November 10, 2010

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>

For the six-month period ended September 30, 2010

Name of the company: Tsubakimoto Chain Co.
Code number: 6371
Stock exchange listings: Tokyo, Osaka
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Scheduled quarterly report issuance date: November 11, 2010
Scheduled dividend payment date: December 10, 2010

*Amounts less than ¥1 million are omitted

1. Consolidated Operating Results for the Six Months Ended September 30, 2010

(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	%
6-month period ended September 30, 2010	68,270	35.2	5,341	—	5,410	935.2	3,159	523.1
6-month period ended September 30, 2009	50,503	(38.5)	183	(97.9)	522	(94.2)	507	(91.0)

	Net income per share	Net income per share (diluted)
	Yen	Yen
6-month period ended September 30, 2010	16.98	—
6-month period ended September 30, 2009	2.73	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2010	177,340	86,698	45.4	433.16
As of March 31, 2010	182,641	86,837	44.3	434.59

Note: Shareholders' equity

As of September 30, 2010: ¥80,580 million

As of March 31, 2010: ¥80,847 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
FY2010	—	3.00	—	3.00	6.00
FY2011	—	3.00			
FY2011 (Forecast)			—	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, 2011

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

	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
12-month period ending March 31, 2011	132,000	17.1	8,800	85.7	8,500	70.3	4,800	51.2	25.80

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

4. Others (For details please see page 6, “2. Other Information”)

(1) Significant changes in scope of consolidation: No

Note: Indicates changes in specified subsidiaries following changes in the scope of consolidation.

(2) Adoption of simplified methods of accounting or special methods of accounting: Yes

Note: Indicates adoption of simplified methods of accounting or special methods of accounting in preparation of quarterly consolidated financial statements.

(3)Changes in rules, procedures, or presentation methods of accounting

1 Changes in accordance with amendment of accounting standards: Yes

2 Changes other than 1: No

Note: Indicates changes in rules, procedures, or presentation methods of accounting in preparation of quarterly consolidated financial statements to be included in the section Changes in significant items that form the basis of the preparation of quarterly consolidated financial statements.

(4) Number of shares issued (common shares)

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

2nd quarter in FY2011:	191,406,969 shares
FY2010:	191,406,969 shares

2 Number of treasury shares at end of period

2nd quarter in FY2011:	5,379,212 shares
FY2010:	5,374,353 shares

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

2nd quarter in FY2011:	186,030,242 shares
2nd quarter in FY2010:	186,042,071 shares

* Disclosure regarding implementation status of the quarterly review

These quarterly financial statements are exempt from the quarterly review procedure required by the Financial Instruments and Exchange Act. Accordingly, the quarterly review based on the Financial Instruments and Exchange Act has not been completed at the time of disclosure of these financial statements.

* 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.

1. Qualitative Information Regard Consolidated Performance in the Quarter under Review

(1) Qualitative Information Regarding Consolidated Operating Results

(Unless otherwise stated, all comparisons are between the six-month period from April 1, 2010, to September 30, 2010, and the six month period from April 1, 2009, to September 30, 2009.)

In the six-month period, in the Japanese economy, there was a gradual trend toward recovery following increased exports to Asia and other regions, as well as a rise in consumer spending. However, in the second half of the period, we were faced with such concerns as decreased exports due to the rapid appreciation of the yen, and reduced sales of automobiles following the ceasing of grants for purchasing environment-friendly vehicles offered by the Japanese government. Accordingly, conditions in the Japanese economy have become increasingly unclear.

In the Group's operating environment there were signs of recovery of capital investment in industries related to machine tools, liquid crystal displays (LCD), and semiconductors. Also, sales of automobiles, centered on environment-friendly vehicles, remained strong.

As a result, consolidated orders in the period rose 33.0% year on year, to ¥67,816 million. Net sales also increased 35.2%, to ¥68,270 million. Both operating income and ordinary income rose year on year, with operating income increasing by 29.1 times, to ¥5,341 million, and ordinary income increasing 10.4 times, to ¥5,410 million. This increase in income was a result of improved net sales and the effects of measures to improve profitability implemented throughout the Group. Net income grew by 6.2 times to ¥3,159 million.

Segment results are summarized as follows.
(Starting with the first quarter, the Group has changed its reporting segments. The previous segments were the Power Transmission Products segment and the Materials Handling Systems segment. The new segments will consist of the following four segments: Chains, Power Transmission Units and Components, Automotive Parts, and Materials Handling Systems. Comparisons with results from the previous year are not listed due to the change in segments.)

[Chains]
The Chains segment sales of mainstay products such as drive chains, small-sized conveyor chains, and cable and hose protection and guidance products for such industries as the machine tool industry, LCD and semiconductor related industry, automotive industry, and food industry were strong.

Due to these factors, orders received were ¥23,143 million, net sales were ¥23,008 million, and operating income was ¥1,318 million.

[Power Transmission Units and Components]
The Power Transmission Units and Component segment saw a trend toward recovery in sales of mainstay products including reducers, linear actuators, locking devices, and shaft couplings for the machine tool industry as well as the LCD and semiconductor related industry.

As a result of these factors, orders received were ¥9,970 million, net sales were ¥9,483 million, and operating income was ¥942 million.

[Automotive Parts]
In the Automotive Parts segment, the favorable trends in the production of environment-friendly vehicles and other automobiles continued in Japan and overseas. Accordingly, sales of timing chain drive systems used in automotive engines, one of the segment’s mainstay products, were strong.

