

**Tsubakimoto Chain Co.
FYE 2012 Interim Settlement of Accounts
Presentation Meeting**

November 17, 2011

FYE 2012 Interim Settlement of Accounts Consolidated Business Report

Note: The "first half" referred to in this report indicates the period from April 1 through September 30 of the applicable consolidated accounting year, while the "second half" indicates from October 1 of the same year through March 31 of the following year. (For some overseas subsidiaries, these periods are from January 1 through June 30 and from July 1 through December 31 respectively of the applicable year.)

Highlights of Settlement of Accounts

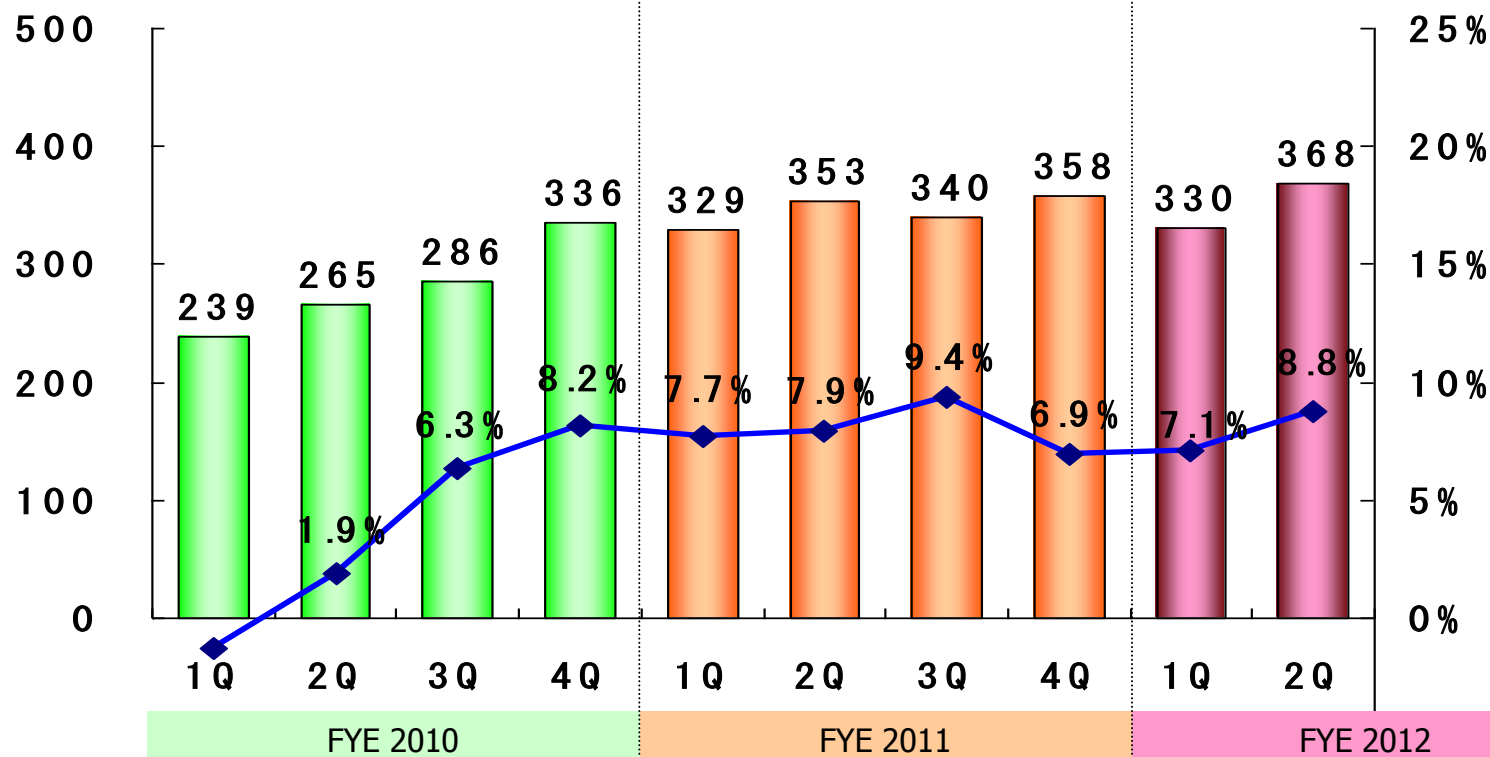
- **Sales:** Sales growth in Chain Operations; Power Transmission Units and Components Operations; and the Other segment offset a drop in Automotive Parts Operations attributable to the effects of the Great East Japan Earthquake (hereinafter “the earthquake”).
Sales increased 2.3 percent year-on-year.
- **Profits:** The increased income and other factors resulted in recovery of operating income margin by over 8 percent.

	(Yen, millions)			
	FYE 2011	FYE 2012		Year-on-year comparison
	First-half actual figure	First-half actual figure	Increase/decrease	Percentage increase/decrease
Net sales	68,270	69,865	+ 1,595	+ 2.3%
Operating income	5,341	5,567	+ 226	+ 4.2%
Operating income margin	7.8%	8.0%		
Ordinary income	5,410	5,686	+ 276	+ 5.1%
Net income for the quarter	3,159	3,108	- 51	- 1.6%
First-quarter net income per share	16.98	16.71	—	—
(Exchange rates 1US\$)	¥88.91	¥79.75	—	—
(Exchange rates 1EURO)	¥113.82	¥113.73	—	—
Shareholders' equity ratio	45.3%	46.2%	Equity capital/total assets	
Net D/E ratio	0.39	0.37	Interest-bearing liabilities/equity capital	

Quarterly Settlement of Accounts

■ Trends in sales and operating income margin (Consolidated)

(Yen, 100 millions)

