February 8, 2008

CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended December 31, 2007

Name of the Company:	Tsubakimoto Chain Co.
Code number:	6371
Stock exchange listings:	Tokyo, Osaka, Nagoya
URL:	http://tsubakimoto.com/
Representative:	Tatsuhiko Mimoto, President and Representative Director
Inquiries:	Kikuo Tomita Manager, Legal and General Affair Department Tel +81 (6) 6441-0054

*Amounts less than ¥1 million are omitted

1. Consolidated Operating Results for the Nine Months Ended December 31, 2007

(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	%
For nine months ended December 31, 2007	120,062	6.5	13,709	42.4	13,085	45.5	7,305	95.3
For nine months ended December 31, 2006	112,722	8.4	9,630	4.9	8,991	5.8	3,739	(15.5)
For year ended March 31, 2007	155,746		16,008		14,545		8,541	

	Net income per share	Net income per share (diluted)
	Yen	Yen
For nine months ended December 31, 2007	39.22	–
For nine months ended December 31, 2006	19.94	–
For year ended March 31, 2007	45.55	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholder’s equity per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2007	209,468	87,800	39.2	441.37
December 31, 2006	209,932	83,093	37.2	416.56
March 31, 2007	212,739	86,168	38.1	432.20

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financial activities	Cash and cash equivalents at end of period / year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For nine months ended December 31, 2007	11,709	(8,659)	(4,634)	13,054
For nine months ended December 31, 2006	4,053	(6,058)	2,777	11,803
For year ended March 31, 2007	10,107	(5,879)	(647)	14,618

2. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2008 (Reference)

(% figures show change compared to the previous fiscal 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, 2008	164,000	5.3	17,600	9.9	16,300	12.1	8,800	3.0	47.25

3. Others

(1) Significant changes in scope of consolidation: No

(2) Adoption of the simplified methods of accounting: Yes

(3) Changes to accounting methods from the most-recent consolidated fiscal year: Yes

Note: Details at page 5, Qualitative Information 4. Other

**Explanation on correct use of operating results outlook and other items*

The operating results outlook and other forecasts contained in these materials are based on information currently available to the Tsubaki Group, as well as assumptions which we believe to be reasonable. Actual operating results may differ substantially from our outlook and forecasts, due to a number of factors.

<Qualitative Information>

1. Qualitative information relating to business results

The third quarter of the fiscal year (from April, 2007 to December, 2007), was marked by an increased sense of uncertainty about the direction of the U.S. economy stemming from the slump in the housing market and the turmoil in the financial markets originating with the subprime mortgage crisis. In Europe, the economy performed steadily, backed by firm consumer spending. The Asian economy continued its expansion keynote, supported by China-centered robust capital investment and increasing levels of exports.

In Japan, some factors caused concern, such as the persistently high price of raw materials. However, the economy maintained its modest recovery, as positive corporate earnings underpinned increases in capital investment and exports, and the employment situation continued to improve.

In these market conditions, the Tsubaki Group maintained strong sales in our domestic markets, particularly the machine tools and automotive industries. It also performed solidly in our overseas markets, despite the adverse effects of the spiking price of crude oil and negative trends in the U.S. economy.

In this operating environment, the Tsubaki Group strove to increase orders as we energetically implemented the medium-to-long term vision as embodied in our *Global Best* strategy, which aims to optimize our entire business and to maximize our corporate value.

The results of these efforts for the third quarter of the current fiscal year were a 12.4% year-on-year increase in orders received, to ¥124,932 million, accompanied by a 6.5% increase in net sales, to ¥120,062 million. Profits also increased compared to the same period of the previous fiscal year, due to two main factors: the increased revenue of the Power Transmission Products Segment; and the absence of additional installation costs related to automotive body paint shop conveyor systems, which were incurred by a North American subsidiary in the Materials Handling Systems Segment during the same period of the previous year. As a result, the following increases were recorded: 42.4% for operating income, to ¥13,709 million; 45.5% for ordinary income, to ¥13,085 million; and 95.3% for net income, to ¥7,305 million.

2. Breakdown by Segment

[Power Transmission Products]

Chain Operations recorded strong sales, mainly to the machine tool, automotive, and steel industries. Drive chains, including the new G7 RS Roller Chain, small pitch conveyor chains, and large pitch conveyor chains all performed well.

