May 11, 2011

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>

For the twelve-month period ended March 31, 2011

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Code number: 6371
Stock exchange listings: Tokyo, Osaka
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*Amounts less than ¥1 million are omitted

1. Consolidated Operating Results for the Twelve Months Ended December 31, 2011

(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, 2011	138,243	22.6	11,022	132.6	11,111	122.7	6,093	91.9
For 12 months ended March 31, 2010	112,759	(20.3)	4,737	(47.9)	4,990	(46.5)	3,175	(48.7)

Note: Comprehensive income

Fiscal Year ended March 31, 2011: ¥4,206 million (+9.5%)

Fiscal Year ended March 31, 2010: ¥3,841 million (–%)

	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, 2011	32.76	–	7.4	6.1	8.0
For 12 months ended March 31, 2010	17.07	–	4.0	2.8	4.2

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

Fiscal Year ended March 31, 2011: ¥60 million

Fiscal Year ended March 31, 2010: ¥79 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2011	184,206	89,877	45.3	448.43
As of March 31, 2010	182,641	86,837	44.3	434.59

Note: Shareholders' equity

As of March 31, 2011: ¥83,413 million

As of March 31, 2010: ¥80,847 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, 2011	16,293	(8,281)	(10,578)	17,308
For 12 months ended March 31, 2010	14,508	(5,020)	(373)	20,379

2. Dividends

	Dividends per share					Total amount of dividends (Total)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY 2010	–	3.00	–	3.00	6.00	1,116	35.1	1.4
FY 2011	–	3.00	–	4.00	7.00	1,302	21.4	1.6
FY 2012 (Forecasted)	–	–	–	–	–		–	

Note: The Company had not formulated forecasts for dividend payments in the fiscal year ending March 31, 2012, at the time these consolidated financial statements were prepared.

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2012

Due to the effects of the Great East Japan Earthquake, which occurred on March 11, 2011, the Company was unable to reasonably forecast operating results for the fiscal year ending March 31, 2012, at the time these consolidated financial statements were prepared. These forecasts will be disclosed at the earliest date possible.

4. Others

(1) Significant changes in scope of consolidation: No

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

[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, 2011: 191,406,969 shares

As of March 31, 2010: 191,406,969 shares

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

As of March 31, 2011: 5,397,143shares

As of March 31, 2010: 5,374,353 shares

[3] Weighted average number of shares outstanding during the fiscal year

As of March 31, 2011: 186,023,349 shares

As of March 31, 2010: 186,039,459 shares

(Reference)

1. Non-Consolidated Financial Highlights for the Twelve Months Ended March 31, 2011

(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, 2011	76,910	24.6	4,265	249.3	6,027	99.1	3,556	57.5
For 12 months ended March 31, 2010	61,745	(20.4)	1,220	(50.5)	3,027	(30.6)	2,257	(4.9)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
For 12 months ended March 31, 2011	19.12	–
For 12 months ended March 31, 2010	12.14	–

(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, 2011	136,050	61,077	44.9	328.36
March 31, 2010	137,151	59,226	43.2	318.37

Note: Shareholders' equity

As of March 31, 2011: ¥61,077 million

As of March 31, 2010: ¥59,226 million

2. Outlook for Non-Consolidated Operating Results for the 12 Months Ending March 31, 2012

Due to the effects of the Great East Japan Earthquake, which occurred on March 11, 2011, the Company was unable to reasonably forecast operating results for the fiscal year ending March 31, 2012, at the time these consolidated financial statements were prepared. These forecasts will be disclosed at the earliest date possible.

*Status of auditing

These consolidated financial statements have not been audited as they are not subject to auditing under the Financial Instruments and Exchange Act of Japan.

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

1. Due to the effects of the Great East Japan Earthquake, which occurred on March 11, 2011, the Company was unable to reasonably forecast operating results for the fiscal year ending March 31, 2012, at the time these consolidated financial statements were prepared. These forecasts will be disclosed at the earliest date possible.
2. The Company had not formulated forecasts for dividend payments in the fiscal year ending March 31, 2012, at the time these consolidated financial statements were prepared. Forecasts for dividend payments will be disclosed at the earliest date possible.

1. Business Results

(1) Analysis of Business Results

1. Overview of Operating Results

In the fiscal year under review (from April 1, 2010, to March 31, 2011), corporate revenues improved in the Japanese economy during the first half of the year due to increased demand for exports and the results of economic stimulus measures, resulting in a gradual trend toward recovery. While the second half of the year was plagued by sluggish demand for exports and poor sales of automobiles in Japan, halting growth, these conditions too began to recover in the 2011 calendar year. However, the Great East Japan Earthquake, which occurred on March 11, 2011, brought a renewed state of opaqueness with it at the end of the fiscal year.

Under these circumstances, conditions in the Group’s operating environment remained strong, regardless of low sales of automobiles in Japan during the latter half of the year. This was due to factors such as the recovery of capital investment in industries related to machine tools, liquid crystal displays (LCD), and semiconductors.

As a result, consolidated orders in the fiscal year rose 22.9% year on year, to ¥138,431 million. Net sales increased 22.6%, to ¥138,243 million. Both operating income and ordinary income rose year on year, with operating income increasing by 132.6%, to ¥11,022 million, and ordinary income increasing by 122.7%, to ¥11,111 million. This increase in income was a result of higher net sales and the effects of measures to improve profitability implemented throughout the Group. Net income grew by 91.9% to ¥6,093 million.