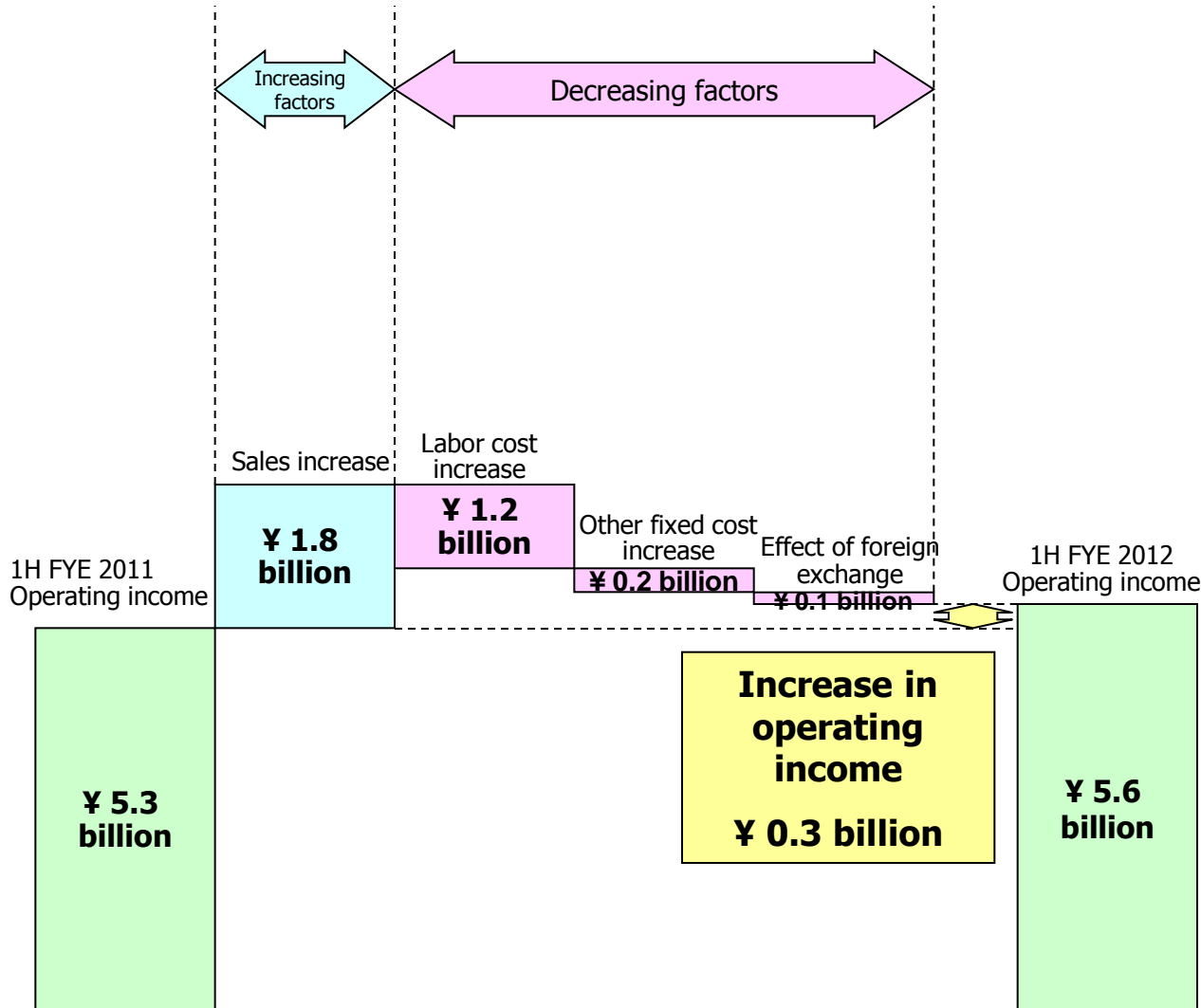


Major exchange rates	FYE 2010 (full year)	FYE 2011 (full year)	FYE 2012 (2nd Quarter Totals)
US \$	¥92.90	¥85.74	¥79.75
Euro	¥131.18	¥113.14	¥113.73

Unit: Yen, 100 millions ■ : Sales ◆ : Operating income margin

Analysis of Factors Increasing/Decreasing Operating Income

■ First half of FYE 2011 vs First half of FYE 2012



<Factors increasing operating income>

- Total sales increase ¥1.8 billion
 - Increase in gross margin from increase in sales

<Factors decreasing operating income>

- Total labor cost increase: ¥1.2 billion
 - Salary and bonus increases, etc.
- Total increase in other fixed costs: ¥0.2 billion
 - Increase in cost from rise in production
- Total effect of foreign exchange (Yen appreciation): ¥0.1 billion

Note:

From the first quarter of FYE 2012, Tsubakimoto Automotive Korea Co., Ltd. became a consolidated subsidiary. (Was a non-consolidated subsidiary up to last FYE.)

Breakdown by Segment and Operations

- Chain Operations and Power Transmission Units and Components Operations registered increased sales and profits, while Materials Handling Systems Operations returned to the black. Beginning in the second quarter of FYE 2012, Automotive Parts Operations recovered rapidly from the negative impact of the earthquake.

	(Yen, millions)		
	FYE 2011	FYE 2012	Year-on-year percentage
	First half figure (actual)	First half figure (actual)	Percentage increase/decrease
Chain Operations			
Net sales ^{*1}	23,563	25,964	+ 10.2%
Operating income (income margin)	1,318 (5.6%)	1,819 (7.0%)	+ 38.0%
Power Transmission Units and Components Operations			
Net sales ^{*1}	9,608	10,957	+ 14.0%
Operating income (income margin)	942 (9.8%)	1,379 (12.6%)	+ 46.4%
Automotive Parts Operations			
Net sales ^{*1}	22,280	19,858	- 10.9%
Operating income (income margin)	3,027 (13.6%)	1,734 (8.7%)	- 42.7%
Materials Handling Systems Operations			
Net sales ^{*1}	12,591	13,141	+ 4.4%
Operating income (income margin)	-227 —	367 (2.8%)	—
Other ^{*2}			
Net sales ^{*1}	1,328	1,297	- 2.4%
Operating income (income margin)	78 (5.9%)	62 (4.9%)	- 19.9%

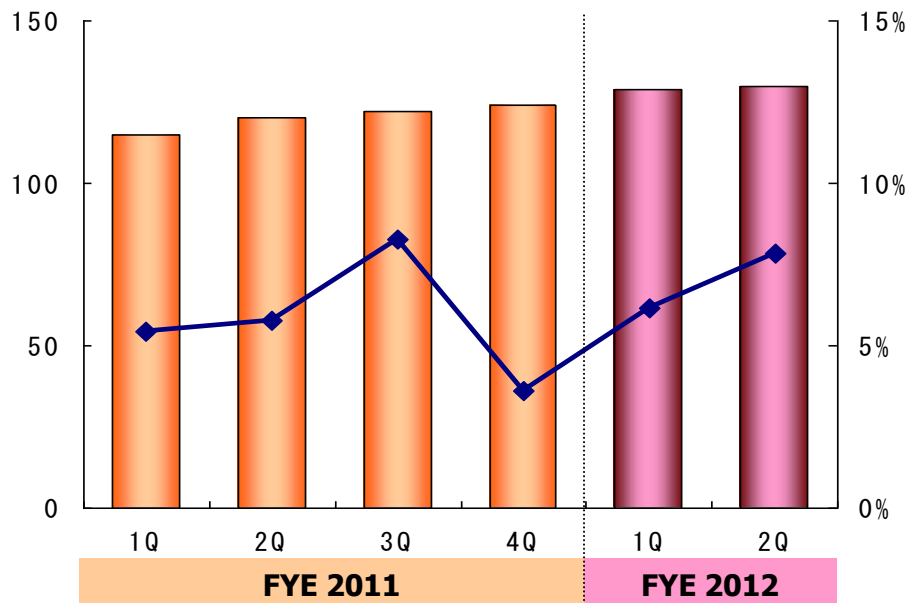
*1: Sales figures include internal sales and transfers between segments.

*2: "Other" is not a reportable segment.

