



Annual Report 2002

Financial Highlights

Tsubakimoto Chain Co. and Consolidated Subsidiaries

Years Ended March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Net sales	¥113,741	¥114,206	\$855,195
Operating income	6,038	6,962	45,399
Net income	1,202	465	9,038
Per share* (yen and dollars):			
Net income	¥6.27	¥2.42	\$0.047
Cash dividends	6.00	6.00	0.045
Total assets	¥201,555	¥208,877	\$1,515,451
Shareholders' equity	62,674	66,463	471,233

Note: The U.S. dollar amounts in this annual report have been calculated from yen amounts, for convenience only, at the exchange rate of ¥133 to \$1, the approximate exchange rate at March 31, 2002.

* The effective par value per share is ¥50.

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Our Vision

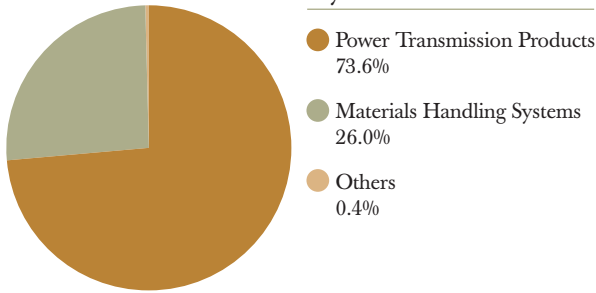
We aim to be a leading company in the global markets for power transmission products and materials handling systems.

Since Tsubakimoto Chain Co. was established in 1917 as a manufacturer specializing in steel chains, it has developed into a global corporation that supplies power transmission products and materials handling systems to more than 70 countries. In particular, the quality and functionality of Tsubaki-brand products have earned the Company the absolute trust of its customers, establishing it as a market leader. In recent years, Tsubakimoto Chain's products for the automotive industry, such as timing drive systems for engines, have been the driver of the Company's growth, and automakers worldwide are making increasing use of these products.

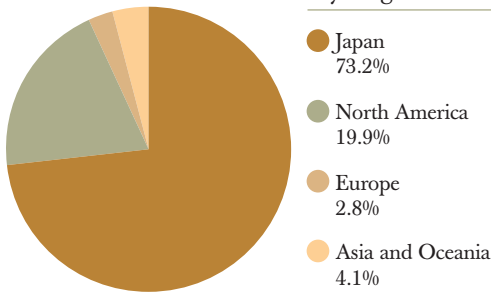
Based on its mission to "provide the best value to customers around the world," Tsubakimoto Chain is working to bolster its competitiveness and market position. In April 2002, the Company's new plant in Kyotanabe, Kyoto Prefecture, began full operations. This new plant is the world's most technologically advanced chain manufacturing facility. In the years ahead, aiming to strengthen its position as an international company, Tsubakimoto Chain will continue to target global markets and aggressively expand its operations.

Breakdown of Net Sales

By Product

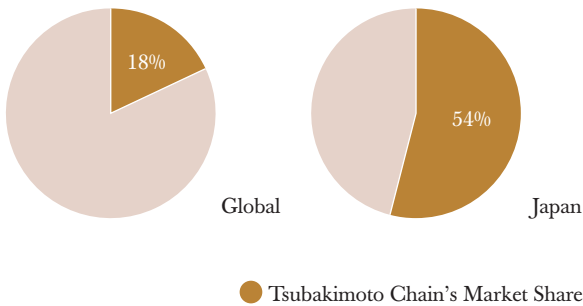


By Region

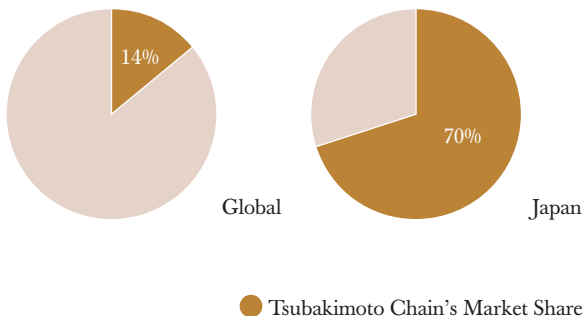


Market Position

Steel Chains

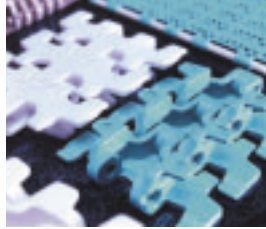


Timing Chains



Major Products

Chains



Plastic chains

Drive chains

- RS roller chains •Lambda roller chains
- Low-noise chains

Conveyor chains

- Attachment chains •Top chains •Free flow chains
- Needle bush chains •RF conveyor chains

Plastic products

- Belt top chains •Module conveyor belts
- Conveyor components

Cable and hose protection and guidance products

- TKC Cableveyor •TKP Cableveyor
- TKM Cableveyor •TKF Cableveyor

Automotive Parts



Timing drive products

Automotive timing drive systems

- Timing chains •Silent chains •Timing belts
- Tensioners •Belt auto-tensioners •Levers
- Guides •Sprockets •Pulleys

General industrial timing belts

- JIS timing belts •Ultra PX belts
- Urethane timing belts •Long belts
- Lock pulleys •Rod pulleys

Power Transmission Units and Components



Cam clutches

Motion control units

- Power Cylinders •Lini Power Jacks
- Shock dampers (oil-type shock absorbers)
- Power Locks

Reducers and variable speed drives

- Gear motors •Hypoid motors
- Worm reducers •Shaft-mounted reducers
- Gear boxes •DISCO variable speed drives

Couplings

- Couplings •Cam clutches •Torque limiters
- Electromagnetic clutch brakes •Torque guards

Electric control devices

- Shock relays •Shock monitors •Servos

Materials Handling Systems



AGV

Sorting systems

- Linisort •Navisort •Mailsort

Conveyance systems

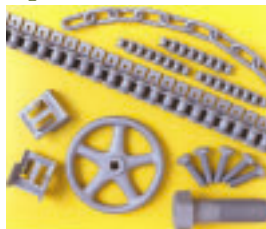
- Autran Vanguard •AGV •ADS (Auto Dolly Super)
- New Traverser •Clean Lifter •LCD panel WIPS

Storage and picking systems

- Pack-U-Veyor •Power Column

Maintenance operations

Environmental Operations



Anti-corrosion coating products

Environmental equipment

- Water processing chains

Environmental products

- Sanitation equipment •Anti-corrosion coating systems
- Environmental data collection software

Health-care products

- Electric reclining system for beds
- Lifts for wheelchairs
- Automatic height-adjustment kitchen system

THE WORLD'S LEADING CHAIN PLANT



Operations at New Chain Center in Japan Get Fully Under Way

In April 2002, Tsubakimoto Chain commenced full-scale operations at its new chain center, which features the world's most technologically advanced chain plant. Constructed on a 230,000-square-meter site in Kyotanabe in Kyoto Prefecture, the new plant has a total floor space of roughly 100,000 square meters.

Seeking to maintain high quality standards, minimize costs, and address environmental and other future issues, we have equipped the new plant with leading-edge facilities, equipment, and production and management systems. Tsubakimoto Chain intends to realize a 30% increase in per capita output over the next three years by steadily raising production volumes while reducing employee numbers.



Takashi Fukunaga
President and Representative Director

FOCUSING ON GROWTH

In the year under review, Tsubakimoto Chain faced an increasingly challenging operating environment that was marked by a falloff in capital investment across related business sectors. In response, we worked to consolidate our position as a leading company in the global steel chain industry by leveraging the solidarity of the Tsubakimoto Chain Group to bolster our market competitiveness.

OVERVIEW OF THE YEAR'S PERFORMANCE

In the fiscal year ended March 31, 2002, a worldwide slump in IT-related industries triggered a decline in capital investment that spanned almost all business sectors in Japan, creating a difficult operating environment for Tsubakimoto Chain. Against this backdrop, the Company aggressively implemented restructuring measures to enable it to respond flexibly to market shifts while taking steps to develop more customer-oriented operations. We also actively worked to expand our operations by forging strategic alliances with overseas manufacturers. Thanks to these efforts, the Company recorded net sales of ¥113.7 billion in the year under review, approximately the same as in the previous fiscal year. Although higher selling, general and administrative expenses led to a 13.3% decrease in operating income, to ¥6.0 billion, a significant reduction in extraordinary losses compared with the previous year resulted in a rise in net income to ¥1.2 billion.

By business segment, in power transmission products, we recorded lower sales than in the previous fiscal year due to sluggish market conditions, which were reflected in weak demand for our mainstay industrial-use chains. We began original equipment manufacturing (OEM) supply through a strategic alliance with a company based in the United States; however, sales of steel chains for general industrial applications were sluggish because of a significant slump in the market as a whole. Sales of plastic chains and power transmission units and components, including reducers, were also weak. On the other hand, sales of automotive parts exceeded expectations, as automakers steadily increased their usage of Tsubakimoto Chain timing chain systems.

Recording double-digit sales growth, our materials handling systems operations continued to perform well in the fiscal year under review, centered on our environment-related product lineup. Over the past several years, the Company has worked to augment the profitability of its materials handling systems segment by consolidating its production centers and reducing its workforce. The Company has also concentrated its resources on the development of operations in areas where Tsubakimoto Chain has particular strengths, and the success of these initiatives is now being realized. In addition to robust demand for such environment-related products as our refuse conveyors, overseas sales of factory automation (FA) systems for the automotive industry were brisk.

MEDIUM-TO-LONG-TERM OPERATING STRATEGY

Tsubakimoto Chain adheres to a fundamental management strategy of reinforcing its position as a leader in the global chain industry by developing its operations based on

a full awareness of the dynamic changes shaping world markets. Accordingly, the Company is actively undertaking a structural reorganization aimed at strengthening the Tsubakimoto Chain Group as well as enhancing its international competitiveness through strategic alliances with overseas companies.

On April 1, 2002, we merged our Power Transmission Units and Components Business Unit with our subsidiary Tsubakimoto Emerson Co. to form Tsubaki Emerson Co. As a comprehensive manufacturer of power transmissions and components, the new company will develop highly efficient operations through tightly integrated production and marketing activities.