Accordingly, orders received were ¥21,605 million, net sales were ¥22,279 million, and operating income was ¥3,027 million.

[Materials Handling Systems]
In the Material Handling Segment, harsh operating conditions continued. However, there were significant sales of large-scale orders for conveyance systems for the steel and automotive industries, and sorting systems for the distribution industry.

As a result, orders received were ¥12,139 million and net sales were ¥12,570 million. In regard to income, due to an unprofitable deal during the first quarter, we were forced to record operating loss of ¥227 million.

[Other]
Other orders received totaled ¥957 million, net sales were ¥928 million, and operating income was ¥78 million.

(2) Qualitative Information Regarding Consolidated Financial Position

<Analysis of Financial Position>

[Assets]
Total assets at the end of the quarter were down ¥5301 million from the end of the previous fiscal year, to ¥177,340 million.

Total current assets at the end of the period decreased ¥6,206 million from the end of the previous fiscal year, to ¥75,813 million, primarily due to a ¥3,921 million decline in securities stemming from a decrease in certificates of deposit, and a ¥3,480 million decrease in cash and cash equivalents resulted from the redemption of bonds due within one year.

Total non-current assets at the end of the period were up ¥905 million from the end of the previous fiscal year, to ¥101,526 million, due in part to a ¥894 million increase in property, plant and equipment resulted from such factors as the consolidation of Kabelschlepp GmbH

[Liabilities]
Liabilities at the end of the period were down ¥5,162 million from the end of the previous fiscal year to ¥90,641 million. This was due to the redemption of ¥7,010 million worth of bonds due within one year, which offset a ¥1,851 million increase in trade notes and accounts payable.

[Net Assets]
Net assets at the end of the period were down ¥138 million from the end of the previous fiscal year, to ¥86,698 million. There was a ¥2,601 million increase in retained earnings. However, this was offset by a ¥1,733 million decrease in translation adjustments because of fluctuations in currency exchange rates, and a ¥1,174 million decrease in net unrealized holding gain on securities due to a decrease in the differences with mark-to-market valuations on securities. The equity ratio was 45.4%.

<Analysis of Cash Flows>

Cash and cash equivalents at the end of the quarter was down ¥7,404 million from the previous fiscal year end, to ¥12,975 million.

A breakdown of the principal factors in the net decrease is as follows.

[Cash provided by operating activities]

Net cash provided by operating activities was ¥7,643 million, compared to ¥5,958 million in the previous fiscal year, which was attributable to income before income taxes and minority interests of ¥5,191 million and depreciation and amortization of ¥3,625 million.

[Cash used in investing activities]

Net cash used in investing activities was ¥4,829 million, compared to ¥3,919 million in the previous fiscal year. Major outflows included ¥1,856 million used to acquire capital in a subsidiary, ¥1,812 million in capital investments in such areas as automotive parts production facilities, and ¥1,137 used to acquire stock in an affiliate.

[Cash provided by financing activities]

Net cash used in financing activities was ¥9,839 million, compared to cash provided by financing activities of ¥4,992 million in the previous fiscal year. This was primarily the result of the redemption of ¥7,010 million worth of bonds due within one year, and an outflow of ¥2,845 million to repay long-term loans.

(3) Qualitative Information Regarding Consolidated Operating Results Outlook

While future economic conditions remain unclear, the full-year outlook for the fiscal year ending March 31, 2011, has been revised based on the operating results achieved in the six-month period. The changes to forecasted operating results from those in the previous outlook released on August 6, 2010 are detailed below.

The base exchange rate used for full-year outlook is US$1=¥85 and 1 euro=¥115.

1) Revised outlook for consolidated operating results

Revised outlook for consolidated operating results for the 12 months ending March 31, 2011

	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 August 6, 2010)	130,000	7,500	7,400	4,200	22.58
Revised forecast (B)	132,000	8,800	8,500	4,800	25.80
Increase / Decrease (B − A)	2,000	1,300	1,100	600	—
Percentage increase (%)	1.5	17.3	14.9	14.3	—

(Reference)

2) Revised outlook for nonconsolidated operating results

Revised outlook for nonconsolidated operating results for the 12 months ending March 31, 2011

	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 August 6, 2010)	73,000	3,200	4,600	2,900	15.59
Revised forecast (B)	75,000	3,300	4,800	3,000	16.13
Increase / Decrease (B − A)	2,000	100	200	100	—
Percentage increase (%)	2.7	3.1	4.3	3.4	—

2. Other Information

(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

1) From the first quarter of the fiscal year ending March 2011, the Company adopted the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16, March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (PITF No.24, March 10, 2008).

There have been no changes in operating income, ordinary income, or income before income taxes and minority interests for the quarter as a result of the adoption of these standards.

2) From the first quarter of the fiscal year ending March 2011, the Company adopted the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (Guidance No.21, March 31, 2008)

The adoption of these standards has resulted in a ¥6 million reduction in operating income and ordinary income, and a ¥210 million reduction in income before income taxes and minority interests. Further, the value of asset retirement obligations resulting from the adoption of these standards is ¥244 million.

3) From the first quarter of the fiscal year ending March 2011, the Company adopted the Accounting Standard for Business Combinations (ASBJ Statement No.21, December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, December 26, 2008), the Partial amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No.23, December 26, 2008), the Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7, December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16, December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, December 26, 2008).