing returns to its shareholders, and the Group will continue its basic policy of furnishing stable dividends. However, focusing more squarely on meeting the interests of our shareholders, we intend to pay dividends commensurate with consolidated results and other factors while paying steady dividends.

In concrete terms, we intend to maintain a stable dividend of ¥6.0 per share as a low-end threshold and distribute profits as our consolidated results, funding conditions, finances, and other overall criteria dictate.

We plan to utilize retained cash for strengthening our underlying financial standing, promoting future business expansion, and other purposes.

Despite recording a fall in profits in our consolidated performance, as was previously determined we will pay a fiscal year-end dividend of ¥4.00 per share. As a result, total dividends for the fiscal year will be ¥8.00 per share, including the ¥4.00 interim dividend payment.