February 6, 2009

CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended December 31, 2008

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: February 9, 2009

*Amounts less than ¥1 million are omitted

1. Consolidated Operating Results for the Nine Months Ended December 31, 2008

(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, 2008	115,210	—	10,524	—	10,512	—	5,648	—
9-month period ending December 31, 2007	120,062	6.5	13,709	42.4	13,085	45.5	7,305	95.3

	Net income per share	Net income per share (diluted)
	Yen	Yen
9-month period ending December 31, 2008	30.36	—
9-month period ending December 31, 2007	39.22	—

(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, 2008	194,516	85,225	40.6	424.80
As of March 31, 2008	202,316	87,502	40.3	438.56

Note: Shareholders' equity

As of December 31, 2008: ¥79,034 million

As of March 31, 2008: ¥81,605 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
FY2008	—	3.00	—	5.00	8.00
FY2009	—	4.00	—	—	—
FY2009 (Forecast)	—	—	—	4.00	8.00

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

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2009

	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, 2009	145,000	(13.3)	8,400	(57.6)	8,200	(54.6)	4,100	(60.5)	22.04

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: Yes

(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 FY2009:	191,406,969 shares
FY2008:	191,406,969 shares

2 Number of treasury shares at end of period

3rd quarter in FY2009:	5,354,927 shares
FY2008:	5,329,914 shares

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

3rd quarter in FY2009:	186,061,772 shares
3rd quarter in FY2008:	186,251,488 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.
- From the current fiscal year, ending March 31, 2009, the Company adopted ASBJ (Accounting Standards Board of Japan) Statement No. 12 *Accounting Standard for Quarterly Financial Reporting* and Implementation Guidance, ASBJ Guidance No. 14 *Guidance on Accounting Standard for Quarterly Financial Reporting*.

  Further, the Company prepared quarterly consolidated financial statements in accordance with the *Regulation for Quarterly Consolidated Financial Statements*.

<Qualitative Information>

1. Qualitative Information Regarding Consolidated Operating Results

(Unless otherwise stated, all comparisons are between the third quarter from April 1, 2008, to December 31, 2008, and the third quarter from April 1, 2007, to December 31, 2007.)

1) Summary of Operating Results in the Third Quarter

In the third quarter (from April 1, 2008, to December 31, 2008), economies worldwide appeared to move toward global recession as the financial crisis that began in the United States seriously affected the real economy.

From the third quarter, the Tsubaki Group faced rapidly changing and very tough business conditions due to curbed capital investment as companies reduced production and due to lower production in the automotive industry, which affected business results.

As a result, consolidated orders in the third quarter decreased 11.5%, to ¥110,508 million, while net sales decreased 4.0%, to ¥115,210 million. In earnings, the Group posted decreases of 23.2% in operating income, to ¥10,524 million; 19.7% in ordinary income, to ¥10,512 million; and 22.7% in net income, to ¥5,648 million.

Further, as the Group is applying quarterly accounting standards from the current fiscal year, year-on-year comparisons have been included as a reference.

2) Third Quarter Summary by Segment

[Power Transmission Products]

In Chain Operations, the Group strove to increase sales for the automotive, LCD, and steel industries. However, revenues declined due to the economic slowdown.

In Automotive Parts Operations, revenues declined because reduced production by automotive manufacturers in Japan, the United States, and Europe counteracted comparatively solid results from bases in China and Thailand.

In Power Transmission Units and Components Operations, revenues increased thanks to brisk sales until the second quarter—mainly to liquid crystal display (LCD) IT-related industries and the machine tool industry—which absorbed the effect of decreasing capital investment in the third quarter.

As a result, the Power Transmission Products segment achieved decreases of 9.6% in orders received, to ¥91,022 million; 6.2% in net sales, to ¥93,135 million; and 15.4% in operating income, to ¥11,858 million.

[Materials Handling Systems]

In Materials Handling Systems Operations, revenues were up due to favorable shipments to the cement industry until the second quarter, which compensated for increasingly tough business conditions stemming from the economic slowdown.

As a result, the Materials Handling Systems segment saw a 19.7% decrease in orders received, to ¥19,485 million. Although net sales were up 6.7%, to ¥21,670 million, operating income was down 35.0%, to ¥1,479 million.

2. Qualitative Information Regarding Consolidated Financial Position

<Analysis of Financial Position>

[Assets]

Total assets at the end of the quarter were down ¥7,800 million from the end of the previous fiscal year, to ¥194,516 million.

Total current assets was down ¥1,165 million from the end of the previous fiscal year, to ¥89,368 million, because of a ¥3,899 million decrease in cash and cash equivalents due to capital investments and income taxes paid and a ¥760 million decrease in trade notes and accounts receivable offsetting a ¥3,684 million increase in inventories due to a dramatic downturn in demand.

Total non-current assets declined ¥6,635 million from the end of the previous fiscal year, to ¥105,147 million, which resulted from a ¥6,746 million decrease in investment in securities related to a significant fall in the market value of shares held.

[Liabilities]

Liabilities decreased ¥5,523 million from the end of the previous fiscal year, to ¥109,290 million, because of decreases of ¥265 million in accrued income taxes due to income taxes paid, ¥2,263 million in interest-bearing debt due to loan repayments, and ¥3,298 million in other long-term liabilities due to lower deferred tax liabilities counteracting a ¥4,809 million increase in trade notes and accounts payable, which resulted from the last day of the third quarter being a holiday for financial institutions.