Furthermore, we are working to raise the competitiveness of our chain operations in international markets by beginning full-scale production at our new global chain center in Japan, by boosting our local production capacity in the United States, and by pursuing strategic business alliances. In the years ahead, we aim to secure a 20% share of the global steel chain market by enhancing our operations in Europe and by expanding those in China.

We will also move forward with the globalization of our automotive parts business based on a production regime grounded in the four key areas of Japan, North America, Europe, and Asia. During the year under review, we established a production base for timing chains in Europe, forming a strategic alliance with Joh. Winklhofer & Sohne GmbH & Co. KG, of Germany, as well as a wholly owned manufacturing subsidiary in Thailand. With steady growth expected in the automotive parts sector, the Company intends to further strengthen its operational base in this sector by drawing on its technological advantages to shape its automotive parts operations into a driving force behind Tsubakimoto Chain's continued growth.

Likewise, we will work to secure a competitive advantage in the market for materials handling systems by concentrating our corporate resources on those markets and products in which we have special strengths, such as systems for the environment-related, automotive, physical distribution, and newspaper industries.

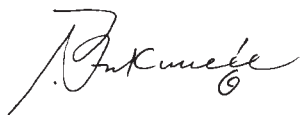
TOWARD FURTHER GROWTH

In April 2002, full-scale production began at our new chain plant in Japan. Constructed to entrench our position as a world-leading chain manufacturer, the new plant includes a technical center that consolidates our R&D capabilities and will enable the delivery of highly competitive products to international markets. Moreover, mindful of the need to establish the precedence of quality to avoid becoming caught up in reckless price competition, we are working to ensure that each of our products meets the highest standards.

Looking ahead, there remains little prospect of a rapid recovery in the domestic economy, which is expected to lead to further declines in private-sector capital investment. Under these operating conditions, Tsubakimoto Chain will strive to bolster its profitability by continuing to move forward with structural rationalization while strengthening its financial position through efforts directed at achieving the early reduction of interest-bearing liabilities. In the current fiscal year ending March 2003, we expect to achieve net sales of ¥117.0 billion, ordinary income of ¥5.0 billion, and net income of ¥3.0 billion.

In facing the challenges ahead, I would like to ask our shareholders for their continued support.

July 2002



Takashi Fukunaga
President and Representative Director

POWER TRANSMISSION PRODUCTS OPERATIONS



Kimio Takakura

*Executive Managing Director
and Representative Director*

A central pillar of Tsubakimoto Chain's business, and accounting for more than 70% of consolidated net sales, Power Transmission Products Operations play a crucial role as the driver of the Company's future growth. We are aggressively pursuing the globalization and restructuring of these operations to reinforce our leading position in world markets and to augment profitability. As part of such efforts, we began full-scale production at our new state-of-the-art chain plant in Japan in April 2002.

CHAINS

In our mainstay chain operations, our core strategies are enhancing productivity and strengthening our brand presence in world markets by leveraging the unqualified superiority of our product quality and functionality. Although the chain sector is said to have reached maturity, we intend to expand our operations by securing an even larger market share. With full operations getting under way in April 2002, our new plant in Kyoto Prefecture constitutes the foundation upon which our core operating strategies will be implemented. Our new production center features world-class manufacturing technology and productivity as well as cutting-edge distribution systems and the latest production management systems. Also, with the inclusion of a technical center within the plant, we are confident our R&D staff will make a significant contribution to reducing lead times in product development and to enhancing our technological capabilities.

Tsubakimoto Chain has a medium-to-long-term operating strategy to raise its share of the global market for steel chains for general industrial applications from its current 18% to 20%. We will achieve this target by bolstering the operating bases of our subsidiaries in the United States and Europe and by forming strategic alliances with companies overseas. In addition, given the huge potential demand in Asia for industrial steel chains, we plan to steadily strengthen our position in this region through the further development of our operations in the Chinese market.

AUTOMOTIVE PARTS

Our internationally acclaimed timing chain systems for automotive engines are the core products in our automotive parts lineup. Tsubakimoto Chain is a leading supplier of



Chain production lines at the Kyotanabe Plant

timing chains, with a 70% share of the Japanese market and a 15% share of the U.S. market. Business opportunities are expanding in the automotive industry, where growing demand for the enhanced durability and performance from automotive engines has led to an increasing shift from using belt systems for timing drives to using chain systems. In the U.S. market, until recently we mainly supplied automotive parts to General Motors. We now supply Ford as well as leading Japanese automakers Toyota and Honda. Also, Jaguar and Toyota are increasingly incorporating our timing chains into their vehicles manufactured in Europe. Against this backdrop, Tsubakimoto Chain is actively developing its automotive parts operations with its sights fixed on building an even stronger presence in international markets.

Until now, our main production centers for automotive parts have been our plants in Saitama, Japan, and Chicopee, Massachusetts, in the United States. During the fiscal year under review, we established a production base in Europe through the conclusion of an operational alliance agreement with Joh. Winklhofer & Sohne GmbH & Co. KG, of Germany. From 2003, plans call for the annual supply of 350,000 timing chain systems for automotive engines manufactured by Toyota in Europe. Also, the Company has established a subsidiary in Thailand for the production of timing chains and tensioners, which will get under way from October 2002. We now have in place a four-pronged production regime, spanning Japan, the United States, Europe, and Asia, that will enable us to supply parts for automotive engines worldwide. By developing its operations through its subsidiaries and through operational tie-ups, Tsubakimoto Chain aims to secure a more than 50% share of the global market for timing chains by fiscal year-end 2005.



Tsubakimoto Automotive (Thailand) Co., Ltd.

POWER TRANSMISSION UNITS AND COMPONENTS BUSINESS

Tsubakimoto Chain's Power Transmission Units and Components Business Unit manufactures motion control units, such as Power Cylinders, as well as reducers, couplings, and Power Locks. Structural reforms aimed at bolstering the Company's market competitiveness and profitability have been ongoing in recent years. And, as the final stage of this process, in April 2002 we merged this unit with our subsidiary Tsubakimoto Emerson Co. to form Tsubaki Emerson Co. As a comprehensive manufacturer of power transmission units and components, the new company will work to improve our competitive advantage in product and technology development and to further improve our customer-oriented operations.

MATERIALS HANDLING SYSTEMS OPERATIONS



Hideo Miyazaki
Managing Director

Since the mid-1990s, the Materials Handling Systems Division has responded to the challenging operating environment by taking decisive steps to raise profitability through a structural reorganization of the division. We are now building on the success of those initiatives, which included the consolidation of production bases, workforce reductions, and sharpening the focus of the division's areas of operation. Although difficult business conditions persisted during the year under review, the division's strong showing underpinned the performance of the Company as a whole. Demand for our mainstay products was robust, with divisional sales up 12.2%, to ¥29.5 billion, and operating income increasing approximately threefold, to ¥2.3 billion.

Based on rationalization measures aimed at restoring profitability, the Materials Handling Systems Division achieved a markedly improved performance during the fiscal year under review. In response to the adverse operating conditions in recent years, we have worked to create a solid structure that is less susceptible to the impact of changes in the business environment through such measures as aggressively acquiring subsidiaries, consolidating production bases, and reducing our workforce. Further, as a result of concentrating our product development and operating strategies on sectors where we can leverage Tsubakimoto Chain's unique engineering expertise, sales of core products accounted for close to 60% of total sales in the materials handling systems segment. Also, revenues from our maintenance operations, which we have been focusing efforts on in recent years, grew to 10% of sales in the segment.

The Materials Handling Systems Division serves a wide range of business sectors, including the automotive, paper manufacturing, newspaper, and distribution industries. Accordingly, the division has developed customer-oriented operations by targeting its core products to meet the needs of specific sectors. We are building strong market positions through such mainstay products as the Hybrid Traverser system, an automotive body paint shop conveyor system for the automotive industry; the AGV automatic roll paper feeding system for the newspaper industry; and LiniSort, a linear motor actuated sorting system for the distribution industry. Similarly, the division has strengthened the development and sales of library compound storage systems for the pharmaceutical industry. Of these systems, orders for the Hybrid Traverser system continue to be brisk, as Japanese automakers expand their production capacities overseas. Sales of the AGV paper feeding system are also growing, supported by our enhancement of after-sales service through the introduction of a 24-hour support service and software that simulates the system's operations. In addition, with a view to increasing sales in new areas of demand, we have introduced such products as a space-saving version of LiniSort 3DR that can operate on vertical as well as horizontal planes.

Recently, there has also been an upward trend in sales of environment-related products, such as bulk conveyors, and the division is working in conjunction with Tsubakimoto Chain's subsidiaries to step up its marketing of these products.



LiniSort 3DR

CORPORATE PLANNING



Norikazu Ohno

Executive Managing Director

In April 2002, Tsubakimoto Chain launched its new medium-term management plan, STEP04. Over the next three years, the Company will develop its operations in accordance with the concrete targets and benchmarks outlined in the plan. STEP04 sets out profit schedules for each division, measures to reduce interest-bearing liabilities, and workforce reductions. Based on these initiatives, the Company aims to secure a sound business base that can generate profits even during periods of economic downturn when rapid recovery in private-sector capital investment is unlikely.

The STEP04 medium-term management plan contains financial forecasts for the fiscal year ending March 2005, which include consolidated net sales of ¥124.0 billion, operating income of ¥8.3 billion, and net income of ¥4.6 billion. In our mainstay chain operations, although a continued decline in private-sector capital investment is expected in domestic sectors, we will enhance profitability by promoting globalization, expanding sales of high-performance, high-quality products, and improving production efficiency through the optimal utilization of new plants. Supported by growing demand for its automotive parts as well as organizational improvements within its materials handling systems operations, Tsubakimoto Chain will use the momentum of these two businesses to achieve its financial and operational targets.

Short-term and long-term interest-bearing debt amounted to ¥76.7 billion on a consolidated basis at the end of the fiscal year under review, mainly associated with capital expenditures for new plant construction. The Company has established a plan for the coming years to implement the staged reduction of this amount on an annual basis.

