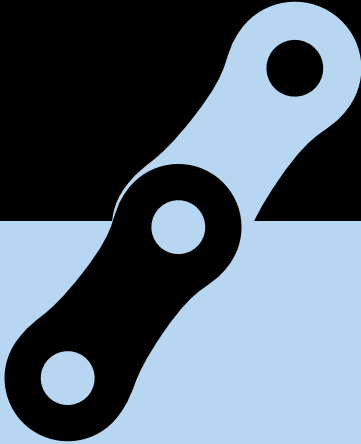


# Financial Data



# Operating Environment and Financial Highlights

## Numerical Overview of the Past 5 Years

	2007	2008	2009	2010	2011	Percent Change
<b>Statistics Relating to Operating Environment<sup>*1</sup></b>						
<b>1. Japan nominal GDP-related statistics (Billions of yen)<sup>*2</sup></b>						
Nominal GDP	510,938	515,804	492,066	474,032	<b>475,737</b>	0.4%
Private-sector corporate capital investment	79,826	80,918	76,321	63,668	<b>65,963</b>	3.6%
<b>2. Automotive sales in the world (Thousands of cars)<sup>*3</sup></b>						
United States	16,510	15,831	11,848	10,766	<b>12,082</b>	12.2%
Japan	5,619	5,320	4,701	4,880	<b>4,601</b>	-5.7%
China	7,570	9,247	9,457	15,559	<b>18,421</b>	18.4%
South Korea	3,820	4,095	3,541	3,787	<b>4,370</b>	15.4%
Europe	13,313	13,298	11,873	12,562	<b>11,508</b>	-8.4%
Total of the world's five largest regions	46,831	47,791	41,420	47,555	<b>50,982</b>	7.2%
<b>Tsubaki Group Data (Consolidated)</b>						
<b>1. For the year (Millions of yen)</b>						
Orders received	153,772	170,276	134,727	112,628	<b>138,431</b>	22.9%
Net sales	155,746	167,202	141,517	112,759	<b>138,243</b>	22.6%
Operating income	16,008	19,805	9,095	4,737	<b>11,022</b>	132.6%
Net income	8,541	10,371	6,188	3,175	<b>6,093</b>	91.9%
Capital expenditures	10,893	10,225	10,041	3,988	<b>5,807</b>	45.6%
Depreciation and amortization	5,948	7,301	7,344	7,390	<b>7,544</b>	2.1%
R&D costs	3,595	3,681	3,847	3,543	<b>4,144</b>	17.0%
Net cash provided by operating activities	10,107	20,873	7,263	14,508	<b>16,293</b>	—
Net cash (used in) provided by investing activities	-5,879	-11,481	-9,723	-5,020	<b>-8,281</b>	—
Net cash (used in) provided by financing activities	-647	-5,582	-3,540	-373	<b>-10,578</b>	—
<b>2. At year-end (Millions of yen)</b>						
Total assets	212,739	202,316	178,455	182,641	<b>184,206</b>	0.9%
Interest-bearing debt	42,313	39,314	37,600	38,910	<b>31,240</b>	-19.7%
Shareholders' equity	81,033	81,605	78,422	80,847	<b>83,413</b>	3.2%
<b>3. Indexes</b>						
Operating income margin (%)	10.3	11.8	6.4	4.2	<b>8.0</b>	—
Equity ratio (%)	38.1	40.3	43.9	44.3	<b>45.3</b>	—
ROE (%)	10.8	12.8	7.7	4.0	<b>7.4</b>	—
D/E ratio (Times)	0.52	0.48	0.48	0.48	<b>0.37</b>	—
Net income per share (Yen)	45.55	55.70	33.26	17.07	<b>32.76</b>	91.9%

\*1 Data as of May 27, 2011

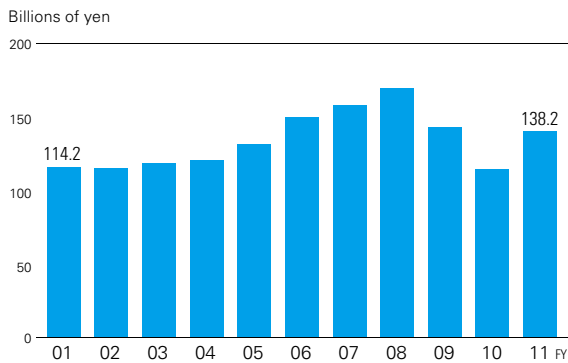
\*2 Source: Cabinet Office

\*3 Source: Bloomberg L.P.

