

November 9, 2012

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>

For the six-month period ended September 30, 2012

Name of the company: Tsubakimoto Chain Co.

Code number: 6371

Stock exchange listings: Tokyo, Osaka

URL: <http://tsubakimoto.com/>

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Scheduled quarterly

report issuance date: November 12, 2012

Scheduled dividend

payment date: December 10, 2012

*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Six Months Ended September 30, 2012

(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, 2012	72,773	4.2	6,419	15.3	6,525	14.7	3,810	22.6
6-month period ended September 30, 2011	69,865	2.3	5,567	4.2	5,686	5.1	3,108	(1.6)

Note: Comprehensive income

6-month period ended September 30, 2012: ¥ 2,056 million: 40.7 %

6-month period ended September 30, 2011: ¥ 1,461 million: 216.1 %

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
6-month period ended September 30, 2012	20.36		—	
6-month period ended September 30, 2011	16.71		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2012	199,629		97,154		45.6	
As of March 31, 2012	191,766		96,335		46.9	

Note: Shareholders' equity

As of September 30, 2012: ¥ 90,955 million

As of March 31, 2012: ¥ 89,923 million

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2012	—	3.00	—	4.00	7.00
FY2013	—	3.00	—	4.00	7.00
FY2013 (Forecast)	—	—	—	4.00	7.00

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

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2013

(% 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, 2013	150,000	3.5	12,100	0.2	12,100	(0.3)	6,800	(0.2)	36.33

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

* Notes

(1) Significant changes in scope of consolidation (indicates changes in specified subsidiaries involving changes in the scope of consolidation): Yes

New 1 company (Tsubakimoto Chain (Tianjin) Co., Ltd.)

Excluded 0 companies

(2) Adoption of specific accounting procedures for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, accounting estimates, and restatement of corrections:

1. Changes in accounting policies due to the revision of accounting standards and other regulations: Yes

2. Other changes in accounting policies: None

3. Changes in accounting estimates: Yes

4. Restatement of corrections: None

(4) Number of shares issued (common shares)

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

As of September 30, 2012: 191,406,969 shares

As of March 31, 2012: 191,406,969 shares

2 Number of treasury shares at end of period

As of September 30, 2012: 4,255,151 shares

As of March 31, 2012: 4,246,240 shares

3 Average number of shares during the period

As of September 30, 2012: 187,157,603 shares

As of September 30, 2011: 186,006,873 shares

* 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. 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.

(Reference)

Non-consolidated Operating Results for the Six Months Ended September 30, 2012

Non-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, 2012	39,213	7.0	2,599	62.4	4,199	31.1	3,049	22.5
6-month period ended September 30, 2011	36,647	(4.2)	1,600	(27.6)	3,204	(3.1)	2,489	13.0

1. Qualitative Information Regarding Consolidated Performance in the Period under Review

(1) Qualitative Information Regarding Consolidated Operating Results

(Unless otherwise stated, all comparisons are between the six-month period from April 1, 2012, to September 30, 2012, and the six-month period from April 1, 2011, to September 30, 2011.)

In the six-month period ended September 30, 2012, the Tsubaki Group's operating environment saw a gradual recovery trend due to the reconstruction demand following the Great East Japan Earthquake as well as increased automobile production, centered on environmentally friendly automobiles. However, future conditions remained highly unclear due to the global economic slowdown stemming from sluggish business conditions in Europe and slower growth in China, as well as to a slowdown in China business due to the worsening of Japan-China relations.

In this environment, orders in the six-month period were up 2.4% year on year, to ¥72,211 million, and net sales were up 4.2%, to ¥72,773 million. Operating income was up 15.3%, to ¥6,419 million; ordinary income was up 14.7%, to ¥6,525 million; and net income was up 22.6%, to ¥3,810 million.

Segment results are summarized as follows.