Our basic strategy has been to allocate capital generated through the comprehensive rationalization of operations, such as workforce reductions, to depreciation and interest obligations. In the years ahead, we will continue to aggressively cut staff numbers, focusing on our back-office sections. After reaching a peak at the end of March 1994, when the parent company had 3,180 employees, staff numbers have been reduced through rationalization and other measures and at the end of the year under review totaled 2,263. Including employee transfers that accompanied the spin off of the Power Transmission Units and Components Business Unit, we are taking steps to have a workforce of 1,800 employees at the parent company by the end of March 2005. Such efforts will focus on reducing back-office staff numbers. At present, approximately 300 administrative employees are employed at our Head Office and related companies in Japan, and we intend to halve this number to roughly 150 staff. As part of this process, we will establish a new support company responsible for administrative tasks that will strive to improve the operational efficiency of the Tsubakimoto Chain Group as a whole.

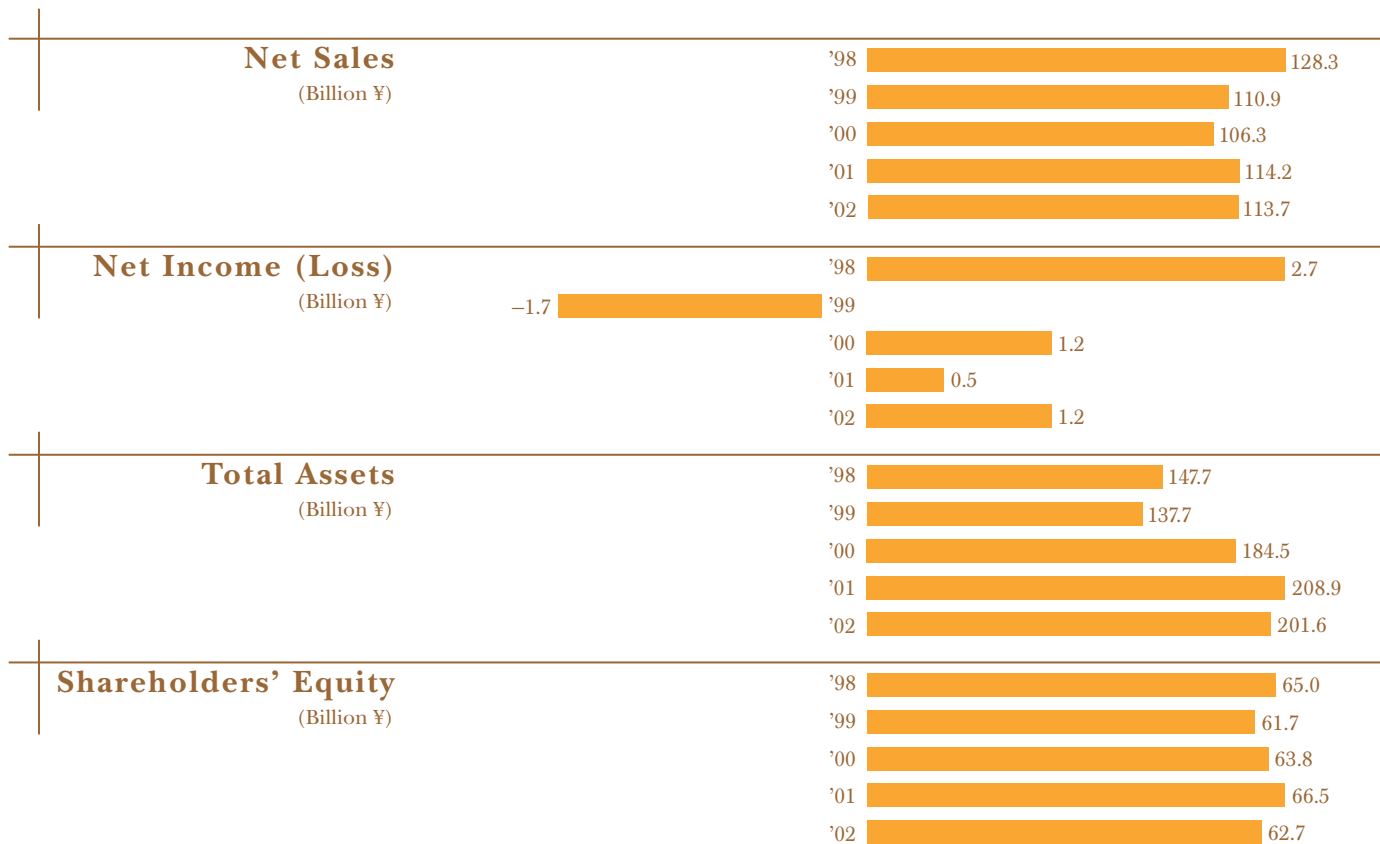
Through the implementation of the above policies and strategies, Tsubakimoto Chain will transform itself into a company that is founded on a solid operating base and is capable of generating higher profitability.



Tsubakimoto Chain Group
environmental meeting

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tsubakimoto Chain Co. and Consolidated Subsidiaries
Years Ended March 31



Summary of Business Segment Information

	Millions of Yen			
	2002	2001	2000	% change
Net Sales to Customers:				
Power Transmission Products:				
Domestic Sales.....	¥ 52,847 (63.1)	¥ 59,755 (68.4)	¥ 53,557 (66.3)	-11.6
Overseas Sales.....	30,913 (36.9)	27,633 (31.6)	27,163 (33.7)	+11.9
Total	83,760 (100.0)	87,388 (100.0)	80,720 (100.0)	-4.2
Materials Handling Systems:				
Domestic Sales.....	26,295 (89.0)	21,729 (82.5)	19,395 (77.5)	+21.0
Overseas Sales.....	3,252 (11.0)	4,600 (17.5)	5,623 (22.5)	-29.3
Total	29,547 (100.0)	26,329 (100.0)	25,018 (100.0)	+12.2
Others	434	489	543	-11.2
TOTAL	¥113,741	¥114,206	¥106,281	-0.4
Operating Income (Loss):				
Power Transmission Products ...	¥ 6,563	¥ 8,711	¥ 6,161	-24.7
Materials Handling Systems	2,278	750	(823)	+203.7
Others	163	230	257	-29.1
Corporate and eliminations	(2,966)	(2,729)	(2,890)	—
TOTAL	¥ 6,038	¥ 6,962	¥ 2,705	-13.3

Review of Operations

POWER TRANSMISSION PRODUCTS	In the year ended March 31, 2002, sales of power transmission products declined 4.2%, to ¥83.8 billion, accounting for 73.6% of consolidated net sales. Although sales of automotive parts were strong in this segment, the overall decrease in sales was attributable to weak sales of chains for general industrial use and power transmission units and components. Operating income was down 24.7%, to ¥6.6 billion. A slumping economy in Japan created challenging operating conditions in the domestic market; however, overseas markets remained robust on the whole.
CHAINS	<p>A leading manufacturer of industrial-use chains, Tsubakimoto Chain supplies world markets with a wide variety of products, including durable and highly functional drive chains; conveyor chains essential to a wide range of production lines; and highly sanitary plastic chains.</p> <p>The Company's sales of chains in Japan during the year under review were sluggish due to weak capital investment resulting from the economic slowdown. This overall slump in the domestic chain market resulted in a difficult environment for sales of our mainstay industrial-use chains. Furthermore, sales of plastic chains were also down due to lower levels of plant investment in such sectors as the beverage industry, machine tools industry, and the semiconductor-manufacturing sector. On the other hand, orders for our conveyor chains for environment-related industries have been rising.</p>
AUTOMOTIVE PARTS	<p>Tsubakimoto Chain supplies automakers around the world with timing chains and other camshaft drive systems. In Japan, where we have a 70% share of the market for timing chain drive systems, we supply major automakers, such as Toyota and Nissan. Moreover, our products have a strong reputation overseas, where we provide components to leading automakers, including General Motors and Ford in the United States.</p> <p>During the year under review, Tsubakimoto Chain established a production base in Europe through the conclusion of an operational alliance agreement with Joh. Winklhofer & Sohne GmbH & Co. KG, of Germany, and a wholly owned manufacturing subsidiary in Thailand. As a result, we now have a four-point manufacturing regime, comprising Japan, North America, Europe, and Asia. We recorded higher sales of automotive parts during the year under review due to robust automobile production worldwide and automakers' growing use of chains in timing drive systems. We have received an increasing number of business inquiries both at home and abroad and anticipate a further expansion of our operations.</p> <p>Although our Ultra PX belts are well regarded for use in the electromechanical operation of injection molding machines, sluggish market conditions led to lower sales of our timing belts for general industrial use during the year. We are continuing to work to expand sales of our small Ultra PX belts, which were launched in the previous fiscal year, for use in machine tools, semiconductor equipment, robots, and automatic doors.</p>
POWER TRANSMISSION UNITS AND COMPONENTS	<p>Tsubakimoto Chain's extensive lineup of power transmission units and components includes reducers, such as gear motors and gear boxes, motion control units, such as Power Cylinders and Power Locks, and couplings. Tsubakimoto Chain was a pioneer in the market for Power Cylinders and currently boasts a 60% share of the domestic market for these products. During the year under review, we recorded a significant decrease in sales of our reducers, which was the unavoidable result of intensified price competition triggered by economic deflation. Sales of our Power Cylinders also declined. In April 2002, our Power Transmission Units and Components Business Unit merged with Tsubakimoto Emerson Co. to form Tsubaki Emerson Co.</p>
CONSOLIDATED SUBSIDIARIES	<p>In Japan, our consolidated subsidiaries faced difficult operating conditions due to lower demand for chains and power transmission units and components. On the other hand, although operating conditions in North America were challenging in the first half of the fiscal year, increased orders from automakers in the second half, along with the Company's efforts to bolster sales through major retailers, resulted in higher sales in North America in the year under review. Sales in Europe were also up due to increased demand from automakers.</p>

MATERIALS HANDLING SYSTEMS Sales of materials handling systems rose 12.2% during the year under review, to ¥29.5 billion, accounting for 26.0% of consolidated net sales. Operating income recorded a substantial increase of 203.7%, to ¥2.3 billion. Our enhanced performance in this segment was attributable to favorable sales in the domestic market and to the success of organizational restructuring measures aimed at improving profitability.

