

February 12, 2010

CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended December 31, 2009

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

1. Consolidated Operating Results for the Nine Months Ended December 31, 2009

(1) Consolidated Results of Operation

(% figures show change compared to the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
9-month period ending December 31, 2009	79,134	(31.3)	1,986	(81.1)	2,416	(77.0)	1,644	(70.9)
9-month period ending December 31, 2008	115,210	—	10,524	—	10,512	—	5,648	—

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
9-month period ending September 30, 2009	8.84		—	
9-month period ending September 30, 2008	30.36		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2009	183,019	84,520	43.0	423.11
As of March 31, 2009	178,455	84,458	43.9	421.53

Note: Shareholders' equity

As of December 31, 2009: ¥78,714 million

As of March 31, 2009: ¥78,422 million

2. Dividends

(Record date)	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FY2009	—	4.00	—	4.00	8.00
FY2010	—	3.00	—	—	—
FY2010 (Forecast)	—	—	—	3.00	6.00

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

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2010

(% figures show change compared to the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
12-month period ending March 31, 2010	110,000	(22.3)	3,500	(61.5)	3,800	(59.3)	2,600	(58.0)	13.98

Note: Revision of figures of consolidated operating results outlook in quarter: Yes

4. Others

(1) Significant changes in scope of consolidation: No

(2) Adoption of simplified methods of accounting or special methods of accounting in preparation of quarterly consolidated financial statements: Yes

(For details please see page 6, "4. Other" in "Qualitative Information.")

(3) Changes in rules, procedures, or presentation methods of accounting methods in preparation of quarterly consolidated financial statements (inclusion of changes in significant items that form the basis of the preparation of quarterly consolidated financial statements)

1 Changes in accordance with amendment of accounting standards: Yes

2 Changes other than 1: No

(For details please see page 6, "4. Other" in "Qualitative Information.")

(4) Number of shares issued (common shares)

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

3rd quarter in FY2010: 191,406,969 shares

FY2009: 191,406,969 shares

2 Number of treasury shares at end of period

3rd quarter in FY2010: 5,368,896 shares

FY2009: 5,363,483 shares

3 Average number of shares during period (consolidated cumulative total of the third quarter)

3rd quarter in FY2010: 186,040,832 shares

3rd quarter in FY2009: 186,061,772 shares

* Explanation regarding the appropriate usage of consolidated operating results outlook and other items

- The consolidated operating results outlook is based on information available at the present juncture and certain assumptions believed to be reasonable. However, it includes risks and uncertainties. Actual business results may differ materially from the figures of the consolidated operating results outlook due to changes in business conditions, market trends, or fluctuation in currency exchange rates. Furthermore, factors that may affect business results are not limited to those factors.

<Qualitative Information>

1. Qualitative Information Regarding Consolidated Operating Results

(Unless otherwise stated, all comparisons are between the third quarter from April 1, 2009, to December 31, 2009, and the third quarter from April 1, 2008, to December 31, 2008.)

In the third quarter (from April 1, 2009, to December 31, 2009), conditions remained tough in Japan's economy because deterioration in the employment market and slumping personal income counteracted signs of economic recovery, such as the effects of various economic stimulus measures and an upturn in exports centered on emerging nations in Asia.

The Group continued to face an uncertain outlook. Although automobile-related sectors showed signs of improvement—with automobile sales moving toward recovery thanks to the introduction of automobile sales promotional measures such as tax reductions for environment-friendly vehicles—capital investment was curbed.

As a result, consolidated orders in the third quarter decreased 28.3%, to ¥79,189 million, while net sales decreased 31.3%, to ¥79,134 million. As a result of the significant decrease in net sales, despite its concerted efforts to reduce fixed costs and expenses, the Group recorded decreases of 81.1% in operating income, to ¥1,986 million; 77.0% in ordinary income, to ¥2,416 million; and 70.9% in net income, to ¥1,644 million.

Segment results are summarized as follows.

[Power Transmission Products]

In Chain operations and Power Transmission Units and Components operations, revenues decreased because continuing curbed capital investment offset recovery trends in the liquid crystal display (LCD) IT-related industries and the automotive industry.

Automotive Parts operations also saw lower revenues as lower automobile production due to worldwide recession offset increased production of some vehicles in Japan and overseas, such as environment-friendly vehicles.

As a result, the Power Transmission Products segment recorded decreases of 27.2% in orders received, to ¥66,245 million; 29.8% in net sales, to ¥65,352 million; and 64.4% in operating income, to ¥4,224 million.

[Materials Handling Systems]

In Materials Handling Systems operations, revenues were down because slumping demand for conveyance systems for the automotive industry and the machine tool industry, which continued to see curbed capital investment, cancelled the benefit of relatively solid sales of sorting systems for the distribution industry, conveyance systems for the steel industry, and bulk conveyance systems.

