August 7, 2009

CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended June 30, 2009

Name of the company: Tsubakimoto Chain Co.
Code number: 6371
Stock exchange listings: Tokyo, Osaka, Nagoya
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Scheduled quarterly report issuance date: August 10, 2009

*Amounts less than ¥1 million are omitted

1. Consolidated Operating Results for the Three Months Ended June 30, 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	%
3-month period ending June 30, 2009	23,946	(38.3)	(315)	—	(163)	—	(207)	—
3-month period ending June 30, 2008	38,830	—	4,113	—	4,326	—	2,832	—

	Net income per share	Net income per share (diluted)
	Yen	Yen
3-month period ending June 30, 2009	(1.11)	—
3-month period ending June 30, 2008	15.22	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2009	176,473	84,966	44.8	424.50
As of March 31, 2009	178,455	84,458	43.9	421.53

Note: Shareholders' equity

As of June 30, 2009: ¥78,975 million

As of March 31, 2009: ¥78,422 million

2. Dividends

	Dividends per share				
(Record date)	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2009	—	4.00	—	4.00	8.00
FY2010	—				
FY2010 (Forecast)		3.00	—	3.00	6.00

Note: Revision of cash dividends forecast in quarter under review: No

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	48,000	(41.5)	(1,100)	—	(700)	—	(500)	—	(2.69)
12-month period ending March 31, 2010	110,000	(22.3)	800	(91.2)	700	(92.5)	300	(95.2)	1.61

Note: Revision of figures of consolidated operating results outlook in quarter: Yes

The Company has revised its outlook for the six-month period ending September 30, 2009. The Company has not revised its previous outlook for the twelve-month period ending March 31, 2010.

4. Others

(1) Significant changes in scope of consolidation: No

(2) Adoption of simplified methods of accounting or special methods of accounting in preparation of quarterly consolidated financial statements: Yes

(For details please see page 6, “4. Other” in “Qualitative Information.”)

(3) 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 in accordance with amendment of accounting standards: Yes

2 Changes other than 1: No

(For details please see page 6, “4. Other” in “Qualitative Information.”)

(4) Number of shares issued (common shares)

1 Number of shares issued at end of period (including treasury shares)

1st quarter in FY2010:	191,406,969 shares
FY2009:	191,406,969 shares

2 Number of treasury shares at end of period

1st quarter in FY2010:	5,364,350 shares
FY2009:	5,363,483 shares

3 Average number of shares during period (consolidated cumulative total of the first quarter)

1st quarter in FY2010:	186,043,129 shares
1st quarter in FY2009:	186,070,906 shares

* Explanation regarding the appropriate usage of consolidated operating results outlook and other items

- The consolidated operating results outlook is based on information available at the present juncture and certain assumptions believed to be reasonable. However, it includes risks and uncertainties. Actual business results may differ materially from the figures of the consolidated operating results outlook due to changes in business conditions, market trends, or fluctuation in currency exchange rates. Furthermore, factors that may affect business results are not limited to those factors.

<Qualitative Information>

1. Qualitative Information Regarding Consolidated Operating Results

(Unless otherwise stated, all comparisons are between the first quarter from April 1, 2009, to June 30, 2009, and the first quarter from April 1, 2008, to June 30, 2008.)

In the first quarter (from April 1, 2009, to June 30, 2009), Japan experienced extremely tough economic conditions as a lackluster business climate continued due to the worldwide recession that began from the second half of the previous fiscal year.

The Group saw signs of bottoming out in certain areas of its operating environment, such as a mitigation of production adjustments by automobile manufacturers. However, the outlook remains uncertain because of curbed capital investment that reflects worsening corporate results.

As a result, consolidated orders in the first quarter decreased 43.1%, to ¥22,689 million, while net sales decreased 38.3%, to ¥23,946 million. As a result of the significant decrease in net sales, despite its concerted efforts to reduce costs, the Group recorded operating loss of ¥315 million, compared with operating income of ¥4,113 million; ordinary loss of ¥163 million, compared with ordinary income of ¥4,326 million; and net loss of ¥207 million, compared with net income of ¥2,832 million.

Segment results are summarized as follows.

[Power Transmission Products]
In Chain Operations and Power Transmission Units and Components Operations, revenues decreased because of lower production and curbed capital investment in the machine tool industry, the steel industry, and the automotive industry.

Automotive Parts Operations began to see signs of bottoming out as automobile manufacturers mitigated production adjustments. However, revenues declined due to continuing decreases in production.

As a result, the Power Transmission Products segment achieved decreases of 41.2% in orders received, to ¥19,807 million; 40.6% in net sales, to ¥19,537 million; and 89.6% in operating income, to ¥490 million.

[Materials Handling Systems]
In Materials Handling Systems Operations, revenues were down because slumping sales of conveyance systems for the automotive industry and the machine tool industry counteracted relatively solid sales of sorting systems for the distribution industry and bulk conveyance systems.

As a result, the Materials Handling Systems segment posted decreases of 53.2% in orders received, to ¥2,882 million, and 26.4% in net sales, to ¥4,289 million, and operating loss of ¥123 million, compared with operating income of ¥400 million.