## Financial Results Over the Past 10 Years

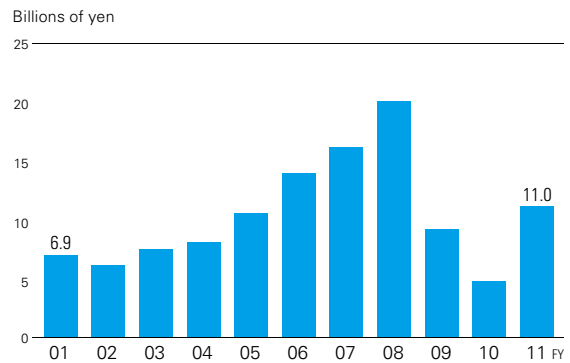
### Net Sales

**1.2 times higher than 10 years ago**



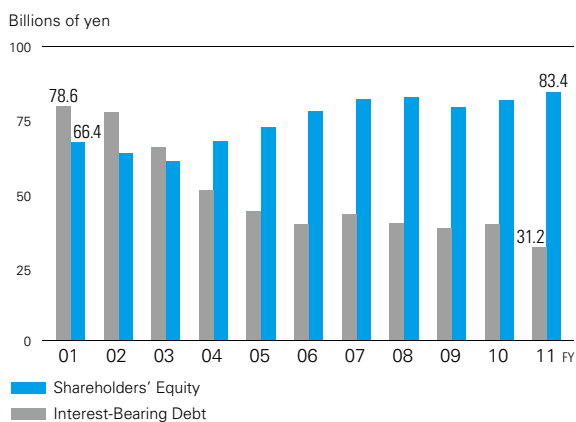
### Operating Income

**1.6 times higher than 10 years ago**



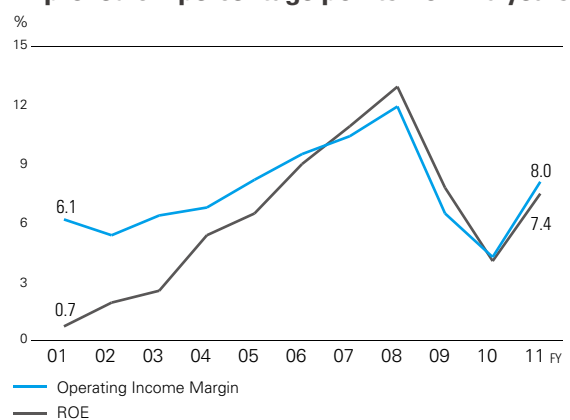
### Shareholders' Equity & Interest-Bearing Debt

**Shareholders' equity up 1.3 times and interest-bearing debt down 0.6 times from 10 years ago**



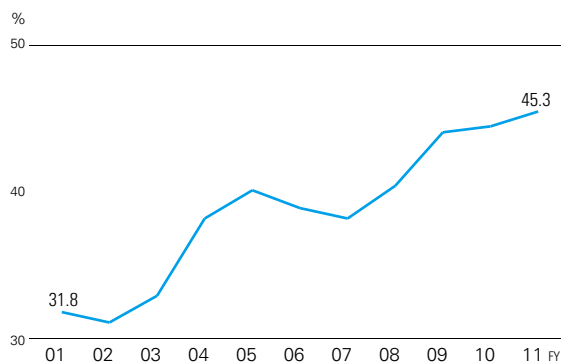
### Operating Income Margin & ROE

**Operating income margin improved 1.9 percentage points and return on equity (ROE) improved 6.7 percentage points from 10 years ago**