Overview by Business Segment

■ Trends in sales and operating income margin

● Chain Operations



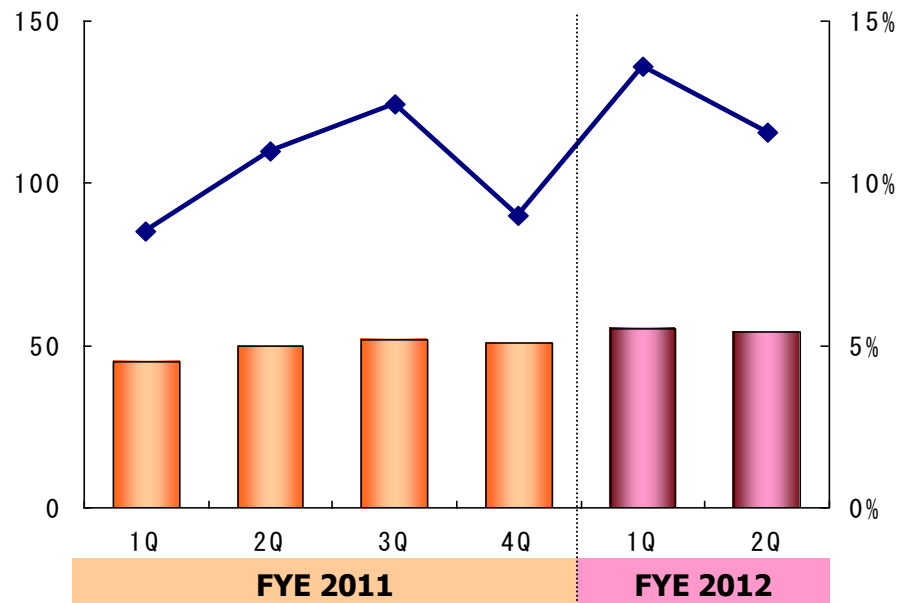
<Sales by industry>

- Machine tool industry sales are strong.
- Steel and food industry sales continue to be solid.

<Sales by region>

- Japan, North America, Europe, Asia, and Oceania regional sales are becoming strong.

● Power Transmission Units and Components Operations



<Sales by industry>

- Machine tool, shipbuilding, automotive, and steel industry sales are strong.
- Despite a good first quarter, LC and semiconductor industry sales have slowed from the second quarter.

<Sales by region>

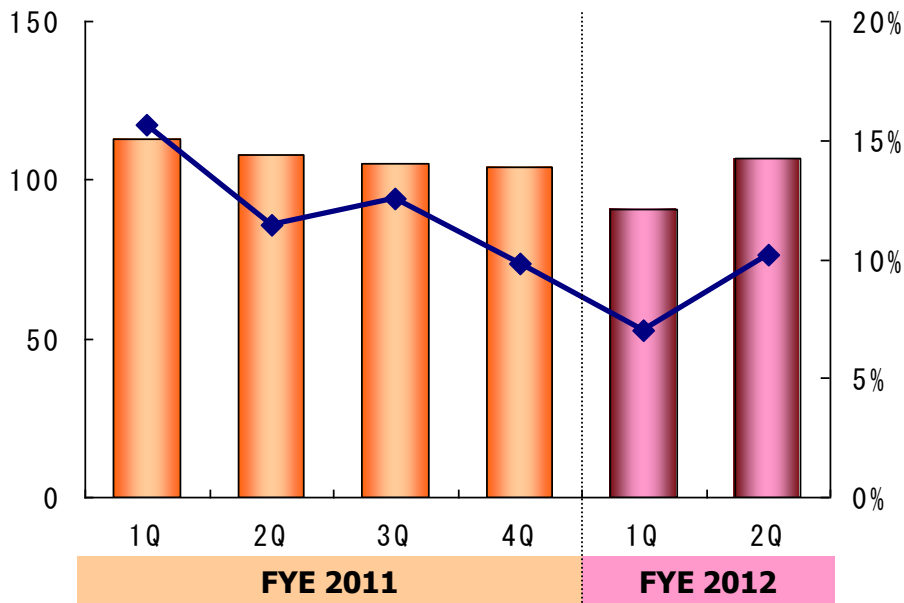
- Japan, North America, Europe, China regional sales are becoming strong.

Unit: Yen, 100 millions ■ : Sales —◆— : Operating income margin

Overview by Business Segment

■ Trends in sales and operating income margin

● Automotive Parts Operations

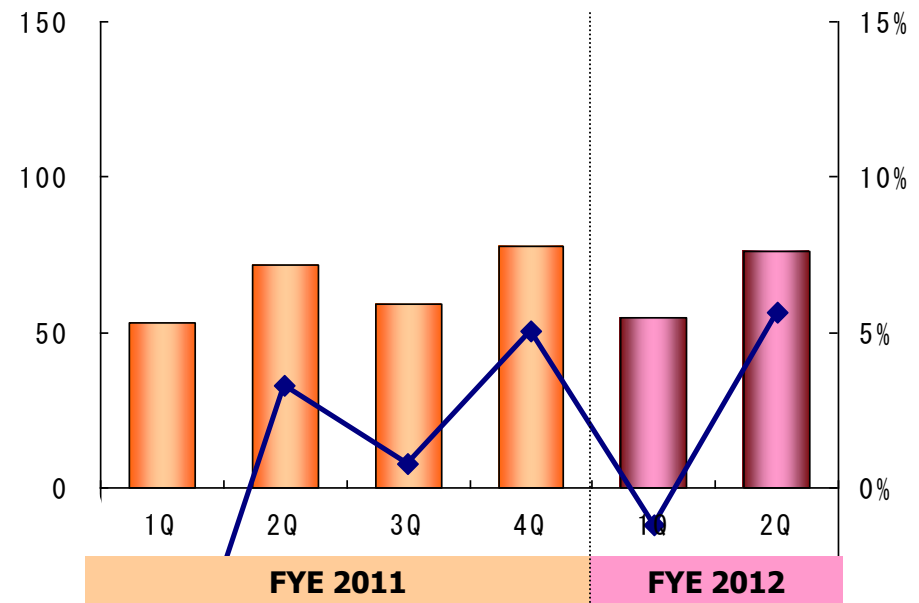


<Sales by region>

- Sales declined in Japan, North America, and China due to the effects of the earthquake, etc.
- Rapid recovery in each region from July. The second quarter profit ratio reached to over 10%.
- A Korean subsidiary was newly consolidated.

● Materials Handling Systems Operations

* 1st Quarter FYE 2011 Profit Ratio = -8.6%



<Sales by industry>

- Distribution industry sales are sluggish due to the effects of the earthquake, etc.
- Granular material transportation system and machine tool industry conveyor sales are becoming strong.

Unit: Yen, 100 millions ■ : Sales —◆— : Operating income margin

Segments by Region

- Industrial chain and other sales are strong in Europe. Mining industry sales are strong and growing in Oceania.