2. Qualitative Information Regarding Consolidated Financial Position

<Analysis of Financial Position>

[Assets]

Total assets at the end of the quarter were down ¥1,981 million from the end of the previous fiscal year, to ¥176,473 million.

Total current assets at the end of the quarter declined ¥3,655 million from the end of the previous fiscal year, to ¥71,382 million, due to a ¥3,907 million decrease in trade notes and accounts receivable that resulted from slumping demand.

Total non-current assets at the end of the quarter increased ¥1,674 million from the end of the previous fiscal year, to ¥105,091 million, because of an ¥1,883 million increase in investment in securities that resulted from an increase in the market value of shares held.

[Liabilities]

Liabilities at the end of the quarter were down ¥2,489 million from the end of the previous fiscal year, to ¥91,507 million, because a ¥3,636 million decrease in trade notes and accounts payable and a ¥1,322 million decrease in accrued bonuses to employees offset a ¥3,411 million increase in loans.

[Net Assets]

Net assets at the end of the quarter were up ¥507 million from the end of the previous fiscal year, to ¥84,966 million, because a ¥1,116 million increase in net unrealized holding gain on securities due to an increase in the market valuation of shares held and a ¥342 million increase in translation adjustments due to fluctuation in foreign exchange rates counteracted cash dividends paid of ¥744 million and a ¥951 million decrease in retained earnings due to net loss of ¥207 million. The equity ratio was 44.8%.

<Analysis of Cash Flows>

Cash and cash equivalents at the end of the quarter was up ¥1,365 million from the previous fiscal year end, to ¥12,635 million.

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

[Cash provided by operating activities]

Net cash provided by operating activities increased ¥425 million, to ¥747 million, attributable to depreciation and amortization of ¥1,745 million, which cancelled the effect of income taxes paid of ¥532 million.

[Cash used in investing activities]

Net cash used in investing activities rose ¥141 million, to ¥1,981 million, reflecting capital investment of ¥1,989 million for automotive parts production facilities.

[Cash provided by financing activities]

Net cash provided by financing activities was ¥2,520 million, compared with net cash used in financing activities of ¥2,033 million. Net cash provided by financing activities resulted from ¥7,300 million in new proceeds from long-term loans, which offset ¥4,562 million in repayment of long-term loans.

3. Qualitative Information Regarding Consolidated Operating Results Outlook

For the six-month period ending September 30, 2009, the Company expects that reductions in fixed costs and other expenses and cost reductions through enhanced productivity will result in improvements in operating loss and the realization of ordinary income and net income compared with the figures of its previous forecast. Accordingly, the Company has revised its outlook for operating results for the six-month period as shown below.

Further, because economic trends in the second half and the effect they will have on operating results remain unclear, the Company has not revised the figures of its previous outlook for operating results for the twelve-month period ending March 31, 2010 , announced on May 14, 2009.

Revised outlook for consolidated operating results for the six months ending September 30, 2009

	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
Previously announced forecast (A) (announced May 14, 2009)	50, 000	(2, 800)	(2, 700)	(1, 600)	(8. 60)
Revised forecast (B)	48, 000	(1, 100)	(700)	(500)	(2. 69)
Increase / Decrease (B − A)	(2, 000)	1, 700	2, 000	1, 100	—
Percentage decrease (%)	(4. 0)	—	—	—	—

(Reference) Revised outlook for nonconsolidated operating results for the six months ending September 30, 2009

	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
Previously announced forecast (A) (announced May 14, 2009)	26, 000	(2, 500)	(1, 300)	(600)	(3. 23)
Revised forecast (B)	26, 000	(1, 200)	200	400	2. 15
Increase / Decrease (B − A)	—	1, 300	1, 500	1, 000	—
Percentage decrease (%)	—	—	—	—	—

4. Other

(1) Significant changes in scope of consolidation

There were no changes.

(2) Adoption of simplified methods of accounting or special methods of accounting in preparation of quarterly consolidated financial statements

1 Simplified methods of accounting

Method of calculation of depreciation for property, plant and equipment, net

For some consolidated subsidiaries, the calculation of depreciation for property, plant and equipment, net, is based on projections that take into consideration estimates of acquisition, sale, and retirement during the fiscal year.

2 Special methods of accounting in preparation of quarterly consolidated financial statements

No applicable items.

(3) Changes in rules, procedures, or presentation methods of accounting methods in preparation of quarterly consolidated financial statements

Previously, with the exception of the Materials Handling Systems segment of certain overseas consolidated subsidiaries, the Company used the completed contract method as a standard for recognizing earnings related to construction contracts. However, from the first quarter under review, the Company adopted the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007). Accordingly, the Company applied the percentage-of-completion method (percentage of completion based on cost incurred compared to the estimated total cost) for construction contracts that began from the first quarter and for which benefits could be ascertained in relation to the completed portion at the end of the first quarter and applied the completed contract method for other construction.

This change has minimal effect on income and losses in the first quarter.