



Annual Report
1998

TSLIBAKI

Profile

Since its establishment in 1917, Tsubakimoto Chain Co. has marketed industrial-use chains, motion control units, and other power transmission products in Japan and overseas. Today, the Company continues to reinforce its position as a global leader in these fields. Tsubakimoto Chain also develops factory automation, distribution, and other materials handling systems that are making a contribution to workplace rationalization in many industries.

In its mainstay chain business, the Company uses its original development capabilities and technical strengths to develop a wide range of products that offer superior quality, performance, and functionality, and these products are helping the Company to expand its markets. In recent years, in addition to roller chains and conveyor chains, Tsubakimoto Chain's automotive-related products, such as engine timing drive systems, have been highly evaluated by customers and are registering strong growth, especially in North America.

Tsubakimoto Chain products are sold in more than 70 countries through the Company's global network. The Tsubakimoto Chain Group includes sales companies and affiliates in 10 countries and 9 plants overseas. In the years ahead, Tsubakimoto Chain will continue working to solidify its position as an industry leader by strengthening its development of high-value-added products, further advancing the globalization of its operations, and maintaining its emphasis on placing the customer first in all areas of operations.

Contents

Financial Highlights	1
To Our Shareholders and Friends	2
Meeting the Challenge of Change	5
Board of Directors	12
Review of 1998	13
Review of Operations	14
Financial Review	18
Six-Year Financial Summary	19
Consolidated Financial Statements	20
Notes to Consolidated Financial Statements	24
Report of Certified Public Accountants	27
Corporate Data	28
Tsubakimoto Chain Group Companies	29