

CONSOLIDATED FINANCIAL STATEMENTS**9 Months Ended December 31, 2004**

Name of the Company: Tsubakimoto Chain Co.
Code number: 6371
Stock exchange listings: Tokyo, Osaka, Nagoya
URL: <http://www.tsubakimoto.jp/>
Representative: Takashi Fukunaga, President and Representative Director
Inquiries: Kikuo Tomita
 Manager, Legal and General Affairs Department, Compliance Administration
 Tel +81 (6) 6313-3156

1. Significant Accounting Policies in the Preparation of Third-Quarter Operating Results

- (1) Adoption of the simplified method of accounting: Yes
 The simplified method is applied to the computation of income taxes.
- (2) Changes to accounting policies in the most-recent consolidated fiscal year: None
- (3) Changes in the scope of consolidation and application of the equity method: Yes
 Companies newly added to consolidated accounts: 1; Companies subtracted from consolidated accounts: 0; Companies newly added under equity method: 0; Companies subtracted under equity method: 0
 TSUBAKIMOTO AUTOMOTIVE (THAILAND) CO., LTD., was newly consolidated as a subsidiary in light of its increased importance.

2. Consolidated Operating Results for the Nine Months Ended December 31, 2004

(1) RESULTS OF CONSOLIDATED OPERATIONS * Amounts less than ¥1 million rounded down

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For 9 months ended December 31, 2004	91,774	6.1	6,807	40.0	5,694	54.6	2,712	49.3
For 9 months ended December 31, 2003	86,515	-	4,861	-	3,684	-	1,816	-
For Year ended March 31, 2004	119,141		7,950		6,215		3,384	

	Net income per share	Net income per share (Diluted)
	Yen	Yen
For 9 months ended December 31, 2004	14.42	-
For 9 months ended December 31, 2003	9.62	-
For Year ended March 31, 2004	17.40	-

1. Percentage figures for net sales, operating income, and other items indicate increases or decreases compared with the same period of the previous fiscal year.

[Qualitative Data Regarding Consolidated Third-Quarter Operation Results (Fiscal Year Ending March 31, 2005)]

The global economy improved gradually in the third quarter, primarily in the United States and Asia, as well as in Europe. In Japan, though capital investment rebounded thanks to improved corporate profits, higher prices for oil and other raw materials have prompted an adjustment phase in the second half of the fiscal year ending March 31, 2005.

Under these circumstances, the Tsubakimoto Chain Group continued to expand its customer-centered sales and marketing efforts in various global markets in order to increase orders.

As a result, net sales in the nine-month period ending December 31, 2004 increased 6.1% over the

sales to ¥91.77 billion, while operating income rose 40.0% to ¥6.87 billion and ordinary income grew 54.6% to ¥5.69 billion.

In the power transmission products operation, productivity in the chain division improved at the Kyotanabe Plant through the introduction of the cell production method in April 2004, which has enabled the expansion of lines producing variable quantities of different products.

Machine tool chains used in the production of machine tools and LCD equipment were in brisk demand. Strong demand for lube-free roller chain carried over from the first-half of the year into the second-half, while sales of chains used in ships also grew.

In the automotive parts area, timing chain drive systems continued to be in strong demand thanks to the introduction of new car models in Japan. Sales of these products were also higher in the United States, Europe, and Thailand. Among power transmission units and components, reducers and other mainstay products continued to fare well.

Overall, the power transmission products operations logged orders of ¥72.85 billion in the nine-month period, up 8.1% over the same period a year previous, while net sales grew 9.7% to ¥72.42 billion.

In the materials handling systems operations, sales slumped due to fiercer price competition and the seasonal concentration of sales before the end of the fiscal year in March. The division recorded orders of ¥20.52 billion in the nine-month period, up 9.7%, while sales declined 5.7% to ¥18.85 billion.