Segment results are summarized as follows.

[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 up 29.1%, to ¥47,899 million, net sales rose 27.1%, to ¥47,022 million, and operating income increased by 9.0 times, to ¥2,780 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 up 28.4%, to ¥20,217 million, net sales rose 29.9%, to ¥19,738 million, and operating income increased by 16.5 times, to ¥2,065 million.

[Automotive Parts]

In the Automotive Parts segment, the favorable trends in production of automobiles continued in Japan and overseas regardless of the poor sales of automobiles seen in Japan during the third quarter. Accordingly, sales of timing chain drive systems used in automotive engines, one of the segment’s mainstay products, were strong.

Accordingly, orders received were up 11.7%, to ¥42,742 million, net sales rose 13.4%, to ¥43,302 million, and operating income increased by 47.1%, to ¥5,382 million.

[Materials Handling Systems]

In the Materials Handling Segment, harsh operating conditions continued. However, sales of conveyance systems for the steel and automotive industries as well as sorting systems for the distribution industry were relatively strong.

As a result, orders received were up 31.0%, to ¥25,673 million, net sales rose 28.9%, to ¥26,304 million, and operating income was ¥215 million, compared to an operating loss of ¥8 million in the previous fiscal year.

[Other]

Other orders received fell 1.4%, to ¥1,897 million, and net sales were down 4.0%, to ¥1,875 million. Regardless though, operating income increased by 43.9%, to ¥173 million.

2. Outlook for the Current Fiscal Year

The Group will devote its efforts to improving profitability through the implementation of the measures to strengthen operating foundations outlined in the Medium-Term Management Plan 2012.

However, in regard to our forecast for the fiscal year ending March 31, 2012, the Great East Japan Earthquake significantly affected the operating environment, disrupting the supply chain of the automotive industry and other principle industries, causing electricity shortages, and creating other issues that are cause for uncertainty. Therefore, we are unable to make a rational forecast for consolidated business results as this point in time. We will disclose such forecasts at the earliest date possible.

(2) Analysis of Financial Position

1. Assets, Liabilities and Shareholders' Equity

(Assets)

Total assets at the end of the fiscal year under review were ¥184,206 million, up ¥1,564 million from the end of the previous fiscal year. This was primarily due to such factors as ¥1,834 million increase in trade notes and accounts receivable attributable to higher net sales and a ¥1,271 million increase in fixed assets following the addition of Kabelschlepp GmbH to the scope of consolidation. These factors offset a ¥1,256 million decrease in securities reflecting a decline in certificates of deposit.

(Liabilities)

Liabilities at the end of the fiscal year decreased ¥1,475 million from the end of the previous fiscal year, to ¥94,329 million. While there was a ¥2,564 million increase in trade notes and accounts payable and a ¥2,017 million increase in accrued income taxes, which was the result of higher income, these factors were offset by the redemption of ¥7,010 million worth of bonds due within one year.

(Net Assets)

Net assets at the end of the fiscal year increased ¥3,039 million from the end of the previous fiscal year, to ¥89,877 million. There was a ¥1,803 million decrease in translation adjustments because of fluctuations in currency exchange rates, but this was offset by a ¥4,980 million increase in retained earnings. The equity ratio improved 1.0 percentage points, to 45.3%.

2. Cash flow

Cash and cash equivalents at the end of the fiscal year were down ¥3,071 million from the previous fiscal year end, to ¥17,308 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 ¥16,293 million, attributable to income before income taxes and minority interests of ¥10,463 million and depreciation and amortization of ¥7,544 million.

(Cash used in investing activities)
Net cash used in investing activities was ¥8,281 million. Major outflows included ¥5,046 million used to pay for automotive parts production facilities, ¥1,887 million used to acquire capital in a subsidiary following changes in the scope of consolidation, and ¥1,137 million used to acquire stock in an affiliate.

(Cash used in financing activities]
Net cash used in financing activities was ¥10,578 million. This was primarily the result of the redemption of ¥7,010 million worth of bonds due within one year, and an outflow of ¥4,204 million to repay long-term loans.

(Reference) Cash flow Indicators

	FY2008	FY2009	FY2010	FY2011
Shareholders' equity ratio	40.3 %	43.9%	44.3%	45.3%
Shareholders' equity ratio (market-based)	54.4 %	22.9%	45.7%	43.1%
Debt repayment periods	1.9 years	5.2 years	2.7 years	1.9 years
Interest coverage ratio	21.4x	9.7x	22.9x	24.1x

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) Policy on Shareholder Returns in the Fiscal Year Under Review

The Tsubaki Group views returning profits to its shareholders as one of the highest priorities of management. Our fundamental policy regarding shareholder returns is to focus our attention on meeting the interests of our shareholders through the provision of steady dividend payments, while also adjusting dividend payments based on such factors as our consolidated results.

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.

Taking into consideration our operating results, we have decided to raise the year-end dividend for the fiscal year under review by ¥1.00 from the predetermined amount of ¥3.00 per share to ¥4.00 per share. Combined with the interim dividend of ¥3.00 yen per share, this will make for total dividend payments of ¥7.00 per share in the year under review.