Tsubakimoto Chain supplies advanced materials handling systems that cater to the diverse requirements of its customers. These systems include automotive body paint shop conveyor systems for the automotive industry, automatic roll paper feeding systems for the newspaper and paper manufacturing industries, and linear motor actuated tilt sorting systems for the distribution industry. The significant improvement in sales and operating income in the materials handling systems segment during the year under review was the result of organizational restructuring, including such measures as the consolidation of production bases and workforce reductions, and of efforts to strengthen the Company's operational base through the focused marketing of core products in this segment.

NEWSPAPER AND PAPER MANUFACTURING INDUSTRIES Tsubakimoto Chain has a more than 90% share of the market for automatic roll paper feeding systems, and sales in this segment increased substantially during the year. Although sales of our AGV paper feeding system were brisk due to a surge in capital investment in related industries, considering such factors as the end of the soccer World Cup, we anticipate that demand has passed its peak.

AUTOMOTIVE INDUSTRY Conditions in the domestic automotive industry remained challenging due to reduced new plant investment during the year under review. Overseas, while U.S. automakers undertook plant consolidation and workforce reductions, plant investment by Japanese automakers seeking to expand their market shares supported an expansion in sales. Tsubakimoto Chain has made its New Traverser system, an automotive body paint shop conveyor system, the focus of intensive marketing efforts. The Company is also bolstering its market competitiveness through the establishment of a regime that integrates every stage of product marketing, from the receipt of an order to final delivery.

DISTRIBUTION INDUSTRY Our mainstay tilt-style Linisort continued to perform well and sales expanded. As a result of focusing our efforts on multi-sorting systems, one of our areas of strength, Linisort has earned an excellent reputation in the distribution industry as a highly functional, low-priced sorting system. We are also working to expand sales of Linisort 3DR, which was recently introduced into the market and can operate on vertical as well as horizontal planes.

PACKAGED EQUIPMENT Due to sluggish plant investment, we recorded lower sales of packaged equipment, where we sell combinations of materials handling systems optimized for specific applications. However, in anticipation of sales growth, we have introduced new strategic products, such as library compound storage systems for the pharmaceutical industry.

INFORMATION AND COMMUNICATIONS INDUSTRY As a result of the downturn in the IT and semiconductor sectors, sales to related industries decreased significantly. Given that difficult market conditions are expected to continue for some time, we will focus our marketing efforts on core products in this segment.

MAINTENANCE OPERATIONS Sales of long-term maintenance contracts, centered on the newspaper industry, continued to increase and overall conditions were favorable. Tsubakimoto Chain is working to expand sales by creating synergies between its system equipment sales activities and after-sales maintenance services. Maintenance-related sales have already grown to account for 10% of sales in the materials handling systems segment.

Financial Review

INCOME AND EXPENSES

In the fiscal year ended March 31, 2002, we faced challenging conditions in the markets for our power transmissions products; however, increased sales of materials handling systems led to consolidated net sales remaining at approximately the same level as in the previous fiscal year, at ¥113.7 billion, a 0.4% decrease.

Due to this slight decrease in sales, the cost of sales declined 0.3%, to ¥82.4 billion, and the cost of sales ratio remained the same, at 72.4%. Selling, general and administrative (SG&A) expenses rose 3.0%, to ¥25.3 billion, and the ratio of SG&A expenses to net sales increased to 22.2%, from 21.5% in the previous year.

As a result, operating income was down 13.3%, to ¥6.0 billion, and the operating profit margin decreased to 5.3%, compared with 6.1% a year earlier.

In other income and expenses, both interest and dividend income and interest expense declined. Other expenses rose to ¥2.0 billion, from ¥1.8 billion in the previous year.

In extraordinary profit and loss, ¥1.9 billion was accounted for as loss on valuation of investment securities. However, net extraordinary loss in the year under review decreased significantly, to ¥1.4 billion, due to the recording of a special loss of ¥6.7 billion in the previous year because of a change in accounting standards for retirement benefits.

Against this backdrop, income before income taxes and minority interests rose substantially, to ¥2.7 billion, compared with ¥0.2 billion in the previous year, and net income rose 158.5%, to ¥1.2 billion. Net income per share was up 159.1%, to ¥6.27. Return on equity (ROE) rose to 1.9%, from 0.7% in the previous year. Cash dividends per share were unchanged at ¥6.00.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was up 29.2%, to ¥7.7 billion. This increase was mainly attributable to the rise in income before income taxes and minority interests and a decrease in trade notes and accounts receivable. Adjustments for depreciation rose 29.9%, to ¥5.6 billion.

Net cash used in investing activities decreased 1.1%, to ¥10.7 billion. Although capital investment, principally for the construction of the Company's new plant in Japan, rose to ¥12.8 billion, from ¥10.1 billion in the previous year, and proceeds from sales of property, plant and equipment were down, proceeds from sales of investments in securities recorded a substantial rise.

Net cash used in financing activities for the year under review was ¥4.2 billion, compared with ¥2.0 billion in net cash provided by financing activities in the previous year. This reversal was principally due to higher payments on redemption of bonds.

As a result of the above activities, at the end of the year under review, cash and cash equivalents were down 28.9%, to ¥17.7 billion.

Although other current assets increased, this was offset by decreases in cash and cash equivalents and short-term investments, which resulted in a 3.4% decline in total current assets, to ¥90.8 billion. Meanwhile, total current liabilities were down 11.1%, to ¥58.1 billion, mainly due to decreases in short-term bank loans and current portion of long-term debt and in trade notes and accounts payable. Consequently, working capital rose 14.0%, to ¥32.6 billion, and the current ratio at year-end improved to 1.56, compared with 1.44 at the end of the previous year. Property, plant and equipment, net of accumulated depreciation, rose 3.9% from the previous year-end, to ¥85.4 billion.

Total shareholders' equity declined 5.7%, to ¥62.7 billion, primarily as a result of a decrease in net unrealized holding gains on securities, from ¥4.0 billion to ¥2.3 billion, and ¥3.0 billion recorded as a land revaluation deficit. Total assets at fiscal year-end were down 3.5%, to ¥201.6 billion. The equity ratio was 31.1%, approximately the same as at the previous year-end. The Company's debt-to-equity ratio rose to 1.22, compared with 1.18 at the previous year-end.

ELEVEN-YEAR FINANCIAL SUMMARY

Tsubakimoto Chain Co. and Consolidated Subsidiaries
Years Ended March 31

	2002	2001	2000	1999
Net sales	¥113,741	¥114,206	¥106,281	¥110,919
Operating income	6,038	6,962	2,705	2,358
Income (loss) before income taxes and minority interests	2,661	226	2,725	(1,018)
Net income (loss)	1,202	465	1,218	(1,715)
Net income (loss) per share* (yen and dollars)	6.27	2.42	6.36	(8.92)
Interest expense:				
Net	1,585	1,666	1,577	1,163
Gross: Interest received	223	284	162	263
Interest paid	1,808	1,950	1,739	1,426
Capital expenditures	16,194	10,251	32,487	5,157
Depreciation	5,611	4,321	4,444	4,620
Current assets	90,750	93,984	83,143	72,541
Current liabilities	58,125	65,374	50,080	47,256
Net property, plant and equipment	85,381	82,179	76,352	48,249
Noncurrent liabilities	77,676	74,066	67,474	27,397
Total assets	201,555	208,877	184,468	137,691
Common stock	17,077	17,077	17,077	17,077
Retained earnings	33,500	33,480	34,020	31,943
Shareholders' equity	62,674	66,463	63,750	61,673
Equity ratio (%)	31.1	31.8	34.6	44.8
Return on equity (%)	1.9	0.7	1.9	—
Debt-to-equity ratio (times)	1.22	1.18	1.16	0.73
Net cash provided by operating activities	7,709	5,968	3,268	6,951
Net cash used in investing activities	10,718	10,834	28,755	4,527
Net cash provided by (used in) financing activities	(4,243)	2,026	27,166	2,427
Cash and cash equivalents at the end of the year	17,679	24,853	27,586	24,879
Number of shares outstanding at year-end (thousands)	191,386	191,406	191,406	191,406
Number of employees	4,916	5,237	5,440	5,368

* The effective par value per share is ¥50.

Millions of Yen Except Per Share Data

Thousands of
U.S. Dollars

1998	1997	1996	1995	1994	1993	1992	2002
¥128,298	¥127,231	¥110,424	¥101,670	¥109,014	¥120,867	¥140,316	\$ 855,195
6,435	6,374	4,329	234	636	5,317	10,575	45,399
5,508	5,931	3,649	179	1,750	5,131	10,291	20,008
2,709	3,280	1,796	(634)	1,148	2,539	5,216	9,038
14.08	17.04	9.33	(3.29)	5.96	13.20	27.14	0.047
1,172	1,073	1,063	951	1,041	1,248	1,160	11,917
323	385	492	835	982	1,247	1,655	1,677
1,495	1,458	1,555	1,786	2,023	2,495	2,815	13,594
15,050	5,680	4,759	4,290	4,221	8,489	8,586	121,759
4,790	4,783	4,837	5,165	5,432	5,216	4,908	42,188
81,622	80,929	77,995	63,452	63,319	75,028	73,549	682,331
62,224	58,349	62,312	45,902	45,625	56,937	54,978	437,030
48,837	38,331	36,904	37,709	39,221	40,629	37,490	641,962
18,710	21,847	16,849	19,966	19,818	20,320	18,261	584,030
147,668	145,268	141,863	127,893	129,020	141,759	137,355	1,515,451
17,077	17,075	17,068	17,066	17,066	17,058	17,057	128,398
35,260	33,791	31,682	31,060	32,675	33,398	33,049	251,880
64,989	63,516	61,392	60,768	62,382	63,091	62,739	471,233
44.0	43.7	43.3	47.5	48.4	44.5	45.7	
4.2	5.2	2.9	—	1.8	4.0	8.3	
0.64	0.62	0.60	0.57	0.55	0.61	0.50	
2,740	4,028	5,456	6,099	9,791	7,381	7,050	57,962
4,475	4,663	4,245	3,975	4,926	9,021	15,612	80,586
1,021	955	1,246	(1,196)	(5,859)	5,496	5,178	(31,902)
20,029	21,999	21,679	19,222	18,294	19,288	15,432	132,925
192,406	192,399	192,377	192,374	192,372	192,354	192,349	
5,720	5,789	5,844	5,829	5,652	5,649	5,591	