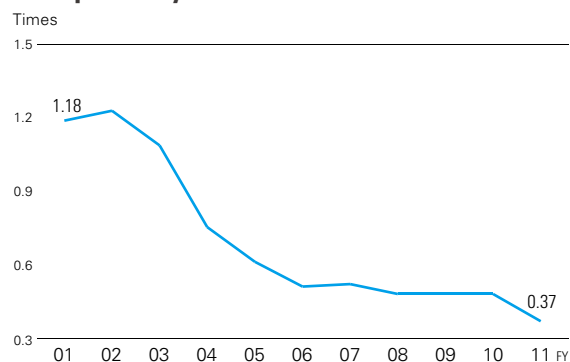
### Equity Ratio

**Up 13.5 percentage points from 10 years ago**



### D/E Ratio

**Improved from 1.18 times to 0.37 times over past 10 years**



## KEY POINTS

- Achieved significant increases in sales and income
- Greatly improved profit margins due to the effects of production innovation activities
- Strengthened financial base by reducing interest-bearing debt

## Analysis of Management Performance

### Operating Environment

#### Generally favorable operating environment throughout the fiscal year

In fiscal 2011, the Japanese economy showed favorable conditions throughout most of the first half of the fiscal year supported by increased exports and private-sector capital investment. However, in the second half of the fiscal year the cancellation of government grants for purchasing environmentally friendly automobiles and home electronics coupled with the persistence of the strong yen brought the recovery trend to a halt. Also, the Great East Japan Earthquake, which occurred on March 11, 2011, added a further sense of uncertainty to the future of the Japanese economy. Overseas, meanwhile, China and other emerging countries continued to see high levels of economic growth, while the United States and Europe showed a gentle yet steady trend toward recovery.

### Net Sales

#### Higher sales for all segments

In fiscal 2011, consolidated net sales increased significantly, rising 22.6% above the levels experienced in fiscal 2010. Likewise, all segments also recorded higher sales, with sales in Chain operations increasing 26.4% year on year, sales in Power Transmission Units and Components operations rising 30.1%, sales in Automotive Parts operations increasing 13.3%, and sales in Materials Handling Systems operations up 28.9%. Both Chain operations and Power Transmission Units and Components operations benefited from the recovery of private-sector capital investment and the strong performance of industries related to liquid crystal displays (LCDs), semiconductors, and machine tools, which con-

tributed to net sales. In Chain operations, consolidated subsidiary KabelSchlepp GmbH (referred to as KS hereinafter), acquired in April 2010, contributed approximately ¥4,460 million to net sales. In Automotive Parts operations, the increased sales were largely attributable to effects of the government grants for purchasing environmentally friendly vehicles offered during the first half of the fiscal year, and the fact that the Company's superior technological capabilities were highly evaluated by several major overseas automobile manufacturers, helping the Company increase its market share. Sales in Materials Handling Systems operations were supported by sales from large-scale orders for conveyance systems for the steel and automotive industries as well as a ¥2,010 million sales contribution attributable to the consolidation of KS.

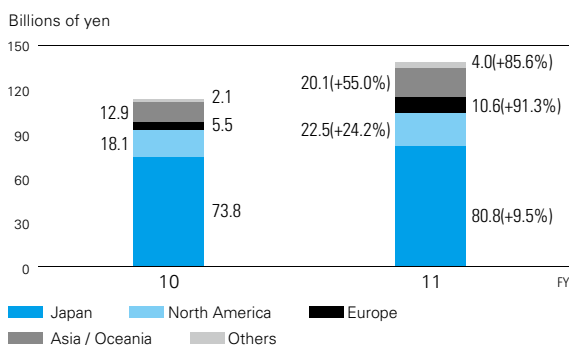
#### Smooth progression into emerging countries and other overseas markets

On a geographic basis, net sales of products for Japan only increased 9.5% year on year. Meanwhile, sales of products for overseas increased an impressive 47.5%. Sales of products for the United States were strong, growing 24.2%. In Chain operations, we increased the percentages of major retailers carrying our products in the United States. In Materials Handling Systems operations, we captured large-scale orders for conveyance systems for automobile painting lines. Sales of products for Europe were up 91.3%, primarily due to the acquisition of KS. Sales of products for Asia and Oceania were up 55.0%. This was largely due to the continued expansion of Automotive Parts operations in Asia and the recording of large-scale material handling systems orders from pharmaceutical companies in China. Sales of products for other regions rose an impressive 85.6%.

As a result of the above, the ratio of overseas sales to total net sales rose significantly, to 41.5%, compared with 34.5% in fiscal 2010.