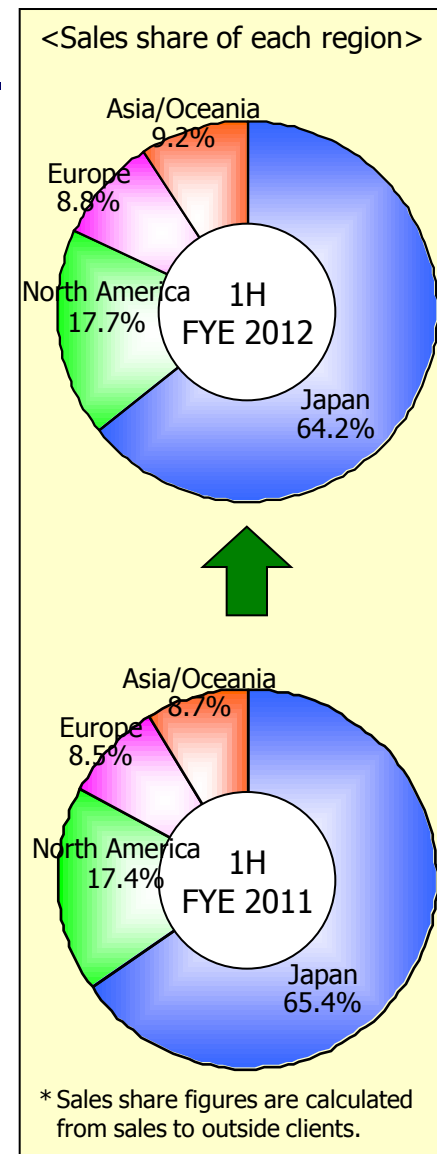
		FYE 2011	FYE 2012	Year-on-year	
		First half figure (actual)	First half figure (actual)	increase/decrease	Percentage increase/decrease
Japan	Net sales*	53,071	53,369	+ 297	+ 0.6%
	Operating income	3,876	3,912	+ 36	+ 0.9%
	Operating income margin	7.3%	7.3%		
North America	Net sales*	12,033	12,708	+ 604	+ 5.6%
	Operating income	810	735	- 74	- 9.3%
	Operating income margin	6.7%	5.8%		
Europe	Net sales*	5,931	6,332	+ 400	+ 6.8%
	Operating income	-164	136	+ 301	—
	Operating income margin	-	2.2%		
Asia/Oceania	Net sales*	6,269	6,873	+ 604	+ 9.6%
	Operating income	850	784	- 65	- 7.7%
	Operating income margin	13.6%	11.4%		
Other areas	Net sales*	32	48	+ 15	+ 50.0%
	Operating income	-26	-22	+ 3	—
	Operating income margin	-	-		
Consolidated	Net sales	68,270	69,865	+ 1,594	+ 2.3%
	Operating income	5,341	5,567	+ 225	+ 4.2%
	Operating income margin	7.8%	8.0%		

*Sales figures include internal sales and transfers between segments.

<Major exchange rates>

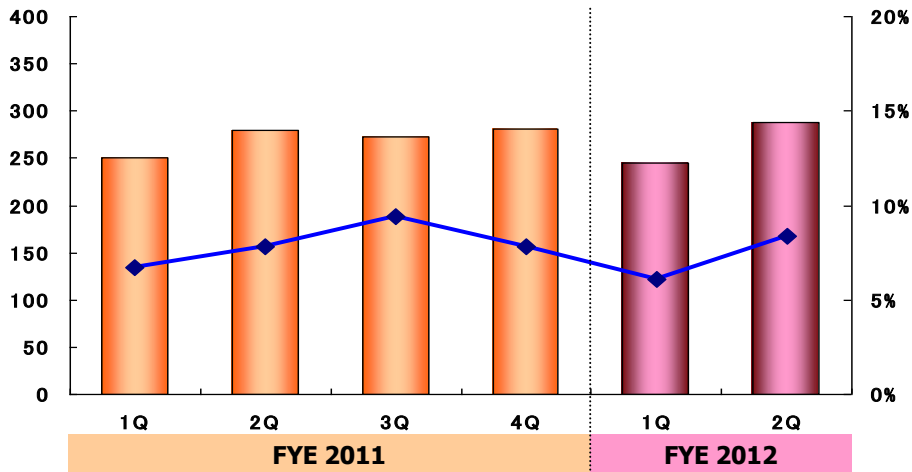
1H FYE 2011 : US\$=¥88.91 , EURO=¥113.82 , Can\$=¥86.00 , A\$=¥79.31 , THB=¥2.80 , NT\$=¥2.78 , RMB=¥13.38