[Chains]

In the Chains segment, net sales were down year on year. Overseas, sales of drive chains for replacement purposes and OEMs were strong in North America and Europe. However, in Japan sales of products such as drive chains and support and guidance systems for cables and hoses were down.

As a result, orders received were down 5.6%, to ¥23,877 million; net sales were down 3.0%, to ¥24,508 million; and operating income rose 5.6%, to ¥1,922 million.

[Power Transmission Units and Components]

The Power Transmission Units and Component segment saw favorable sales of cam clutches for OEMs in Europe as well as reducers in China. However, sales to the LCD, semiconductor, and steel industries were sluggish in Japan, as were sales to regions of Asia other than China. Accordingly, net sales were down year on year.

As a result, orders received were down 11.8%, to ¥9,660 million; net sales declined 8.7%, to ¥9,826 million; and operating income decreased 26.2%, to ¥1,017 million.

[Automotive Parts]

In the Automotive Parts segment, due to increased automobile production, centered on environmentally friendly vehicles, domestic sales of timing chain drive systems for automobile engines were strong. Favorable sales of these products were also recorded at bases in North America, Thailand, China, and South Korea. However, future conditions became difficult to predict due to production cutbacks by Japanese automakers accompanying the worsening of Japan-China relations.

As a result, orders received were up 24.0%, to ¥24,317 million; net sales rose 22.9%, to ¥24,396 million; and operating income was up 87.0%, to ¥3,244 million.

[Materials Handling Systems]

In the Materials Handling Systems segment, solid sales were recorded by sorting systems for the distribution industry, bulk handling systems and conveyance systems for the machine tool industry. However, sales of conveyance systems for the automotive industry in the United States were down.

As a result, orders received were down 3.4%, to ¥13,278 million; net sales decreased 0.5%, to ¥13,075 million; and operating income was down 28.9%, to ¥261 million.

[Other]

Other orders received rose 17.4%, to ¥1,077 million; net sales were up 13.8%, to ¥968 million; and operating income increased 46.4%, to ¥92 million.

(2) Qualitative Information Regarding Consolidated Financial Position

Financial Position

[Assets]

Total assets stood at ¥199,629 million on September 30, 2012, up ¥7,863 million from the end of the previous fiscal year.

Current assets totaled ¥91,828 million, up ¥5,198 million from the end of the previous fiscal year. While there was a ¥4,016 million decrease in securities, primarily reflecting a decline in certificates of deposit, this was outweighed by an increase of ¥8,518 million in cash and deposits due to such factors as an increase in time deposits and the consolidation of Tsubakimoto Chain (Tianjin) Co., Ltd.

Non-current assets amounted to ¥107,801 million, up ¥2,665 million from the end of the previous fiscal year. This was primarily due to an increase of ¥4,369 million in goodwill due to the acquisition of the entire business of the Mayfran Group, and to an increase of ¥2,272 million in property, plant and equipment due to investment in production facilities. These factors offset a ¥3,816 million decline in investments and other assets following the consolidation of Tsubakimoto Chain (Tianjin) Co., Ltd., and lower stock prices of securities held by the Company.

[Liabilities]

Liabilities at the end of the period were ¥102,475 million, up ¥7,045 million from the end of the previous fiscal year. This was primarily attributable to an increase of ¥7,581 million in long-term debt.

[Net Assets]

Net assets at the end of the period were ¥97,154 million, up ¥818 million from the end of the previous fiscal year. This was largely due to a ¥3,094 million increase in retained earnings, which offset a decline of ¥1,117 million in net unrealized holding gain on securities due to such factors as declines in the prices of stocks held and a decline of ¥912 million in translation adjustments. The equity ratio was 45.6%.

Analysis of Cash Flow

Cash and cash equivalents (hereafter referred to as "cash") at the end of the six-month period were up ¥4,530 million from the previous fiscal year-end, to ¥18,446 million.

Cash flows for each type of activity and the principal factors are as follows.