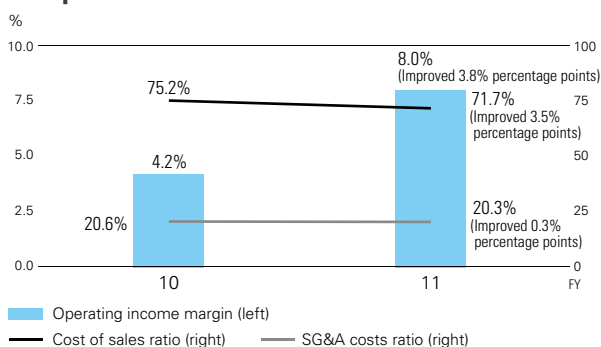
### Sales by geographic region

#### Substantial increase in the percentage of overseas sales



### Profit margins

#### Rapid improvement due to higher sales and production innovation activities



## Operating Income and Net Income

### Higher sales and cost reduction efforts contribute to substantial improvement in profit margins

In fiscal 2011, consolidated operating income was 2.3 times higher than in fiscal 2010, a staggering increase.

The cost of sales ratio showed notable improvement, declining from 75.2% to 71.7%. This was largely due to the above-mentioned increases in net sales combined with effects of the *dantotsu* activities and other successful production innovation activities implemented by the Group. Additionally, the ratio of net sales to SG&A expenses improved from 20.6% in fiscal 2010 to 20.3% in fiscal 2011. This improvement can be attributed to the effects of the various rationalization measures implemented with the goal of boosting managerial efficiency.

Net other income, the difference between total other income and total other expenses, was ¥89 million, a decrease from ¥252 million in fiscal 2010. This was mainly due to the absence of the temporary grants received in fiscal 2010, which totaled ¥543 million. Grants received in fiscal 2011 were much lower. Additionally, we continued our efforts to lighten the burden of financing by reducing interest-bearing debt. These efforts will be discussed in detail later in this section.

Further, in fiscal 2011 the Company recorded an extraordinary loss of ¥673 million, compared with ¥92 million in fiscal 2010. Major losses included loss associated with the Great East Japan Earthquake of ¥240 million and loss associated with the adoption of the Accounting Standard for Asset Retirement Obligations of ¥204 million. As a result of the above, net income in fiscal 2011 increased 91.9% year on year.

## Financial Condition

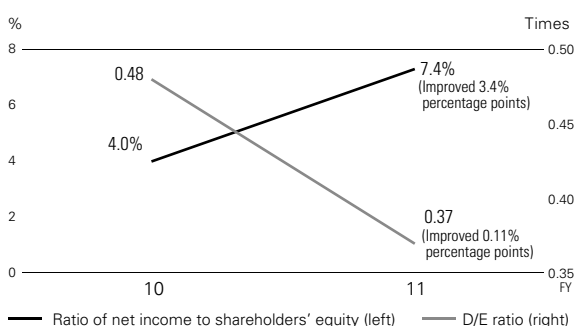
### Further strengthening of financial bases and steady generation of free cash flows

Total assets increased ¥1,564 million year on year. This was primarily due to a ¥1,834 million increase in trade notes and accounts receivable attributable to higher net sales and a ¥1,271 million increase in fixed assets following the consolidation of KS. These factors offset a ¥1,256 million decrease in investments in securities.

In regard to liabilities, trade notes and accounts payable in-

### Return on equity (ROE) and financial base

#### Strong improvement trend



creased ¥2,564 million from the previous fiscal year-end as a result of higher net sales, and deferred tax liabilities increased ¥2,017 million due to the rise in income. Conversely, interest-bearing debt was down ¥7,670 million, decreasing greatly following the redemption of corporate bonds. Total net assets rose ¥3,039 million from the previous fiscal year end. Further, the equity ratio was 45.3%, compared with 44.3% in fiscal 2010, and the debt-equity ratio (D/E) ratio was 0.37 times, compared with 0.48 times in fiscal 2010. In this way, both ratios showed improvement.