As a result, the Materials Handling Systems segment posted decreases of 33.6% in orders received, to ¥12,943 million, and 38.0% in net sales, to ¥13,431 million, and operating loss of ¥155 million, compared with operating income of ¥1,479 million.

2. Qualitative Information Regarding Consolidated Financial Position

<Analysis of Financial Position>

[Assets]

Total assets at the end of the quarter were up ¥4,564 million from the end of the previous fiscal year, to ¥183,019 million.

Total current assets at the end of the quarter increased ¥6,993 million from the end of the previous fiscal year, to ¥82,031 million, due to a ¥2,263 million increase cash and cash equivalents, mainly the result of loans from financial institutions and a ¥6,566 million increase in securities reflecting a rise in certificates of deposit, which offset a decrease of ¥1,779 million in inventories that accompanied production adjustment due to slumping demand.

Total non-current assets at the end of the quarter were down ¥2,429 million from the end of the previous fiscal year, to ¥100,987 million, because a ¥2,698 million decrease in property, plant and equipment, net, due to depreciation, offset a ¥562 million increase in investment in securities due to a rise in the market value of shares held and the establishment of a subsidiary in South Korea.

[Liabilities]

Liabilities at the end of the quarter were up ¥4,502 million from the end of the previous fiscal year, to ¥98,498 million, mainly because of a ¥5,149 million increase in loans from financial institutions.

[Net Assets]

Net assets at the end of the quarter were up ¥61 million from the end of the previous fiscal year, to ¥84,520 million, because a ¥342 million increase in retained earnings counteracted a ¥220 million decrease translation adjustments due to fluctuation in foreign exchange rates. The equity ratio was 43.0%.

<Analysis of Cash Flows>

Cash and cash equivalents at the end of the quarter was up ¥8,842 million from the previous fiscal year end, to ¥20,112 million.

A breakdown of the principal factors in the net increase is as follows.

[Cash provided by operating activities]

Net cash provided by operating activities increased ¥3,036 million, to ¥10,302 million, which was attributable to depreciation and amortization of ¥5,437 million, a ¥3,076 million increase in trade notes and accounts payable, and income before income taxes and minority interests of ¥2,418 million.

[Cash used in investing activities]

Net cash used in investing activities decreased ¥2,008 million, to ¥4,942 million, reflecting capital investment of ¥4,684 million for automotive parts production facilities.

[Cash provided by financing activities]

Net cash provided by financing activities rose ¥7,348 million, to ¥3,516 million, which resulted from ¥10,000 million in new proceeds from long-term loans that offset ¥4,851 million in repayment of long-term loans and ¥1,302 million in cash dividends paid.

3. Qualitative Information Regarding Consolidated Operating Results Outlook

Because the effect of cost reductions through expense reductions and improvements in productivity surpassed targets, operating income, ordinary income, and net income are expected to exceed the previous outlook. Therefore, the Company revised the figures for operating results for the twelve-month period ending March 31, 2010, as follows.

Revised outlook for consolidated operating results for the 12 months ending March 31, 2010

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A) (announced November 11, 2009)	110,000	1,800	2,000	1,700	9.14
Revised forecast (B)	110,000	3,500	3,800	2,600	13.98
Increase / Decrease (B - A)	—	1,700	1,800	900	—
Percentage decrease (%)	—	94.4	90.0	52.9	—

(Reference) Revised outlook for nonconsolidated operating results for the 12 months ending March 31, 2010

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecast (A) (announced November 11, 2009)	60,000	(400)	1,300	1,200	6.45
Revised forecast (B)	60,000	900	2,700	2,100	11.29
Increase / Decrease (B - A)	—	1,300	1,400	900	—
Percentage decrease (%)	—	—	107.7	75.0	—

4. Other

(1) Significant changes in scope of consolidation

There were no changes.

(2) Adoption of simplified methods of accounting or special methods of accounting in preparation of quarterly consolidated financial statements

1 Simplified methods of accounting

Method of calculation of depreciation for property, plant and equipment, net

For some consolidated subsidiaries, the calculation of depreciation for property, plant and equipment, net, is based on projections that take into consideration estimates of acquisition, sale, and retirement during the fiscal year.

2 Special methods of accounting in preparation of quarterly consolidated financial statements

No applicable items.

(3) Changes in rules, procedures, or presentation methods of accounting methods in preparation of quarterly consolidated financial statements

Previously, with the exception of the Materials Handling Systems segment of certain overseas consolidated subsidiaries, the Company used the completed contract method as a standard for recognizing earnings related to construction contracts. However, from the first quarter of the fiscal year ending March 2010, the Company adopted the Accounting Standard for Construction Contracts (ASBJ Statement No. 15, December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007). Accordingly, the Company applied the percentage-of-completion method (percentage of completion based on cost incurred compared to the estimated total cost) for construction contracts that began from the first quarter of the fiscal year ending March 2010 and for which benefits could be ascertained in relation to the completed portion at the end of the quarter under review and applied the completed contract method for other construction.

This change has minimal effect on income and losses in the quarter under review.