2H FYE 2012 : US\$=¥79.75 , EURO=¥113.73 , Can\$=¥81.94 , A\$=¥84.30 , THB=¥2.70 , NT\$=¥2.75 , RMB=¥12.53

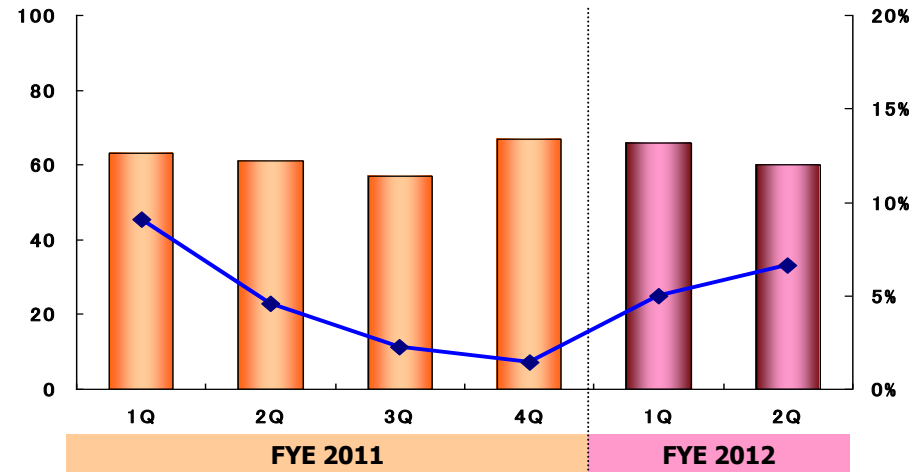


Quarterly Sales by Region

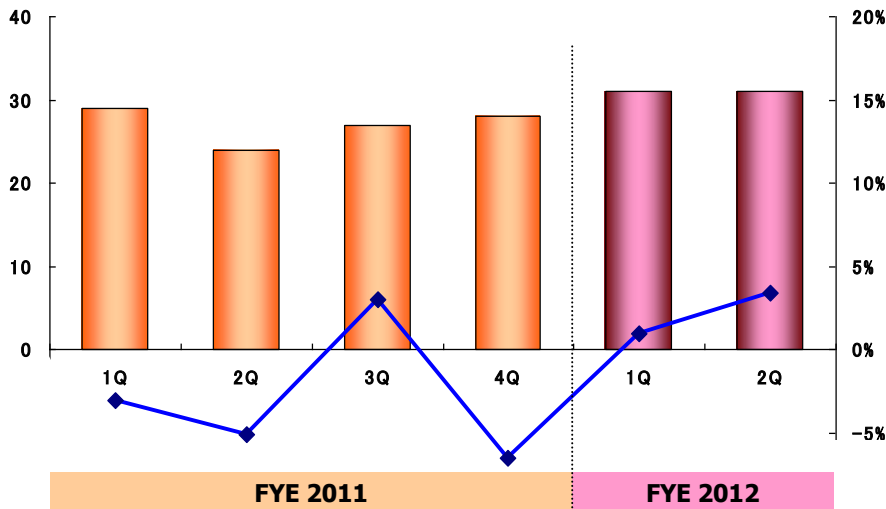
● Japan



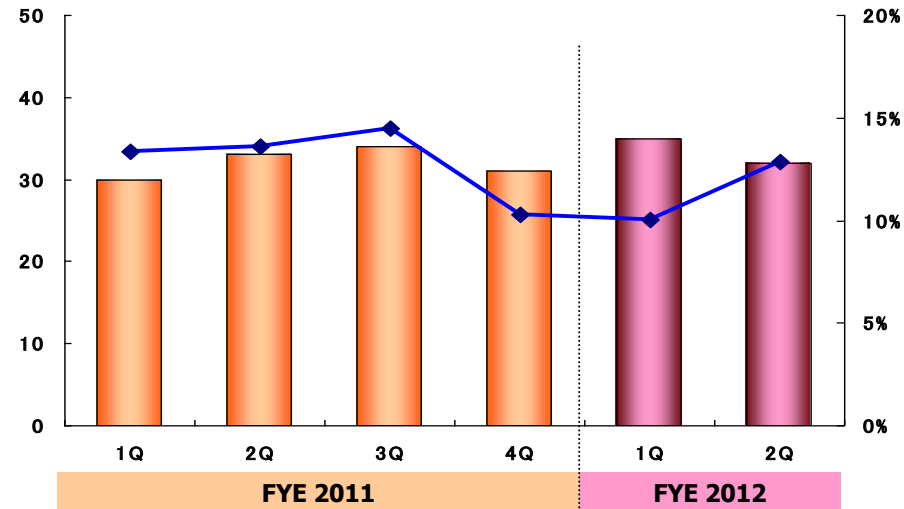
● North America



● Europe



● Asia / Oceania



Unit: Yen, 100 millions ■ : Sales —◆— : Operating income margin

Full Year Consolidated Settlement of Accounts Forecasts for FYE 2012

Full Year Settlement of Accounts Forecast

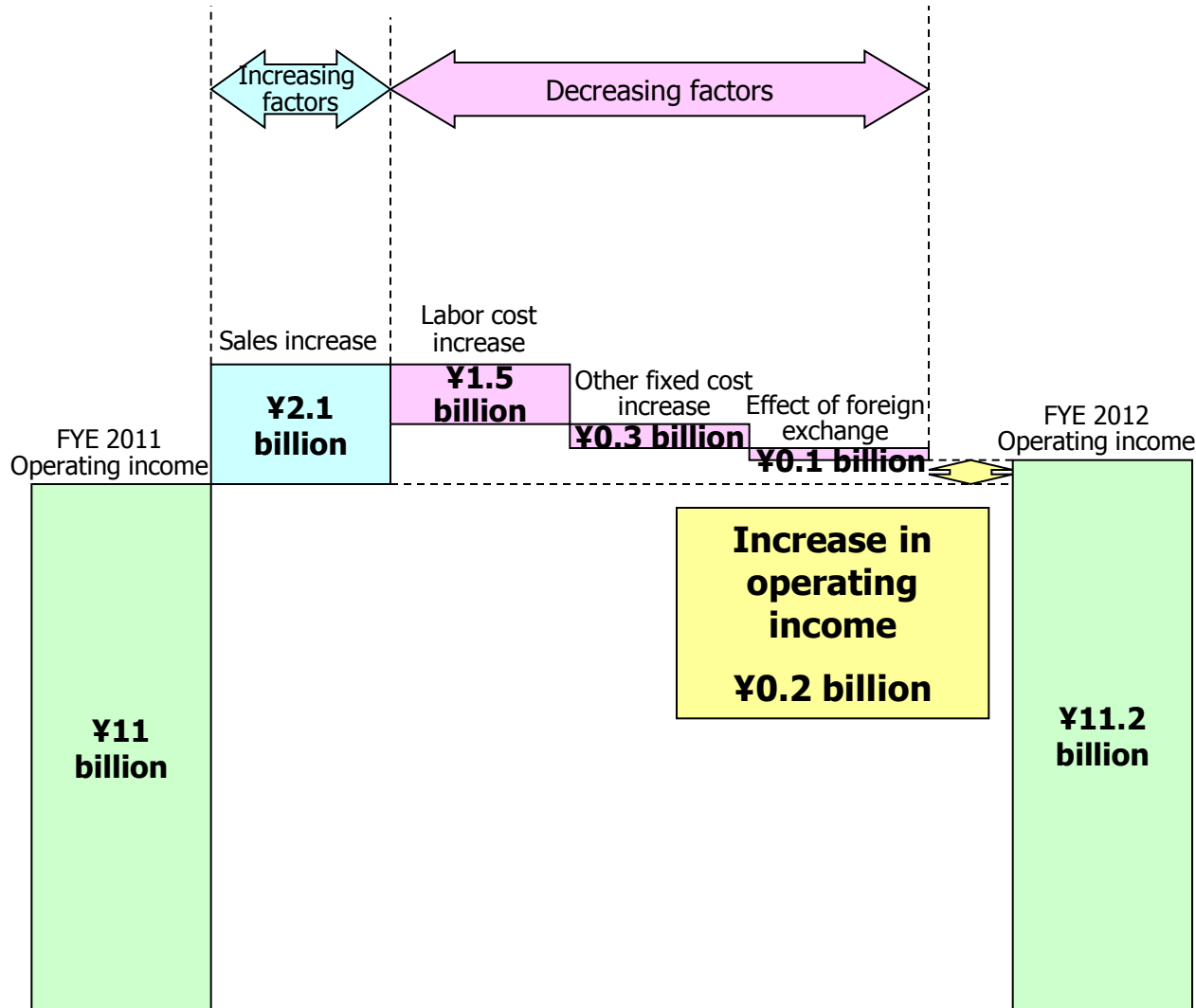
- Considering the lack of clarity in the economy and the many uncertainties arising from the long-term appreciation of the yen and other factors, we will adhere to the forecast for full-year operating results we announced on August 5 of this year.

(Yen, millions)

	FYE 2011	FYE 2012			Year-on-year comparison	
	Full year figure (actual)	First half figure (actual)	Second half forecast	Full year forecast	Increase/decrease	Percentage increase/decrease
Net sales	138,243	69,865	70,135	140,000	+ 1,757	+1.3%
Operating income	11,022	5,567	5,633	11,200	+ 178	+1.6%
Operating income margin	8.0%	8.0%	8.0%	8.0%	0.0%	
Ordinary income	11,111	5,686	5,414	11,100	- 11	-0.1%
Net income	6,093	3,108	3,092	6,200	+ 107	+1.7%
Net income per share	¥32.76	¥16.71	-	¥33.33	+ 0.6	
(Exchange rates 1US\$)	¥85.74	¥79.75	-	¥80.00		
(Exchange rates 1EURO)	¥113.14	¥113.73	-	¥110.00		
Dividend per share (yen)	7.00	3.00	4.00	7.00		

Analysis of Factors Increasing/Decreasing Operating Income

■ FYE 2011 (actual figures) vs FYE 2012 (forecasts)



<Factors increasing operating income>

1. Total sales increase: ¥2.1 billion

<Factors decreasing operating income>

1. Total labor cost increase: ¥1.5 billion
2. Total increase in other fixed costs: ¥0.3 billion
 - Manufacturing cost, payment fee increases, etc.
3. Foreign exchange (yen appreciation) effects: ¥0.1 billion

Note:

From the first half of FYE 2012, Tsubakimoto Automotive Korea Co., Ltd. became a consolidated subsidiary. (Was a non-consolidated subsidiary up to last FYE.)

Full Year Settlement of Accounts Forecasts by Business Segment

- We anticipate increased profits from three segments: Chain Operations; Power Transmission Units and Components Operations; and Materials Handling Systems Operations. For Automotive Parts operations, however, we expect a decrease in full-year profitability despite the second half recovery.