In fiscal 2011, net cash provided by operating activities increased ¥1,785 million, to ¥16,293 million, primarily due to substantially higher income. Net cash used in investing activities rose ¥3,260 million, to ¥8,281 million. While purchase of property, plant and equipment decreased ¥236 million, this was outweighed by increases in payment for investment in affiliate companies attributable to the acquisition of KS, as well as other factors. Net cash used in financing activities in fiscal 2011 was ¥10,578 million, compared with ¥373 million in the previous fiscal year. This is largely due to the redemption of corporate bonds and other efforts to reduce interest-bearing debt, as mentioned in the section on liabilities above.

## Dividends

### Increased dividend payments

The Company issues dividend payments based on the policy of stably maintaining annual dividend payments of ¥6 per share whenever possible while also adjusting dividend payments in accordance with the Group's consolidated operating results. In fiscal 2011, the Company managed to further strengthen its financial base, which included achieving substantial increases in free cash flows. In consideration of this fact, we have decided to raise dividend payments ¥1 per share, making for annual dividend payments of ¥7 per share in fiscal 2011.

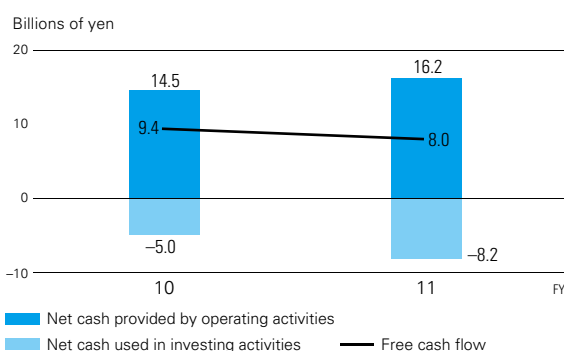


Please refer to the links below for more information:

Financial Statements  
<http://tsubakimoto.com/ir/financial/>  
 Yuho Securities Reports (Japanese Only)  
[www.tsubakimoto.jp/ir/financial/yuho.html](http://www.tsubakimoto.jp/ir/financial/yuho.html)