CONSOLIDATED BALANCE SHEETS

Tsubakimoto Chain Co. and Consolidated Subsidiaries
As of March 31, 2002 and 2001

Assets	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Current assets:			
Cash and cash equivalents	¥ 17,679	¥ 24,853	\$ 132,925
Short-term investments	5,040	8,192	37,895
Trade notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	28	52	211
Other	31,020	35,386	233,233
Inventories	24,278	22,613	182,541
Deferred tax assets	1,670	1,768	12,556
Other receivables:			
Unconsolidated subsidiaries and affiliates	89	22	669
Other current assets	11,275	1,333	84,775
Allowance for doubtful receivables	(329)	(235)	(2,474)
Total current assets	90,750	93,984	682,331
Property, plant and equipment (Note 7):			
Land	36,223	41,351	272,353
Buildings and structures	42,680	33,366	320,902
Machinery and equipment	73,402	70,845	551,895
Construction in progress	3,051	9,653	22,940
Less accumulated depreciation	(69,975)	(73,036)	(526,128)
Net property, plant and equipment	85,381	82,179	641,962
Investments and long-term loans receivable:			
Investment securities:			
Unconsolidated subsidiaries and affiliates	438	255	3,293
Other	15,526	17,369	116,737
Long-term loans receivable	22	29	165
Deferred tax assets	1,085	1,057	8,158
Deferred tax assets on revaluation of land	2,183	—	16,414
Other noncurrent items (Note 7)	6,761	14,557	50,835
Allowance for doubtful receivables	(591)	(553)	(4,444)
Total investments and long-term loans receivable	25,424	32,714	191,158
Total assets	¥201,555	¥208,877	\$1,515,451

The accompanying notes are an integral part of these financial statements.

Liabilities and Shareholders' Equity	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Current liabilities:			
Short-term bank loans and current portion of long-term debt.....	¥ 22,731	¥ 29,571	\$ 170,910
Trade notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	977	807	7,346
Other	21,450	23,379	161,278
Income taxes payable	349	1,768	2,624
Accrued expenses	2,142	3,427	16,105
Deferred tax liabilities	17	161	128
Other	10,459	6,261	78,639
Total current liabilities	58,125	65,374	437,030
Noncurrent liabilities:			
Bonds	11,200	13,840	84,210
Long-term loans, less current maturities	42,803	35,254	321,827
Retirement benefits (Note 13)	17,535	17,742	131,842
Deferred tax liabilities	2,746	3,068	20,647
Other	3,392	4,162	25,504
Total noncurrent liabilities	77,676	74,066	584,030
Minority interests	3,080	2,974	23,158
Shareholders' equity:			
Common stock	17,077	17,077	128,398
Capital surplus	12,653	12,653	95,135
Revaluation surplus (Note 9)	(3,015)	—	(22,669)
Retained earnings	33,500	33,480	251,880
Net unrealized holding gains on securities	2,319	4,031	17,436
Currency translation adjustments	146	(777)	1,098
	62,680	66,464	471,278
Treasury stock	(6)	(1)	(45)
Total shareholders' equity	62,674	66,463	471,233
Total liabilities and shareholders' equity	¥201,555	¥208,877	\$1,515,451

CONSOLIDATED STATEMENTS OF INCOME

Tsubakimoto Chain Co. and Consolidated Subsidiaries
Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	2002
Net sales	¥113,741	¥114,206	¥106,281	\$855,195
Cost of sales	82,399	82,683	78,481	619,541
Gross profit	31,342	31,523	27,800	235,654
Selling, general and administrative expenses	25,304	24,561	25,095	190,255
Operating income	6,038	6,962	2,705	45,399
Other income (expenses):				
Interest and dividend income	382	477	393	2,872
Interest expense	(1,808)	(1,950)	(1,739)	(13,594)
Foreign exchange gains (losses)	(68)	49	(227)	(511)
Other, net	(522)	(423)	743	(3,925)
Ordinary income	4,022	5,115	1,875	30,241
Extraordinary profit (loss):				
Loss on valuation of investment securities	(1,933)	—	—	(14,534)
Difference caused by changing standards for retirement benefits	—	(6,654)	—	—
Other, net	572	1,765	850	4,301
Income before income taxes and minority interests	2,661	226	2,725	20,008
Income taxes:				
Current	490	2,311	925	3,684
Deferred	799	(2,587)	550	6,008
Minority interests	(170)	(37)	(32)	(1,278)
Net income	¥ 1,202	¥ 465	¥ 1,218	\$ 9,038

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Tsubakimoto Chain Co. and Consolidated Subsidiaries
Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	2002
Retained earnings at the beginning of the year.....	¥33,480	¥34,020	¥31,943	\$251,729
Increase in retained earnings, resulting from consolidation of additional subsidiaries	—	—	1,180	—
Increase in retained earnings, resulting from merger of an unconsolidated subsidiary	—	164	—	—
Prior years' tax effect	—	—	840	—
Appropriations:				
Cash dividends	(1,148)	(1,149)	(1,149)	(8,632)
Bonuses to directors and statutory auditors	(34)	(21)	(13)	(255)
Net income for the year.....	1,202	465	1,218	9,038
Retained earnings at the end of the year	¥33,500	¥33,480	¥34,020	\$251,880

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Tsubakimoto Chain Co. and Consolidated Subsidiaries
Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	2002
Cash flows from operating activities:				
Income before income taxes				
and minority interests	¥ 2,661	¥ 226	¥ 2,725	\$ 20,008
Adjustments for:				
Depreciation	5,611	4,321	4,444	42,188
Gain on sales of property, plant and equipment.....	(1,757)	(3,380)	(8,837)	(13,211)
Loss on valuation of deposits for golf club membership.....	—	450	—	—
Loss on valuation of investment securities	1,933	—	—	14,534
Provision for (reversal of) allowance for doubtful				
receivables.....	124	(91)	59	932
Provision for (reversal of) retirement benefits.....	(242)	6,007	5,859	(1,820)
Other	—	(242)	(237)	—
Decrease (increase) in trade notes				
and accounts receivable	4,895	(7,212)	(99)	36,805
Decrease (increase) in inventories.....	(863)	(847)	946	(6,489)
Increase (decrease) in trade notes and accounts payable	(2,055)	4,891	(2,410)	(15,451)
Other	1,553	4,502	3,008	11,677
Sub total.....	11,860	8,625	5,458	89,173
Interest and dividend income received	415	474	396	3,120
Interest expenses paid.....	(1,909)	(2,033)	(1,719)	(14,353)
Income taxes paid	(2,657)	(1,098)	(867)	(19,978)
Net cash provided by operating activities	7,709	5,968	3,268	57,962
Cash flows from investing activities:				
Increase of time deposits (due after 3 months)	(144)	(10)	(666)	(1,082)
Decrease of time deposits (due after 3 months)	158	8	—	1,188
Payments for purchase of investments in securities	(8,464)	(7,258)	(4,213)	(63,639)
Proceeds from sales of investments in securities	8,847	1,832	2,287	66,519
Payments for purchase of investments in subsidiaries	(227)	(15)	(222)	(1,707)
Increase of long-term loans receivable	(13)	(19)	(25)	(98)
Decrease of long-term loans receivable	14	31	39	105
Payments for purchase of property, plant				
and equipment	(12,771)	(10,072)	(32,487)	(96,022)
Proceeds from sales of property, plant and equipment.....	1,882	4,669	6,532	14,150
Net cash used in investing activities	(10,718)	(10,834)	(28,755)	(80,586)
Cash flows from financing activities:				
Increase (decrease) in short-term bank loans, net.....	(3,311)	1,667	517	(24,895)
Proceeds from long-term loans	10,607	2,615	21,413	79,752
Repayment of long-term loans	(7,343)	(725)	(864)	(55,210)
Proceeds from issue of bonds	100	—	8,000	752
Payments on redemption of bonds	(2,792)	(300)	(700)	(20,992)
Payments on installment purchases	(223)	—	—	(1,677)
Cash dividends.....	(1,148)	(1,149)	(1,149)	(8,632)
Cash dividends for minority shareholders.....	(127)	(82)	(51)	(955)
Other	(6)	—	—	(45)
Net cash provided by (used in) financing activities.....	(4,243)	2,026	27,166	(31,902)
Effect of exchange rate changes on cash				
and cash equivalents	78	64	(52)	586
Net increase (decrease) in cash and cash equivalents.....	(7,174)	(2,776)	1,627	(53,940)
Cash and cash equivalents at the beginning of the year.....	24,853	27,586	24,879	186,865
Increase in cash and cash equivalents due to inclusion of				
subsidiaries in consolidation	—	—	1,080	—
Increase in cash and cash equivalents due to merger of				
an unconsolidated subsidiary	—	43	—	—
Cash and cash equivalents at the end of the year	¥ 17,679	¥ 24,853	¥ 27,586	\$132,925

The accompanying notes are an integral part of these financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

(a) Accounting principles of consolidation

The Company has prepared its consolidated financial statements in accordance with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Certain modifications in format have been made to facilitate understanding by readers outside Japan.

In addition, the notes to the consolidated financial statements include additional information which is not required under accounting principles and practices generally accepted in Japan but is presented herein as additional information.

(b) Consolidated subsidiaries

The consolidated financial statements include the accounts of the parent company and its significant domestic and foreign subsidiaries (the "Companies").