[Cash flows from operating activities]

Net cash provided by operating activities amounted to ¥6,941 million, an increase of ¥1,494 million year on year. This increase was attributable to income before income taxes and minority interests of ¥6,377 million and a decline of ¥2,743 million in trade notes and accounts receivable, which offset income taxes paid of ¥2,534 million.

[Cash flows from investing activities]

Net cash used in investing activities was ¥11,980 million, a decrease of ¥4,059 million year on year. Major outflows included ¥6,313 million used to acquire shares and equity in subsidiaries of the Mayfran Group and the use of ¥5,916 million in capital expenditures for automotive parts production facilities.

[Cash flows from financing activities]

Net cash provided by financing activities was ¥7,536 million, a decline of ¥915 million year on year. This was primarily the result of proceeds from long-term loans payable of ¥10,397 million, which offset net increase in short-term loans payable outflow of ¥1,697 million and dividend payments of ¥748 million.

(3) Qualitative Information Regarding Consolidated Operating Results Outlook

In August 2012, the Company acquired all businesses in the Mayfran Group (U.S.), which became subsidiaries of the Company. The Mayfran Group has superior product development capabilities and production capabilities and a global sales network in the chip conveyor and scrap conveyor businesses. As a result of this acquisition, the Company, in addition to strengthening its product and sales capabilities in chip conveyors and scrap conveyors, will be able to leverage synergies in such areas as joint development of new products and establishment of a global production/supply system.

In regard to results in the fiscal year ending March 31, 2013, the Group's operating environment is expected to become increasingly challenging due to a number of factors. These include a global economic slowdown stemming from sluggish business conditions in Europe and slower growth in China, a slowdown in China business due to the worsening of Japan-China relations, and lower automotive production stemming from the conclusion of government subsidies for purchasing environmentally friendly automobiles. Accordingly, the Company has made the following revisions to the results forecasts announced on May 11, 2012.

The consolidated business results outlook for the fiscal year is based on the following exchange rates: US\$1=¥77 and 1 euro=¥103.

Revised outlook for consolidated operating results for the 12 months ending March 31, 2013

	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 11, 2012)	150,000	13,500	13,400	7,700	41.14
Revised forecast (B)	150,000	12,100	12,100	6,800	36.33
Increase / Decrease (B - A)	—	(1,400)	(1,300)	(900)	—
Percentage decrease (%)	—	(10.4)	(9.7)	(11.7)	—

(Reference) Revised outlook for nonconsolidated operating results for the 12 months ending March 31, 2013

	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 11, 2012)	82,000	5,700	7,500	5,000	26.72
Revised forecast (B)	79,000	5,300	7,000	4,700	25.11
Increase / Decrease (B – A)	(3,000)	(400)	(500)	(300)	—
Percentage decrease (%)	(3.7)	(7.0)	(6.7)	(6.0)	—

2. Matters Concerning Summary Information (Notes)

(1) Significant changes in scope of consolidation

From the three-month consolidated fiscal period ended June 30, 2012, Tsubakimoto Chain (Tianjin) Co., Ltd., which had previously been excluded from the scope of consolidation, has been included in the scope of consolidation due to increased materiality.

(2) Adoption of specific accounting procedures for preparing quarterly consolidated financial statements

No applicable items

(3) Changes in accounting policies, accounting estimates, and restatement of corrections

(Changes that are difficult to distinguish between a change in an accounting policy and a change in an accounting estimate)

The Group and its domestic consolidated subsidiaries, in accordance with amendments to the Corporation Tax Act, have changed their depreciation methods based on the revised act in regards to how they depreciate assets in categories for which the depreciation method described in the pre-revised act was applied. The new methods took effect from the three-month consolidated fiscal period ended June 30, 2012 as applying to property, plants and equipment acquired starting from April 1, 2012.

The implications for consolidated results in the period under review with regard to income and losses were minimal.