### Free cash flow

#### Solid cash flows of over ¥8,000 million created



# Tsubaki Group Companies

As of March 31, 2011

	Paid-in Capital	Equity Owned by Tsubakimoto Chain Co.	Principal Business
<b>JAPAN</b>			
TSUBAKI EMERSON CO.*1	¥460 million	70.6%	Manufacture and sales of reducers, variable speed drives, actuators, clutches, and their related products
TSUBAKIMOTO CUSTOM CHAIN CO.*1	¥125 million	99.6%	Manufacture of small-pitch conveyor chains and specialty chains
TSUBAKIMOTO SPROCKET CO.*1	¥126 million	100.0%	Manufacture of sprockets and couplings
TSUBAKI YAMAKYU CHAIN CO.*1	¥126 million	51.0%	Manufacture and sales of various types of plastic chains and automated equipment
TSUBAKIMOTO IRON CASTING CO., LTD.*1	¥50 million	100.0%	Casting, processing, and sales of iron and steel products
TSUBAKIMOTO BULK SYSTEMS CORP.*1	¥150 million	100.0%	Manufacture and sales of bulk materials handling systems
TSUBAKIMOTO MAYFRAN INC.*1	¥90 million	50.0%	Design, manufacture, and sales of conveyors for chips and scraps
TSUBAKIMOTO MACHINERY CO.*1	¥139 million	68.2%	Domestic sales of Tsubaki Group products
TSUBAKIMOTO NISHINIHON CO., LTD.*1	¥90 million	50.0%	Domestic sales of Tsubaki Group products
HOKKAIDO TSUBAKIMOTO CHAIN CO., LTD.*1	¥30 million	100.0%	Domestic sales of Tsubaki Group products
TSUBAKI SUPPORT CENTER CO.*1	¥80 million	100.0%	Building maintenance service and insurance agency, etc.
<b>NORTH AMERICA / SOUTH AMERICA</b>			
U.S. TSUBAKI HOLDINGS, INC.*1,2,3	US\$33,500,000	100.0%	Import sales and local production of materials handling systems Management of subsidiaries and affiliates
U.S. TSUBAKI POWER TRANSMISSION, LLC*1	US\$2,000	100.0%	Import sales and local production of chains and power transmission products
U.S. TSUBAKI AUTOMOTIVE, LLC*1	US\$2,000	100.0%	Import sales and local production of automotive parts
TSUBAKI BRASIL EQUIPAMENTOS INDUSTRIAIS LTDA.*1	R\$382,000	100.0%	Import sales of chain and power transmission products
TSUBAKI OF CANADA LIMITED*1	CAN\$6,295,000	100.0%	Import sales and local production of chains and power transmission products
KABELSCHLEPP AMERICA HOLDINGS, INC.*1	US\$100	100.0%	Management of subsidiaries and affiliates
KABELSCHLEPP AMERICA, LLC*1	—	100.0%	Import sales of chains
KABELTRAX LLC*1	—	100.0%	Import sales and local production of chains
<b>EUROPE</b>			
TSUBAKIMOTO EUROPE B.V.*1	EUR2,722,000	100.0%	Import sales and local production of chains, power transmission products, and automotive parts
TSUBAKIMOTO UK LTD.*1	STG£550,000	100.0%	Import sales and local production of chains, power transmission products, and automotive parts
TSUBAKI DEUTSCHLAND GMBH*1	EUR100,000	100.0%	Import sales of chains, power transmission products, and automotive parts
KABELSCHLEPP GMBH*1	EUR2,600,000	100.0%	Import sales and local production of chains and materials handling systems
KABELSCHLEPP GMBH-HÜNSBORN*1	EUR51,000	100.0%	Import sales and local production of chains and materials handling systems
KABELTRAX EUROPE GMBH*1	EUR25,000	100.0%	Import sales and local production of chains
KABELSCHLEPP ITALIA S.R.L.*1	EUR350,000	90.0%	Import sales of chains and materials handling systems
METOOL PRODUCTS LIMITED*1	STG£203,000	100.0%	Import sales of chains
KABELSCHLEPP FRANCE S.A.R.L.*1	EUR165,000	100.0%	Import sales of chains and materials handling systems
KABELSCHLEPP PROJEKT-GMBH*1	EUR100,000	100.0%	Management of subsidiaries and affiliates
KABELSCHLEPP SYSTEMTECHNIK SPOL. S.R.O.*1	EUR49,000	100.0%	Import sales and local production of materials handling systems
<b>ASIA AND OCEANIA</b>			
TAIWAN TSUBAKIMOTO CO.*1	NT\$70,000,000	100.0%	Import sales and local production of chains, power transmission products, and automotive parts
KABELSCHLEPP SINGAPORE PRIVATE LIMITED*1	S\$88,000	100.0%	Import sales of chains
KABELSCHLEPP INDIA PRIVATE LIMITED*1	INR8,897,000	100.0%	Import sales of chains
KABELSCHLEPP KOREA, INC.*1	WON250,000,000	100.0%	Import sales of chains
KABELSCHLEPP CHINA CO., LTD.*1	RMB1,877,000	100.0%	Import sales and local production of materials handling systems
TSUBAKIMOTO SINGAPORE PTE.LTD.*1	¥271 million	100.0%	Import sales and local production of chains, power transmission products, and materials handling systems
TSUBAKIMOTO (THAILAND) CO.,LTD.*1	THB4,000,000	95.1%	Import sales of chains and power transmission products
TSUBAKI INDIA POWER TRANSMISSION PRIVATE LIMITED*1	INR20,000,000	100.0%	Import sales of chains and power transmission products
TSUBAKI AUSTRALIA PTY.LIMITED*1	A\$300,000	100.0%	Import sales of chains and power transmission products
TSUBAKIMOTO AUTOMOTIVE (THAILAND) CO.,LTD.*1	THB102,000,000	100.0%	Import sales and local production of automotive parts
TSUBAKIMOTO AUTOMOTIVE (SHANGHAI) CO., LTD.*1	RMB20,692,000,000	100.0%	Import sales and local production of automotive parts
TSUBAKI EVERBEST GEAR (TIANJIN) CO., LTD.*1	RMB87,496,000	59.4%	Import sales and local production of reducers, variable speed drives, actuators, clutches, and their related products
KOREA CONVEYOR IND. CO., LTD.	WON1,200 million	49.0%	Import sales and local production of materials handling systems
TIANJIN TSUBAKIMOTO CONVEYOR SYSTEMS CO., LTD.	RMB8,314,000	47.0%	Import sales and local production of bulk materials handling systems

\*1 Consolidated subsidiary

\*2 Specified subsidiary

\*3 On September 10, 2010, consolidated subsidiary U.S. Tsubaki, Inc., changed its name to U.S. TSUBAKI HOLDINGS, INC.