[Net Assets]

Net assets declined ¥2,277 million from the end of the previous fiscal year, to ¥85,225 million, because of decreases of ¥3,358 million in net unrealized holding gains on securities due to a decline in differences of mark-to-market valuations on shares held and ¥3,004 million in translation adjustments due to foreign exchange rate fluctuations offsetting a ¥3,925 million increase in retained earnings, associated with net income of ¥5,648 million and cash dividends paid of ¥1,674 million. The shareholders' equity ratio was 40.6%.

<Analysis of Cash Flows>

Cash and cash equivalents at the end of the quarter was down ¥3,966 million from the previous fiscal year end, to ¥13,778 million, related to capital expenditure of ¥7,058 million for automotive parts production facilities and income taxes paid of ¥5,988 million, which counteracted income before income taxes and minority interests of ¥9,722 million.

[Cash provided by operating activities]

Net cash provided by operating activities amounted to ¥7,266 million, attributable to income before income taxes and minority interests of ¥9,722 million and depreciation and amortization of ¥5,427 million, which canceled out the effect of income taxes paid of ¥5,988 million.

[Cash used in investing activities]

Net cash used in investing activities stood at ¥6,950 million, which was due to capital expenditures of ¥7,058 million for automotive parts production facilities.

[Cash used in financing activities]

Net cash used in financing activities was ¥3,832 million, which was related to repayments of long-term loans of ¥2,338 million and cash dividends paid of ¥1,674 million.

3. Qualitative Information Regarding Consolidated Operating Results Outlook

The Group has revised its forecasts of consolidated and nonconsolidated business results for the fiscal year ending March 2009 to reflect a dramatic downturn in demand from the automotive industry—comparatively strong until the second quarter—and higher-than-expected appreciation of the yen.

Also, for the fourth quarter the Group has assumed currency exchange rates of 1US$=¥90 and 1€=¥117.

Forecast of Consolidated Operating Results

	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 10, 2008)	154,200	12,900	12,300	7,100	38.16
Revised forecast (B)	145,000	8,400	8,200	4,100	22.04
Decrease (B − A)	(9,200)	(4,500)	(4,100)	(3,000)	—
Percentage decrease (%)	(6.0)	(34.9)	(33.3)	(42.3)	—

(Reference) Forecast of Nonconsolidated Operating Results

	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 10, 2008)	86,000	4,300	6,000	4,000	21.50
Revised forecast (B)	78,000	1,800	3,600	1,600	8.60
Decrease (B − A)	(8,000)	(2,500)	(2,400)	(2,400)	—
Percentage decrease (%)	(9.3)	(58.1)	(40.0)	(60.0)	—

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

1 From the fiscal year ending March 31, 2009, the Company adopted ASBJ (Accounting Standards Board of Japan) Statement No. 12 *Accounting Standard for Quarterly Financial Reporting* (March 14, 2007) and Implementation Guidance, ASBJ Guidance No. 14 *Guidance on Accounting Standard for Quarterly Financial Reporting* (March 14, 2007).
Further, the Company prepared quarterly consolidated financial statements in accordance with the *Regulation for Quarterly Consolidated Financial Statements*.

2 Previously, the Company mainly evaluated inventories held for the purpose of normal sales using the first-in, first-out (FIFO) method, based on the cost method using either the identified cost method or moving average method. However, the Company mainly evaluated inventories from the first quarter using the FIFO method, based on the cost method (writing down book value based on a decrease in profitability) using either the identified cost method or moving average method in accordance with its adoption of ASBJ Statement No. 9 *Accounting Standard for Measurement of Inventories* (July 5, 2006).
In the third quarter, the change resulted in respective decreases of ¥431 million in operating income, ordinary income, and income before income taxes and minority interests.

3 From the first quarter, the Company adopted Practical Issues Task Force No. 18 *Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements* (May 17, 2006) and undertook required amendments to consolidated financial statements.
This change has minimal effect on income and losses in the third quarter.

4 With respect to finance lease transactions that do not transfer ownership, previously the Company used accounting methods in accordance with methods for lease transactions. However, because ASBJ Statement No. 13 *Accounting Standard for Lease Transactions* ((First Subcommittee of the Business Accounting Council, June 17, 1993) revised March 30, 2007) and ASBJ Guidance No. 16 *Guidance on Accounting Standard for Lease Transactions* ((Japanese Institute of Certified Public Accountants, Accounting System Committee, January 18, 1994) revised March 30, 2007) can be adopted for quarterly consolidated financial statements from fiscal years beginning on or after April 1, 2008, the Company adopted that accounting standard from the first quarter and implemented accounting methods in adherence with methods for normal sales transactions.

Further, regarding the depreciation and amortization method for lease assets related to finance lease transactions that do not transfer ownership, the Company adopted a straight-line method that assumes the years of service lives are lease periods and residual values are zero.

In addition, for finance lease transactions that do not transfer ownership with lease transaction commencement dates before the beginning of the first fiscal year of adoption of the accounting standard, the Company will continue to implement accounting methods in adherence with methods for normal lease transactions.

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

(4) Additional information

1 In preparation for the payment of retirement benefits to directors, based on internal regulations the Company recognized payment amounts required at fiscal year ends as accrued retirement benefits to directors. However, the annual general meeting of shareholders held on June 27, 2008, approved the abolition of the system for retirement benefits to directors and a termination payment of retirement benefits to directors commensurate with service periods through to the end of the said annual general meeting of shareholders.

The resulting unpaid retirement benefits to directors of ¥274 million at the end of the third quarter was recognized as long-term accrued amount payable and included in other long-term liabilities in total long-term liabilities.

2 In accordance with a revision of Japan’s Corporation Tax Law in the fiscal year ending March 31, 2009, the Company and its consolidated subsidiaries considered the usage status of assets and as a result changed the years of service lives of machinery and equipment from the first quarter.

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