November 11, 2009

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended September 30, 2009

Name of the company: Tsubakimoto Chain Co.
Code number: 6371
Stock exchange listings: Tokyo, Osaka, Nagoya
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Scheduled quarterly report issuance date: November 12, 2009
Scheduled dividend payment date: December 10, 2009

*Amounts less than ¥1 million are omitted

1. Consolidated Operating Results for the Six Months Ended September 30, 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	%
6-month period ending September 30, 2009	50,503	(38.5)	183	(97.9)	522	(94.2)	507	(91.0)
6-month period ending September 30, 2008	82,057	—	8,942	—	9,066	—	5,612	—

	Net income per share	Net income per share (diluted)
	Yen	Yen
6-month period ending September 30, 2009	2.73	—
6-month period ending September 30, 2008	30.16	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2009	178,603	84,358	44.0	422.15
As of March 31, 2009	178,455	84,458	43.9	421.53

Note: Shareholders' equity
As of September 30, 2009: ¥78,536 million
As of March 31, 2009: ¥78,422 million

2. Dividends

	Dividends per share				
(Record date)	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)	1,800	(80.2)	2,000	(78.6)	1,700	(72.5)	9.14

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)

2nd quarter in FY2010:	191,406,969 shares
FY2009:	191,406,969 shares

2 Number of treasury shares at end of period

2nd quarter in FY2010:	5,366,830 shares
FY2009:	5,363,483 shares

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

2nd quarter in FY2010:	186,042,071 shares
2nd quarter in FY2009:	186,064,752 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 second quarter from April 1, 2009, to September 30, 2009, and the second quarter from April 1, 2008, to September 30, 2008.)

In the second quarter (from April 1, 2009, to September 30, 2009), conditions remained tough in Japan's economy because deterioration in the employment market and slumping consumer spending due low personal income counteracted signs of economic recovery in some sectors, which was attributable to such factors as government economic stimulus measures.

The Group continued to face an uncertain outlook. Although certain sectors showed signs of bottoming out—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 and the yen appreciated.

As a result, consolidated orders in the second quarter decreased 36.2%, to ¥51,002 million, while net sales decreased 38.5%, to ¥50,503 million. As a result of the significant decrease in net sales, despite its concerted efforts to reduce costs, the Group recorded decreases of 97.9% in operating income, to ¥183 million; 94.2% in ordinary income, to ¥522 million; and 91.0% in net income, to ¥507 million.

Segment results are summarized as follows.

[Power Transmission Products]
In Chain Operations and Power Transmission Units and Components Operations, revenues decreased because of curbed capital investment in the steel industry and the automotive industry.

Automotive Parts Operations also saw lower revenues as production decreases by automobile manufacturers, continuing from the previous year, offset increased production of some vehicles, such as environment-friendly vehicles.

As a result, the Power Transmission Products segment recorded decreases of 36.7% in orders received, to ¥41,176 million; 36.9% in net sales, to ¥41,244 million; and 82.1% in operating income, to ¥1,644 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 and bulk conveyance systems.

As a result, the Materials Handling Systems segment posted decreases of 33.8% in orders received, to ¥9,826 million, and 45.3% in net sales, to ¥9,020 million, and operating loss of ¥53 million, compared with operating income of ¥1,639 million.

2. Qualitative Information Regarding Consolidated Financial Position

<Analysis of Financial Position>

[Assets]

Total assets at the end of the quarter were up ¥148 million from the end of the previous fiscal year, to ¥178,603 million.

Total current assets at the end of the quarter increased ¥582 million from the end of the previous fiscal year, to ¥75,620 million, due to a ¥7,188 million increase in cash and cash equivalents, mainly the result of loans from financial institutions, which offset decreases of ¥3,277 million in trade notes and accounts receivable and ¥1,848 million in inventories.

Total non-current assets at the end of the quarter were down ¥434 million from the end of the previous fiscal year, to ¥102,982 million, because a ¥1,437 million decrease in property, plant and equipment, net, due to depreciation, offset a ¥1,185 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 ¥248 million from the end of the previous fiscal year, to ¥94,244 million, because a ¥5,847 million increase in loans from financial institutions absorbed a ¥1,590 million decrease in other current liabilities, due to a ¥2,432 million decrease in trade notes and accounts payable and the settlement of capital expenditure.

[Net Assets]

Net assets at the end of the quarter were down ¥100 million from the end of the previous fiscal year, to ¥84,358 million, because a ¥258 million decrease in translation adjustments due to fluctuation in foreign exchange rates and a ¥237 million decrease in retained earnings due to cash dividends paid of ¥744 million counteracted a ¥512 million increase in net unrealized holding gain on securities due to an increase in the market valuation of shares held. The equity ratio was 44.0%.

<Analysis of Cash Flows>

Cash and cash equivalents at the end of the quarter was up ¥7,045 million from the previous fiscal year end, to ¥18,315 million.

The principal factors behind the net increase are broken down as follows.

[Cash provided by operating activities]

Net cash provided by operating activities increased ¥680 million, to ¥5,958 million, which was attributable to depreciation and amortization of ¥3,567 million and decreases of ¥3,209 million in trade notes and accounts receivable, ¥1,639 million in inventories, and ¥2,689 million in trade notes and accounts payable.

[Cash used in investing activities]

Net cash used in investing activities decreased ¥629 million, to ¥3,919 million, reflecting capital investment of ¥3,725 million for automotive parts production facilities.

[Cash provided by financing activities]

Net cash provided by financing activities was ¥4,992 million, compared with net cash used in financing activities of ¥2,185 million. Net cash provided by financing activities resulted from

¥10,000 million in new proceeds from long-term loans, which offset ¥4,619 million in repayment of long-term loans.

3. Qualitative Information Regarding Consolidated Operating Results Outlook

Because results in the second quarter improved more than expected, the Company revised the figures for operating income, ordinary income, and net income of the outlook for operating results for the twelve-month period ending March 31, 2010, announced on May 14, 2009, 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 May 14, 2009)	110,000	800	700	300	1.61
Revised forecast (B)	110,000	1,800	2,000	1,700	9.14
Increase / Decrease (B − A)	—	1,000	1,300	1,400	—
Percentage decrease (%)	—	125.0	185.7	466.7	—

(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 May 14, 2009)	60,000	(1,000)	500	500	2.69
Revised forecast (B)	60,000	(400)	1,300	1,200	6.45
Increase / Decrease (B − A)	—	600	800	700	—
Percentage decrease (%)	—	—	160.0	140.0	—

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 under review, 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 and for which benefits could be ascertained in relation to the completed portion at the end of the second quarter and applied the completed contract method for other construction.

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