# Corporate Data and Stock Information

As of March 31, 2011

## Corporate Data

Company Name	TSUBAKIMOTO CHAIN CO.	Number of Consolidated Subsidiaries	42
Date of Foundation	December, 1917	Number of Unconsolidated Subsidiaries	7
Date of Incorporation	January 31, 1941	Number of Affiliates	10
Paid-in Capital	¥17,076 million	(Included Number of Equity-Method Affiliates 2)	
Headquarters	3-3-3, Nakanoshima, Kita-ku, Osaka 530-0005, Japan Telephone +81-6-6441-0011	Number of Employees* (consolidated)	5,891
Fiscal Year-End	March 31		

\* including contracted and temporary staff

## Stock Information

Shareholder Register	The Chuo Mitsui Trust and Banking Company, Limited
Stock Listings	Tokyo and Osaka

### Common Stock

Authorized:	299,000,000 shares
Issued:	191,406,969 shares
Number of Shareholders	13,117

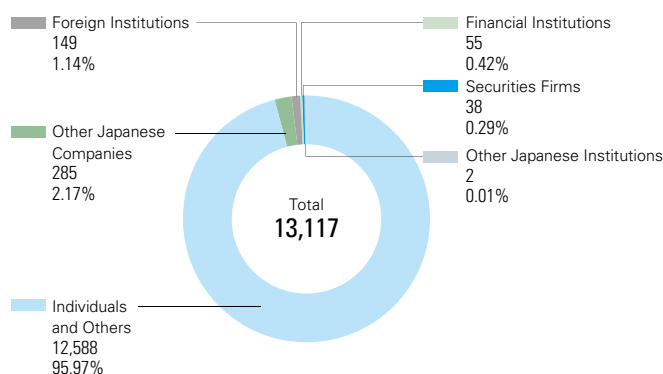
### Major Shareholders

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Issued
Taiyo Life Insurance Company	18,398	9.89
Nippon Life Insurance Company	12,159	6.54
Japan Trustee Services Bank, Ltd. (Trust account 9)	11,934	6.42
Japan Trustee Services Bank, Ltd. (Trust account)	10,960	5.89
The Master Trust Bank of Japan, Ltd. (Trust account)	10,308	5.54
Toyota Motor Corporation	7,722	4.15
Sumitomo Mitsui Banking Corporation	7,034	3.78
Kyoeikai Employee Stock Ownership Association	5,698	3.06
Tsubakimoto Kogyo Co., Ltd.	5,194	2.79
The Chuo Mitsui Trust and Banking Company, Limited	4,245	2.28

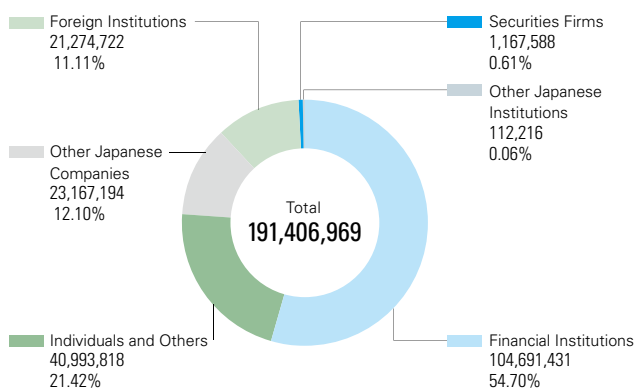
- Numbers less than 1,000 have been rounded.
- The Company owns treasury stock of 5,397,143 shares; however, these shares are not included in the above list of major shareholders.
- Percentage of total shares issued has been calculated excluding the treasury stock of 5,397,143 shares.

## Shareholder Composition

### Number of Shareholders



### Number of Shares Held



Treasury stock of 5,397,143 shares is included in "Individuals and Others."