In Automotive Parts Operations, orders and sales increased, as we pursued further expansion of market share. Performance in timing chain drive systems continued to be robust, as shipments to domestic automakers stayed solid, and under our five-point global production system, there was also positive growth in our overseas bases, including North America, Europe, China, and Thailand.

In Power Transmission Units and Components Operations, sales were down compared to the same period of the previous year. Sales of cam clutches remained strong, but sales of electro-mechanical cylinders to liquid crystal display related industries were sluggish.

As a result of the above, the Power Transmission Products Segment reported orders received of ¥100,679 million, an increase of 9.8% over the previous year, while net sales rose 10.3%, to ¥99,331 million. Operating income increased 17.7%, to ¥14,010 million.

[Materials Handling Systems]

In Materials Handling Systems Operations, orders increased for automotive body paint shop conveyor systems, conveyor facilities for the distribution sector, and conveyors for the machine tool industry. However, mainly due to the completion of a round of major projects for the automotive industry, net sales decreased compared to the same period of the previous fiscal year.

As a result of the above, orders received in the Materials Handling Systems Segment were up 24.3% over the same period of the previous fiscal year, to ¥24,253 million. Net sales declined 8.4%, to ¥20,312 million, but operating income increased a substantial 6.3 times compared to the same period of the previous fiscal year, to ¥2,275 million, reflecting the absence of the additional installation costs previously mentioned, as well as cost improvements through reforms for both design and manufacturing.

2. Qualitative Information Regarding Consolidated Financial Position

At the end of the third quarter under review, total assets had decreased ¥3,271 million compared to the end of the previous fiscal year, to ¥209,468 million. This reflected a decline in investment in securities due to a reduction in unrealized gain on shares held, as well as a decrease in the amount of cash and deposits due to payment of equipment costs and repayment of long term debt. On the other hand, there was an increase in goods in progress in the Materials Handling Systems Segment, required to fulfill orders for the fourth quarter.

At the end of the third quarter under review, cash and cash equivalents stood at ¥13,054 million, a decrease of ¥1,563 million compared to the end of the previous fiscal year.

Net cash provided by operating activities was ¥11,709 million. Income before income taxes and minority interests for the third quarter was ¥13,234 million, and depreciation and amortization was ¥5,393 million. On the other hand, income taxes of ¥6,519 million were paid, and inventories increased by ¥3,736 million.

Net cash used in investing activities was ¥8,659 million. This was mainly due to capital investment of ¥8,013 million in construction of new buildings and plant and automotive parts manufacturing facilities.

Net cash used in financing activities was ¥4,634 million. This was primarily due to the repayment of long term debt, the payment of dividend, and purchase of treasury stock.

3. Qualitative Information Regarding Consolidated Operating Results Outlook

The results for the third quarter under review are generally in line with our projections. We have therefore not changed the operating results outlook for the full year as announced on November 14, 2007.

4. Other

(1) Significant changes in scope of consolidation

There were no changes.

(2) Adoption of the simplified methods of accounting

Simplified methods were partially adopted for criteria for stating corporation tax.

(3) Changes to accounting methods from the most-recent consolidated fiscal year

(Changes to the depreciation method for fixed assets)

Pursuant to the amendment of Japan’s Corporation Tax Law, tangible fixed assets acquired by Tsubakimoto Chain and its domestic consolidated subsidiaries on or after April 1, 2007, will be depreciated in accordance with the amended law.

As a result of this change, in comparison with results calculated by the previous method, operating income was reduced by ¥126 million, ordinary income by ¥130 million, and income before income taxes and minority interests for the third quarter by ¥130 million.

(Additional Information)

(Changes to the depreciation method for fixed assets)

Pursuant to the amendment of Japan’s Corporation Tax Law, tangible fixed assets acquired by Tsubakimoto Chain or its domestic consolidated subsidiaries on or before March 31, 2007, will be depreciated as follows. Using the depreciation method that was applicable prior to the amendment of the tax law, each asset is depreciated until its depreciated value reaches 5% of its acquisition cost. From the following fiscal year, the difference between 5% of the acquisition cost and the memorandum value is depreciated by the straight-line method over a period of five years. The amount of depreciation is recorded as depreciation and amortization expense.

As a result of this change, in comparison with results calculated by the previous method, operating income was reduced by ¥248 million, ordinary income by ¥257 million, and income before income taxes and minority interests for the third quarter by ¥257 million.