Consolidated subsidiaries are:

U.S. Tsubaki, Inc. (U.S.A.)
 Hokkaido Tsubakimoto Chain Co., Ltd.
 Tsubakimoto Custom Chain Co.
 Tsubaki of Canada Limited (Canada)
 Tsubakimoto Bulk Systems Corporation
 Tsubakimoto Machinery Co.
 Tsubakimoto Emerson Co.
 Tsubakimoto Sprocket Mfg., Ltd.
 Tsubaki Conveyor of America, Inc. (U.S.A.)
 Taiwan Tsubakimoto Co. (Taiwan)
 Harry James Company Ltd. (Taiwan)
 Ballantine, Inc. (U.S.A.)
 Tsubaki Arcs Co.
 Tsubakimoto Europe B.V. (Netherlands)
 P. Koning B.V. (Netherlands)
 Tsubakimoto U.K. Ltd. (U.K.)
 Tsubakimoto Singapore Pte. Ltd. (Singapore)
 Tsubaki Australia Pty. Limited (Australia)
 Tsubakimoto Nishihon Co., Ltd.
 Tsubakimoto Mayfran Inc.
 Korea Conveyor Ind. Co., Ltd. (Republic of Korea)
 Tsubaki Emerson Gear (Tianjin) Co., Ltd. (China)

(c) Unconsolidated subsidiaries and affiliates

Investments in 7 insignificant subsidiaries and 4 affiliated companies are stated at cost because the Company's equity in the income or losses of these companies is not significant.

(d) Translation into U.S. dollars

The consolidated financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥133=\$1, the approximate exchange rate prevailing on March 31, 2002.

(e) Cash and cash equivalents

For the purposes of cash flows statements, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of overdrafts, and all highly liquid investments with maturities of three months or less.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Short-term investments and investments in securities

Through March 31, 2000, marketable and investment securities quoted were valued at the lower of moving-average cost or market. Other securities were stated at cost.

Effective April 1, 2000, the Companies adopted the Accounting Standards for Financial Instruments which was issued by the Business Accounting Deliberation Council. In accordance with the new standards, securities are classified into three categories: held-to-maturity debt securities, equity investments in unconsolidated subsidiaries and affiliates and other securities.

Those classified as other would be reported at fair value with unrealized gains, net of related taxes, reported in equity. Under the Japanese Commercial Code, unrealized holding gains on securities, net of related taxes, are not available for distribution as dividends and bonuses to directors and statutory auditors. Other investments are carried at cost. The cost is determined by the moving-average method.

(Held-to-maturity debt securities and other securities)

Management determines the appropriate classification of debt securities at the time of purchase and reevaluates the classification as of each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity debt securities are stated at amortized cost adjusted for the amortization of premiums and the accretion of discounts to maturity.

Marketable equity securities and debt securities not classified as held-to-maturity are classified as other securities. Other securities are carried at fair value with the unrealized gains and losses, net of tax, reported in a separate component of shareholders' equity. The amortized cost of debt securities in this category is adjusted for the amortization of premiums and the accretion of discounts to maturity. Realized gains and losses and declines in value judged to be other than temporary on other securities are charged to income.

(b) Inventories

Inventories are valued substantially at cost, which is determined by the first-in, first-out (FIFO) method, by the accumulated-cost method or by the moving-average cost method, except for the inventories of 8 subsidiaries, which are valued at the lower of cost or market.

(c) Property, plant and equipment

Property, plant and equipment are carried at cost. In specific cases, these are carried at cost less a reserve permitted under Japanese tax

laws in respect of certain gains deferred on the sale of fixed assets.

Depreciation of property, plant and equipment is computed mainly by the declining-balance method.

The principal estimated useful lives are as follows:

Buildings and structures	3 to 50 years
Machinery and equipment	2 to 13 years

(d) Computer software

Expenditure relating to computer software developed for internal use is charged to income when incurred, except if it contributes to the generation of income or to future cost savings. Such expenditure is capitalized as an asset and is amortized using the straight-line method over its estimated useful life.

(e) Bonuses for employees

Accrued bonuses for employees are calculated based on an estimation of future bonus payments.

(f) Retirement benefits

Effective April 1, 2000, the Companies adopted the Accounting Standards for Retirement Benefits which was issued by the Business Accounting Deliberation Council. In accordance with the new standards, accrued severance indemnities are provided based on the amount of projected benefit obligation reduced by pension plan assets at fair value at the end of the annual period.

Also, the Company and consolidated domestic subsidiaries record the unfunded retirement benefits for directors and statutory auditors on the accrual basis, which is included in other noncurrent liabilities.

(g) Translation of balances denominated in foreign currencies in domestic financial statements

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing on the balance sheet date except for amounts fixed by forward exchange contracts.

All gains and losses resulting from the translation of foreign currency balances are included in net income for the year.

(h) Accounting for leases

Finance leases, except for those in which ownership is deemed to be transferred to the lessee, are accounted for by the same method as operating leases.

(i) Income taxes

This standard requires that income taxes be accounted for under the asset and liability method.

3. DIFFERENCE BETWEEN COST AND NET EQUITY OF CONSOLIDATED SUBSIDIARIES

The difference between the cost of an investment in a subsidiary and the underlying book value of the acquired interest is, if material, amortized for less than 20 years. However, minor differences are charged or credited to income for the year of acquisition.

4. INTERCOMPANY TRANSACTIONS

All material intercompany balances and transactions, including unrealized profit in inventories and property, plant and equipment, have been eliminated on consolidation.

5. TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rates prevailing on the respective balance sheet dates. Revenue and expenses are translated at the average rates of exchange for the respective years. Translation adjustments of foreign currency financial statements in 2000 are not included in the determination of net income and are reflected in investments and long-term loans receivable in the consolidated balance sheets. In 2001, the Companies adopted the revised Accounting Standards for Foreign Currency Transactions which was issued by the Business Accounting Deliberation Council. Under the new method, all monetary assets and liabilities denominated in foreign currencies are translated into yen at the rate of exchange prevailing on the balance sheet date and translation adjustments of foreign currency financial statements in 2001 are reflected in shareholders' equity and minority interests in the consolidated balance sheets.

6. APPROPRIATIONS OF RETAINED EARNINGS

Appropriations of retained earnings are recorded at the date they are approved at the annual shareholders' meeting.

7. PLEDGED ASSETS

At March 31, 2002 and 2001, the following assets were pledged as collateral for bank loans and long-term debt:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Property, plant and equipment.....	¥45,397	¥50,155	\$341,331
Other noncurrent items	63	63	474
	¥45,460	¥50,218	\$341,805

8. CONTINGENT LIABILITIES

Contingent liabilities with respect to trade notes discounted and loans guaranteed amounted to ¥7,866 million (\$59,143 thousand) and ¥8,114 million at March 31, 2002 and 2001, respectively.

9. REVALUATION OF LAND

At March 31, 2002, the land owned by the Company was revaluated under the Land Reappraisal Law, and unrealized losses resulting from the revaluation were debited directly from shareholders' equity as a revaluation surplus amounting to ¥3,015 million after offsetting the related deferred tax assets amounting to ¥2,183 million as stipulated by the law. The revaluation surplus will be credited to gain or loss to be incurred when the related land is sold.

The book value of this land before and after the revaluation at March 31, 2002, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2002	2002
Book value:		
Before revaluation	¥41,420	\$ 311,429
After revaluation	36,222	272,346
Net unrealized loss.....	¥ 5,198	\$ 39,083

10. PER SHARE AMOUNTS

	Yen		U.S. Dollars
	2002	2001	2002
Shareholders' equity per share.....	¥327.47	¥347.23	\$2.462
Net income per share.....	6.27	2.42	0.047

11. SHAREHOLDERS' EQUITY

The Code requires the Company to transfer an amount equal to at least 10% of appropriations paid in cash to legal reserve. Under the revised Code, effective on October 1, 2001, the Company may not appropriate retained earnings to the legal reserve when the total balance of the legal reserve and additional paid-in capital equals to 25% of common stock. Amounts of the legal reserve and additional paid-in capital in excess of 25% of common stock, subject to shareholders' approval, may be used for dividend distributions.

12. RESEARCH AND DEVELOPMENT

Research and development expenditure charged to income was ¥1,273 million (\$9,571 thousand) and ¥1,315 million for the years ended March 31, 2002 and 2001, respectively.

13. RETIREMENT BENEFITS

The following table sets forth the changes in benefit obligation, plan assets and funded status of the Companies at March 31, 2002 and 2001, respectively:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Benefit obligation at end of year	¥28,219	¥26,066	\$212,173
Fair value of plan assets at end of year.....	7,393	7,752	55,587
Funded status:			
Benefit obligation in excess of plan assets...	20,826	18,314	156,586
Unrecognized net transition obligation at date of adoption	—	—	—
Unrecognized prior service cost.....	—	—	—
Unrecognized actuarial loss.....	3,291	572	24,744
Accrued pension liability recognized in the consolidated balance sheets.....	17,535	17,742	131,842

Note: Domestic subsidiaries have adopted allowed alternative treatment of the accounting standards for retirement benefits for small business entities.