	FYE 2011	FYE 2012			(Yen, millions)
	Actual figure	First half figure (actual)	Second half forecast	Full year forecast	Year-on-year comparison Percentage increase/decrease
Chain Operations					
Net sales ^{*1}	48,262	25,964	24,336	50,300	+4.2%
Operating income (income margin)	2,780 (5.8%)	1,819 (7.0%)	1,231 (5.1%)	3,050 (6.1%)	+9.7%
Power Transmission Units and Components Operations					
Net sales ^{*1}	20,061	10,957	9,943	20,900	+4.2%
Operating income (income margin)	2,065 (10.3%)	1,379 (12.6%)	751 (7.6%)	2,130 (10.2%)	+3.1%
Automotive Parts Operations					
Net sales ^{*1}	43,303	19,858	23,142	43,000	-0.7%
Operating income (income margin)	5,382 (12.4%)	1,734 (8.7%)	2,796 (12.1%)	4,530 (10.5%)	-15.8%
Materials Handling Systems Operations					
Net sales ^{*1}	26,340	13,141	12,759	25,900	-1.7%
Operating income (income margin)	215 (0.8%)	367 (2.8%)	453 (3.6%)	820 (3.2%)	+281.4%
Other^{*2}					
Net sales ^{*1}	2,689	1,297	1,353	2,650	-1.5%
Operating income (income margin)	173 (6.5%)	62 (4.9%)	88 (6.5%)	150 (5.7%)	-13.3%

*1: Sales figures include internal sales and transfers between segments.

*2: "Other" is not a reportable segment.

Work on Major Issues

	Major issues for FYE 2011	Progress and Results
1) Hone the 'Global-Best' strategy	(1) Capture the Chinese volume zone market	✓ See next page.
	(2) Increase shares in Europe	✓ (Chain) Continuing to cultivate the German market through our German subsidiary. ✓ (Automotive Parts) Strengthening relationships with a number of companies on the technical front and the sales front. Conducting activities to secure orders for a number of projects.
	(3) Increase global competitiveness in cableveyors	✓ Developing a global product strategy under the leadership of KabelSchlepp.
2) Strengthen foundation as a manufacturer	(1) Automotive Parts: Spread sales of Zerotech	✓ Order acquisition (4 companies, 11 models) and under evaluation by customers (7 companies)
	(2) Increase our competitiveness in Eco-products (Ecology & Economy)	✓ New release of 9 Eco-products in first half. (Target for the year: 13)
	(3) Improve productivity and product quality with <i>dantotsu</i> improvement activities	✓ Number of activities: 121 (lines, machines) Targets achieved: 75 (lines, machines) (Including Japan and overseas group)
3) Become a solutions provider	(1) Build a PowerTransmission sales network through the use of IT engineering	✓ Starting operation of membership network targeting engineers.
	(2) Expand module business	✓ MB Department – Review of product portfolio. ✓ Full implementation of FlexLink product sales.

Work on Major Issues

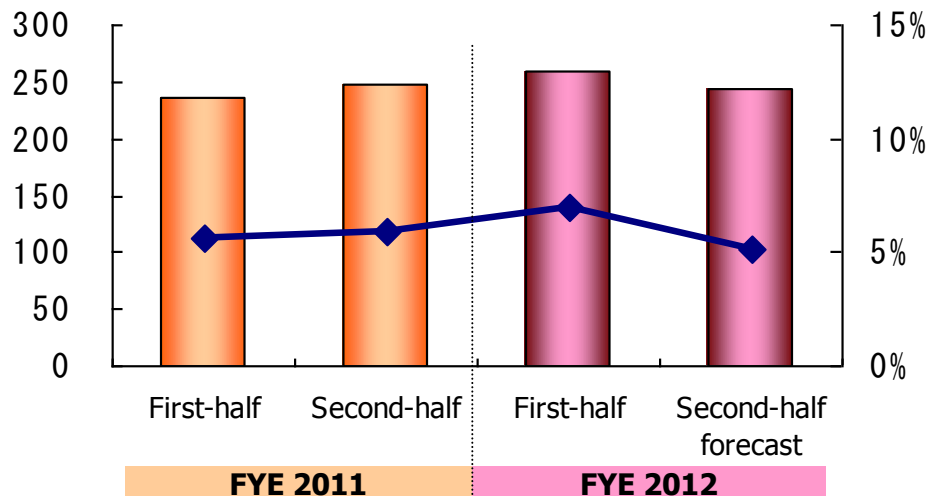
■ Hone the 'Global-Best' strategy

(1) Capture the Chinese volume zone market

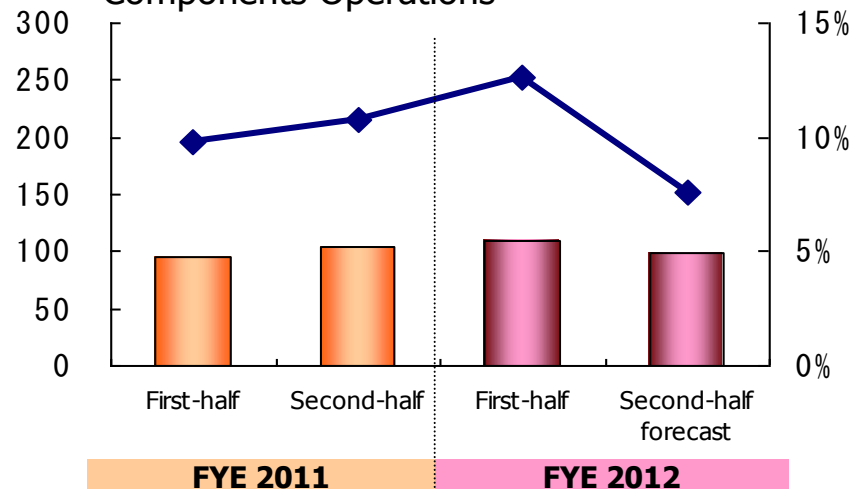
Segment	Theme and Policy	Progress and Results
Chain	(Issue) Strengthen competitiveness in the conveyor chain market	<ul style="list-style-type: none"> • Production base establishment schedule Sep. 2012 Completion Oct. 2012 + Start of local production
	<Policy> Establish new local production bases	
Automotive Parts	(Issue) Expand orders from local Chinese manufacturers	<ul style="list-style-type: none"> • Cost reduction specifications received from two companies. (Approximately 1.10 million units per year)
	<Policy> Develop a low-cost "Timing Chain Drive System" (50% cost reduction)	
Materials Handling Systems	(Issue) Expand sorting system sales	<ul style="list-style-type: none"> • Establishment of Tsubakimoto Materials Handling Systems (Shanghai) Co., Ltd. (October 1) ⇒ Introduction of a sorting system for the distribution industry into the Chinese market
	<Policy> Establish local engineering subsidiaries	

Settlement of Accounts between Half Years by Business Segment

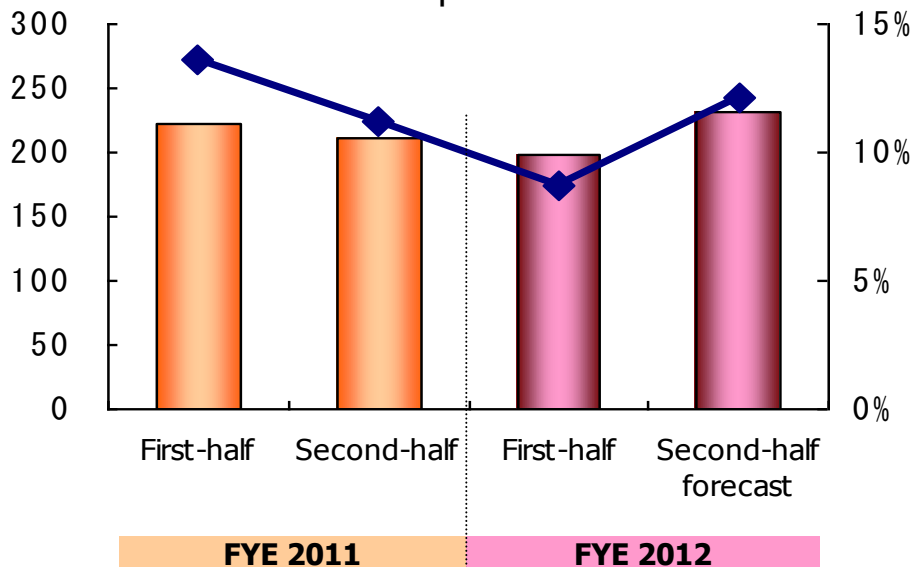
● Chain Operations



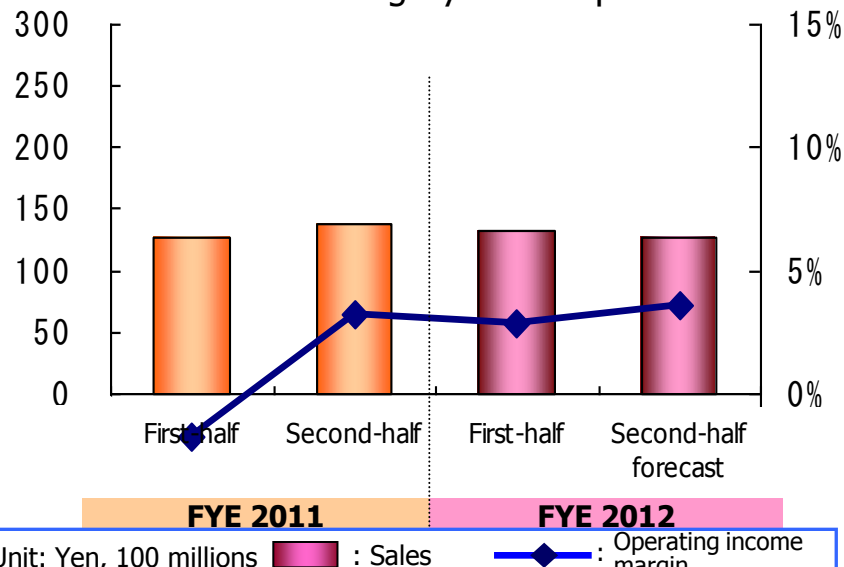
● Power Transmission Units and Components Operations



● Automotive Parts Operations



● Materials Handling Systems Operations



Unit: Yen, 100 millions ■ : Sales —◆— : Operating income margin

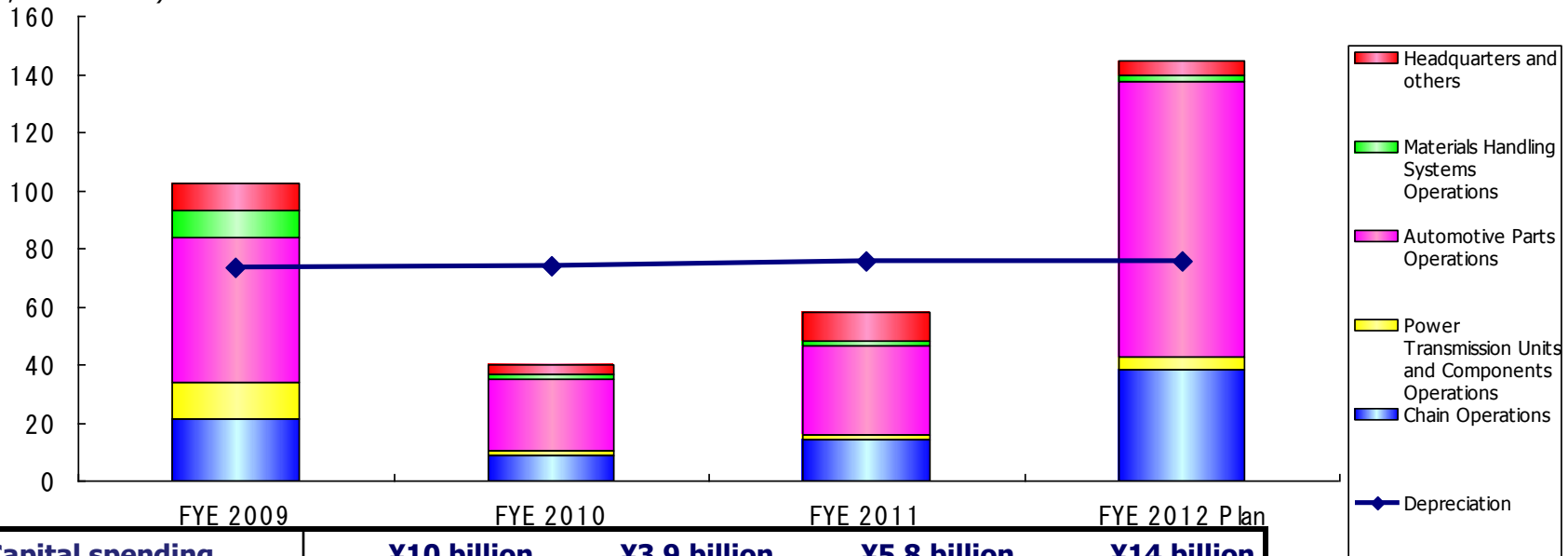
Capital Spending

- Capital investment of ¥14 billion per year (¥8 billion increase year-on-year) are planned.

1. Automotive Parts: Accommodate increased production, and **advance manufacturing at optimal production bases**
2. Chain: Establish a production base in China
Kyotanabe Plant manufacturing process renovation promotion, etc.

- Capital spending and depreciation expense transitions

(Yen, 100 millions)



	FYE 2009	FYE 2010	FYE 2011	FYE 2012 Plan
Capital spending	¥10 billion	¥3.9 billion	¥5.8 billion	¥14 billion
Depreciation expense	¥7.3 billion	¥7.3 billion	¥7.5 billion	¥7.5 billion

Capital Spending

- Strengthen the global manufacturing system for Automotive Parts Operations.
 - Increase production capacity and share risk -

Saitama Plant: Implement a new production system as a mother plant.

China, Thailand: Expand plants to meet the needs of increased production, etc.

North America: Accelerate localization, etc. (integrate production of Silent Chain).