Severance and pension costs of the Companies included the following components for the years ended March 31, 2002 and 2001, respectively:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Service cost	¥1,417	¥1,580	\$10,654
Interest cost	726	783	5,459
Expected return on plan assets	(211)	(250)	(1,587)
Amortization:			
Transition obligation at date of adoption	—	6,655	—
Prior service cost	—	—	—
Actuarial losses	57	—	429
Net periodic benefit cost	¥1,989	¥8,768	\$14,955

Assumptions used in the accounting for the defined benefit plan for the year ended March 31, 2002, are as follows:

Method of attributing benefits to periods of service	straight-line basis
Discount rate	2.5%
Long-term rate of return on fund assets	3.5%
Amortization period for transition obligation at date of adoption	1 year
Amortization period for actuarial losses	10 years

14. INCOME TAXES

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in statutory tax rates of approximately 42.0% for the years ended March 31, 2002 and 2001. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective rate for the two years ended March 31, 2002, differs from the Company's statutory tax rate for the following reasons:

	2002	2001
Statutory tax rate	42.0%	42.0%
Lower tax rates of overseas subsidiaries	(2.8)	(33.3)
Expenses not deductible for income tax purposes	2.7	27.5
Surplus not additional for income tax purposes	(1.4)	(103.9)
Cash dividends from overseas subsidiaries	4.8	63.9
Per capita levy	2.0	23.1
Other	1.2	(140.8)
Effective tax rate.....	48.5%	(121.5)%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2002 and 2001, are presented below:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	2002
Deferred tax assets:			
Provision for retirement benefits	¥ 5,952	¥ 6,003	\$ 44,752
Accrued bonuses	367	615	2,760
Allowance for doubtful accounts	247	176	1,857
Tax loss carryforwards	561	386	4,218
Loss on valuation of investment securities ...	526	—	3,955
Accrued expenses	—	179	—
Impairment loss on deposits for golf club membership	203	181	1,526
Other	1,195	1,277	8,985
Total gross deferred tax assets.....	9,051	8,817	68,053
Less valuation allowance	(166)	(298)	(1,248)
Net deferred tax assets	8,885	8,519	66,805

Deferred tax liabilities:

Reserve for deduction entry of property replaced by purchase.....	(5,410)	(4,565)	(40,677)
Profit from valuation for the consolidation of capital account	(372)	(372)	(2,797)
Other	(3,111)	(3,986)	(23,391)
Total gross deferred tax liabilities.....	(8,893)	(8,923)	(66,865)
Net deferred tax assets	¥ (8)	¥ (404)	\$ (60)

15. SEGMENT INFORMATION

Information by business segment and geographical segment for the years ended March 31, 2002, 2001 and 2000, is as follows:

(a) Business segment	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	2002
Net sales:				
Power transmission products:				
Customers	¥ 83,760	¥ 87,388	¥ 80,720	\$ 629,774
Intersegment	1,484	1,298	1,077	11,158
Total	85,244	88,686	81,797	640,932
Materials handling systems:				
Customers	29,547	26,329	25,018	222,158
Intersegment	201	184	214	1,511
Total	29,748	26,513	25,232	223,669
Others:				
Customers	434	489	543	3,263
Intersegment	1,227	1,147	1,183	9,226
Total	1,661	1,636	1,726	12,489
Eliminations				
Consolidated total	(2,912)	(2,629)	(2,474)	(21,895)
Consolidated total				
	¥113,741	¥114,206	¥106,281	\$ 855,195
Operating income(loss):				
Power transmission products	¥ 6,563	¥ 8,711	¥ 6,161	\$ 49,346
Materials handling systems	2,278	750	(823)	17,128
Others	163	230	257	1,226
Corporate and eliminations	(2,966)	(2,729)	(2,890)	(22,301)
Consolidated total	¥ 6,038	¥ 6,962	¥ 2,705	\$ 45,399
Total assets:				
Power transmission products.....	¥127,378	¥129,295	¥116,039	\$ 957,729
Materials handling systems.....	26,183	21,189	23,082	196,865
Others	2,748	2,733	2,382	20,662
Corporate and eliminations	45,246	55,660	42,965	340,195
Consolidated total	¥201,555	¥208,877	¥184,468	\$1,515,451
Depreciation:				
Power transmission products.....	¥ 4,824	¥ 3,719	¥ 3,729	\$ 36,271
Materials handling systems.....	432	407	553	3,248
Others	12	17	17	90
Corporate and eliminations	343	178	145	2,579
Consolidated total	¥ 5,611	¥ 4,321	¥ 4,444	\$ 42,188
Capital expenditures:				
Power transmission products.....	¥ 13,573	¥ 8,573	¥ 28,940	\$ 102,052
Materials handling systems.....	290	295	125	2,180
Others	7	6	5	53
Corporate and eliminations	2,324	1,377	3,417	17,474
Consolidated total	¥ 16,194	¥ 10,251	¥ 32,487	\$ 121,759

<i>(b) Geographical segment</i>	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	2002
Net sales:				
Japan:				
Customers	¥ 83,267	¥ 86,394	¥ 78,338	\$ 626,068
Intersegment	9,223	7,047	7,374	69,346
Total	92,490	93,441	85,712	695,414
North America:				
Customers	22,617	20,497	20,978	170,052
Intersegment	271	246	89	2,038
Total	22,888	20,743	21,067	172,090
Europe:				
Customers	3,178	2,807	2,781	23,895
Intersegment	6	3	6	45
Total	3,184	2,810	2,787	23,940
Asia and Oceania:				
Customers	4,679	4,508	4,183	35,180
Intersegment	657	658	523	4,940
Total	5,336	5,166	4,706	40,120
Eliminations				
	(10,157)	(7,954)	(7,991)	(76,369)
Consolidated total	¥113,741	¥114,206	¥106,281	\$ 855,195
Operating income:				
Japan	¥ 7,903	¥ 8,239	¥ 3,702	\$ 59,421
North America	813	981	1,481	6,113
Europe	189	57	218	1,421
Asia and Oceania	374	398	138	2,812
Corporate and eliminations	(3,241)	(2,713)	(2,834)	(24,368)
Consolidated total	¥ 6,038	¥ 6,962	¥ 2,705	\$ 45,399
Total assets:				
Japan	¥125,790	¥127,131	¥117,216	\$ 945,790
North America	24,572	20,042	17,015	184,752
Europe	3,341	2,835	2,705	25,120
Asia and Oceania	6,406	5,851	5,350	48,165
Corporate and eliminations	41,446	53,018	42,182	311,624
Consolidated total	¥201,555	¥208,877	¥184,468	\$1,515,451

**THE BOARD OF DIRECTORS
TSUBAKIMOTO CHAIN CO.**

We have audited the accompanying consolidated balance sheets of Tsubakimoto Chain Co. and its consolidated subsidiaries (the "Companies") as of March 31, 2002 and 2001, and the related consolidated statements of income, retained earnings and cash flows for each of the three years ended March 31, 2002, expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, procedures and practices in Japan and, accordingly, our audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements, expressed in yen, present fairly, in all material respects, the financial position of the Companies as of March 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years ended March 31, 2002 in accordance with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Notes 2 and 5 to the consolidated financial statements, the Companies have adopted new accounting standards for retirement benefits, financial instruments and translation of foreign currencies in the preparation of their consolidated financial statements for the year ended March 31, 2001.

The accompanying consolidated financial statements as of March 31, 2002 and for the year ended March 31, 2002 have been translated into United States dollars solely for the convenience of the reader. We have reviewed the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis described in Note 1(d) to the consolidated financial statements.



Shin Nihon & Co.

Osaka, Japan
June 27, 2002

See Note 1 to the consolidated financial statements, which explains the basis of preparing the consolidated financial statements of Tsubakimoto Chain Co. under Japanese accounting principles and practices.

PRINCIPAL TSUBAKIMOTO CHAIN GROUP COMPANIES

(As of March 31, 2002)

* Consolidated Subsidiary

	Paid-in Capital	Equity Owned by Tsubakimoto Chain Co.	Number of Employees	Date of Establishment	Principal Business
JAPAN					
TSUBAKIMOTO EMERSON CO.*	¥390.0 million	60.0%	269	October 1984	Manufacture of power transmission products
TSUBAKIMOTO SPROCKET CO.*	¥126.0 million	99.0%	120	October 1968	Manufacture of sprockets
TSUBAKIMOTO CUSTOM CHAIN CO.*	¥125.0 million	99.3%	187	October 1951	Manufacture of power transmission chains
SHINKO MACHINERY CO.	¥ 50.0 million	50.0%	37	March 1971	Manufacture of conveyor chains
TSUBAKIMOTO IRON CASTING CO., LTD.	¥ 20.0 million	100.0%	43	October 1968	Casting
TSUBAKI KYOWA CAM CO.	¥ 40.0 million	100.0%	17	August 1991	Manufacture of power transmission products
HOKKAIDO TSUBAKIMOTO CHAIN CO., LTD.*	¥ 30.0 million	100.0%	14	October 1961	Sales of Tsubakimoto Chain products
TSUBAKIMOTO MACHINERY CO.*	¥139.0 million	68.2%	150	April 1971	Sales of Tsubakimoto Chain products
TSUBAKIMOTO NISHINIHON CO., LTD.*	¥ 90.0 million	50.0%	60	October 1993	Sales of Tsubakimoto Chain products
TSUBAKIMOTO BULK SYSTEMS CORPORATION*	¥150.0 million	100.0%	149	April 1981	Manufacture of bulk materials handling systems
ONISHI MFG. CO., LTD.	¥ 46.0 million	45.7%	32	September 1959	Manufacture of conveying equipment
TSUBAKIMOTO MAYFRAN INC.*	¥ 90.0 million	50.0%	113	November 1973	Manufacture of chip conveyors
TSUBAKI ARCS CO.*	¥461.0 million	100.0%	62	October 1970	Real estate leasing and maintenance and insurance agency services
TSUBAKIMOTO STAFF SERVICE CO-OP.	¥ 22.5 million	66.7%	22	January 1982	Employee welfare services

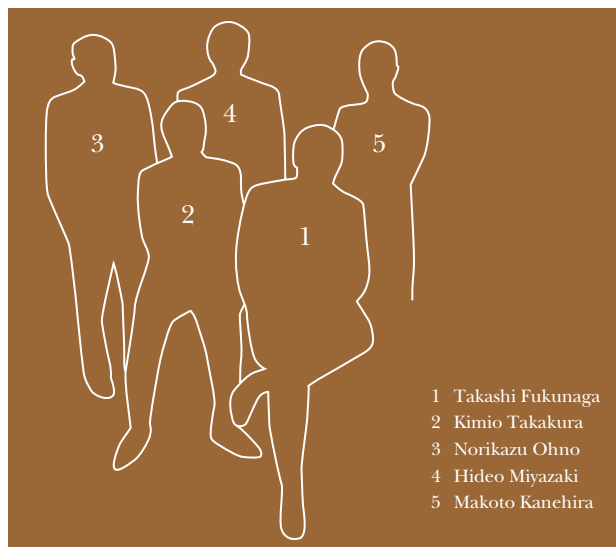
Note: On April 1, 2002, Tsubakimoto Emerson Co. merged with our Power Transmission Units and Components Business Unit and then split off to become Tsubaki Emerson Co.

NORTH AMERICA					
U.S. TSUBAKI, INC.* 301 E. Marquart Drive, Wheeling, IL 60090-6497, U.S.A. Telephone: (847) 459-9500 Facsimile: (847) 459-9515	US\$33,500,000	100.0%	844	February 1971	Manufacture and sales of power transmission products
Roller Chain Division, Holyoke Plant 821 Main Street, Holyoke, MA 01040-5312, U.S.A. Telephone: (413) 536-1576 Facsimile: (413) 534-8239	—	—	192	—	Manufacture of roller chains
Automotive Division, Chicopee Plant 106 Lonczak Drive, Chicopee, MA 01022-1305, U.S.A. Telephone: (413) 593-1100 Facsimile: (413) 593-9999	—	—	213	—	Manufacture of automotive parts
Engineering Chain Division, Sandusky Plant 1010 Edgewater Drive, Sandusky, OH 44870-1601, U.S.A. Telephone: (419) 626-4560 Facsimile: (419) 626-5194	—	—	144	—	Manufacture of engineering chains
PT Components Division, Bennington Plant 222 Bowen Road, Bennington, VT 05201-3201, U.S.A. Telephone: (802) 447-7561 Facsimile: (802) 447-0755	—	—	95	—	Manufacture of sprockets and Power Locks
BALLANTINE, INC.* 840 Mckinley Street, Anoka, MN 55303-1146, U.S.A. Telephone: (612) 427-3959 Facsimile: (612) 427-2277	US\$50,000	U.S.T. 100%	41	March 1988	Sales of trencher parts
TSUBAKI OF CANADA LIMITED* 1630 Drew Road, Mississauga, Ontario, L5S 1J6 Canada Telephone: (905) 676-0400 Facsimile: (905) 676-0904	C\$3,000,000	100.0%	88	July 1973	Manufacture and sales of power transmission products
TSUBAKI CONVEYOR OF AMERICA, INC.* 138 Davis Street, P.O. Box 710, Portland, TN 37148-2000, U.S.A. Telephone: (615) 325-9221 Facsimile: (615) 325-2442	US\$900,000	100.0%	64	July 1983	Manufacture and sales of materials handling systems

	Paid-in Capital	Equity Owned by Tsubakimoto Chain Co.	Number of Employees	Date of Establishment	Principal Business
EUROPE					
TSUBAKIMOTO EUROPE B.V.* Belder 1, 4704 RK, Roosendaal The Netherlands Telephone: (165) 594800 Facsimile: (165) 549450	EUR2,722,000	100.0%	35	April 1972	Sales of power transmission products
KONING AANDRIJFTECHNIEK* Waalhaven Z/Z 42, 3088 HJ Rotterdam, The Netherlands Telephone: (10) 4941818 Facsimile: (10) 4294906	EUR23,000	T.E.U. 100%	28	June 1918	Sales of power transmission products
TSUBAKIMOTO U.K. LTD.* Osier Drive, Sherwood Park, Annesley, Nottingham, NG150 DX, United Kingdom Telephone: (1623) 688700 Facsimile: (1623) 688789	£150,000	T.E.U. 100%	34	March 1985	Sales of power transmission products
T.E.E.U. LIMITED 55 Kedleston Court, Norbury Close, Allestree, Derby, DE22 2QF, United Kingdom Telephone: (1332) 551277 Facsimile: (1332) 551277	£30,000	100.0%	1	March 1990	Sales and maintenance of materials handling systems
ASIA					
TSUBAKIMOTO SINGAPORE PTE. LTD.* 25 Gul Lane, Jurong, Singapore 629419 Telephone: 6861 0422 (6 lines) Facsimile: 6861 7035	SG\$3,000,000	100.0%	21	January 1981	Sales of power transmission products
TAIWAN TSUBAKIMOTO CO.* No.7 Feng Sun Keng, Kuei Shan-Hsiang, Taoyuan-Hsien, Taiwan, R.O.C. Telephone: (33) 293827-9 Facsimile: (33) 293065	NT\$70,000,000	99.9%	94	January 1970	Manufacture and sales of power transmission products
TSUBAKI AUSTRALIA PTY. LIMITED* Unit E, 95-101 Silverwater Road, Silverwater, N.S.W. 2128, Australia Telephone: (2) 9648-5269 Facsimile: (2) 9648-3115	AU\$300,000	100.0%	25	May 1987	Sales of power transmission products
KOREA CONVEYOR IND. CO., LTD.* 72-1, Onsoo-dong, Kuro-ku, Seoul, Republic of Korea Telephone: (2) 2613-0151 Facsimile: (2) 684-9166	KRW1,200,000,000	49.0%	189	January 1970	Manufacture and sales of materials handling systems and conveyor chains
TSUBAKI EMERSON GEAR (TIANJIN) CO., LTD.* 135 Dong Ting Road, Teda, Tianjin, 300457, People's Republic of China Telephone: (22) 2532-6410 Facsimile: (22) 2532-6421	US\$3,802,000	Tsubaki Emerson 52.2%	120	June 1990	Manufacture of power transmission products
TSUBAKI KABELSCHLEPP SHANGHAI CO., LTD. Suite B, South, 2F1., 209, Taigu Road, Waigaoqiao Free Trade Zone, Shanghai, 200131, People's Republic of China Telephone: (21) 5064-0155 Facsimile: (21) 5868-0190	US\$200,000	60.0%	4	November 2000	Imports and sales of Cableveyors
KOREA MAYFRAN CO., LTD. 72-1, Onsoo-dong, Kuro-ku, Seoul, Republic of Korea Telephone: (2) 2611-5886 Facsimile: (2) 686-2521	KRW300,000,000	Tsubakimoto Mayfran 100.0%	18	October 1990	Manufacture of chip conveyors
TSUBAKIMOTO AUTOMOTIVE (THAILAND) CO., LTD. 700-467 Moo 7, Amata Nakorn Industrial Estate, Tambol Don Hua Roh, Amphur Muang, Chonburi 20000, Thailand Telephone: (38) 454021-4 Facsimile: (38) 454025	BAHT60,000,000	100.0%	4	March 2002	Manufacture, sales, and exports and imports of timing drive systems and other power transmission products

BOARD OF DIRECTORS

(As of June 27, 2002)



Takashi Fukunaga
President and Representative Director

Kimio Takakura
Executive Managing Director
and Representative Director
(Power Transmission Operations)

Norikazu Ohno
Executive Managing Director
(Operational Affairs
and Corporate Planning)

Hideo Miyazaki
Managing Director
(Materials Handling Operations,
Environmental Products Operations,
and Osaka Office)

Makoto Kanehira
Managing Director
(Research and Development)

Eiji Fujita
Director
(General Affairs, Asset Management,
and Hyogo Plant)

Kenji Ohara
Director
(North American Operations
and U.S. Tsubaki, Inc.)

Tadashi Ichikawa
Director
(Chain Operations
and Kyotanabe Plant)

Akira Morikiyo
Director
(Materials Handling Systems Division
and Tokyo Office)

Tatsuhiko Mimoto
Director
(European Operations and
Tsubakimoto Europe B.V.)

Yoshinobu Miyazaki
Director
(Automotive Parts Division
and Saitama Plant)

Takehiro Ueda
Director
(Tsubaki Emerson Co. and Kyoto Plant)

Tadachi Yokoyama
Corporate Auditor

Nobuhiko Miki
Corporate Auditor

Masaru Tokuda
Corporate Auditor

CORPORATE DATA

(As of March 31, 2002)

TSUBAKIMOTO CHAIN CO.

HEAD OFFICE

Twin 21 MID Tower, 36 F,
1-61, Shiromi 2-chome,
Chuo-ku, Osaka 540-6136, Japan
Telephone: (06) 4790-0121
Facsimile: (06) 4790-0140
URL: www.tsubakimoto.jp

DATE OF FOUNDING

December 1917

DATE OF INCORPORATION

January 1941

SHAREHOLDERS' EQUITY

¥62,674 million

COMMON STOCK

Authorized: 299,000 thousand shares
Issued: 191,386 thousand shares

STOCK LISTINGS

Tokyo, Osaka, and Nagoya

TRANSFER AGENT

The Chuo Mitsui Trust and
Banking Company, Limited
2-21, Kitahama 2-chome,
Chuo-ku, Osaka 541-0041, Japan

NUMBER OF EMPLOYEES

2,263 (Parent company only)

OFFICES AND PLANTS

Tokyo Office

Medical Friend Building,
2-4, Kudan-Kita 3-chome,
Chiyoda-ku, Tokyo 102-8186,
Japan
Telephone: (03) 3221-5612
Facsimile: (03) 3221-5639

Nagoya Office

Daisho Building, 26-25,
Meieki 4-chome, Nakamura-ku,
Nagoya 450-0002, Japan
Telephone: (052) 571-8181
Facsimile: (052) 571-0915

Osaka Office

Fukokuseimei Building, 2-4,
Komatsubara-cho, Kita-ku,
Osaka 530-0018, Japan
Telephone: (06) 6313-3190
Facsimile: (06) 6315-6657

Kyotanabe Plant

Tanabe, Kyotanabe,
Kyoto 540-6136, Japan
Telephone: (0774) 64-5001
Facsimile: (0774) 64-5201
Major products: Power transmission
chains and conveyor chains
Number of employees: 754

Saitama Plant

20, Shinko, Hanno,
Saitama 357-8510, Japan
Telephone: (0429) 73-1131
Facsimile: (0429) 73-4252
Major products: Automotive parts
and materials handling systems
Number of employees: 832

Kyoto Plant

1-1, Kotari-Kuresumi, Nagaokakyo,
Kyoto 617-0833, Japan
Telephone: (075) 954-1111
Facsimile: (075) 956-8456
Major products: Power transmission
units and components
Number of employees: 197

Hyogo Plant

1140, Asazuma-cho, Kasai,
Hyogo 679-0181, Japan
Telephone: (0790) 47-1518
Facsimile: (0790) 47-1513
Major products: Materials handling
equipment
Number of employees: 127

SALES OFFICES

Sendai, Omiya, Yokohama, Shizuoka,
Toyota, Hokuriku (Kanazawa),
Hiroshima, Kyushu (Fukuoka),
and 9 other regional sales offices