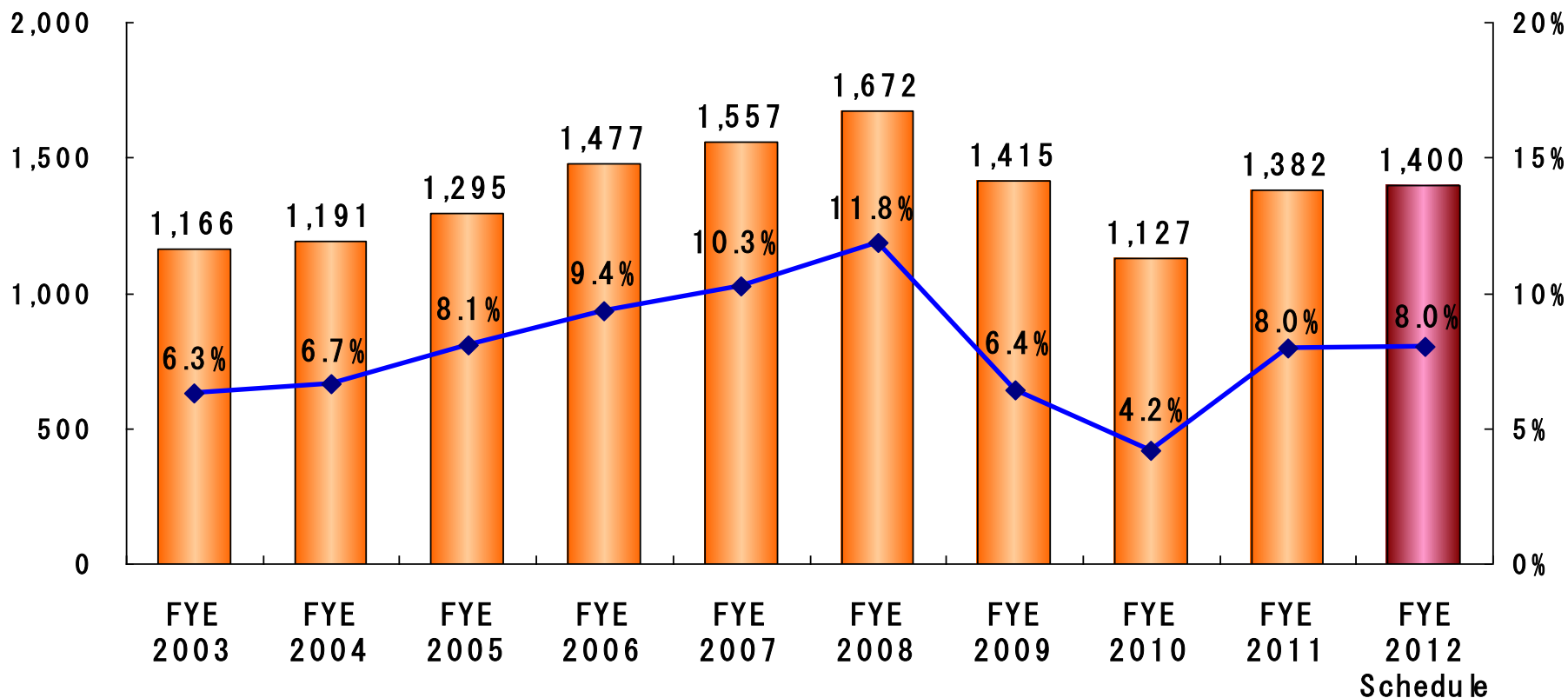
Korea: Accelerate localization, etc. (strengthen function as a parts supply base).



Trends in Consolidated Settlement of Accounts (10 years)

■ Trends in sales and operating income margin (Consolidated)

(Yen, 100 millions)



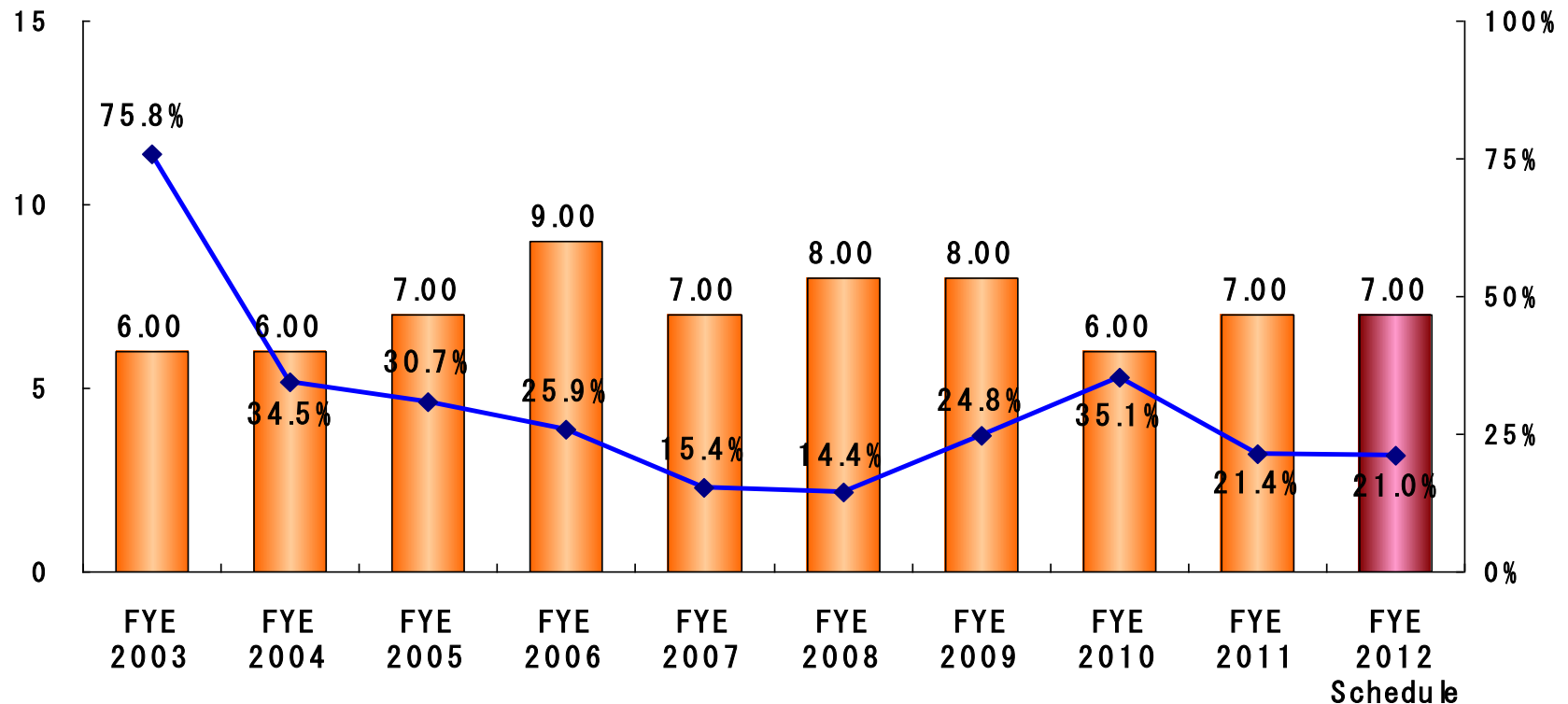
Unit: Yen, 100 millions ■ : Sales —◆— : Operating income margin

Trends in Cash Dividend per Share

■ Dividend Policy

- We believe that sharing profits with our shareholders is an important management responsibility.
- We shall maintain a stable annual dividend of ¥6 per share.
- We shall pay out dividends after considering performance, financial circumstances, and other factors.

Yen/Share/Year



Unit: Yen, 100 millions ■ : Sales —◆— : Operating income margin

This reference document describes the outlook of our business performance and business plans. Contents of this document are based on the economic environment and our business policies at the time of preparation of the reference data. Therefore, please note that actual results may be different from the business outlook described here, depending on a variety of factors.