

August 5, 2011

**CONSOLIDATED FINANCIAL STATEMENTS**  
**<under Japanese GAAP>**

For the three-month period ended June 30, 2011

Name of the company: Tsubakimoto Chain Co.  
Code number: 6371  
Stock exchange listings: Tokyo, Osaka  
URL: <http://tsubakimoto.com/>  
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Scheduled quarterly report issuance date: August 8, 2011

\*Amounts less than ¥1 million are omitted

**1. Consolidated Operating Results for the Three Months Ended June 30, 2011**

**(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 | %      |
| 3-month period ended June 30, 2011 | 33,057          | 0.4  | 2,332            | (8.0) | 2,364           | (6.0) | 1,232           | (16.9) |
| 3-month period ended June 30, 2010 | 32,928          | 37.5 | 2,534            | —     | 2,515           | —     | 1,483           | —      |

Note: Comprehensive income (loss)

3-month period ended June 30, 2011: ¥1,485 million (— %)

3-month period ended June 30, 2010: ¥ (104 million) (— %)

|                                    | Net income per share |  | Net income per share (diluted) |  |
|------------------------------------|----------------------|--|--------------------------------|--|
|                                    | Yen                  |  | Yen                            |  |
| 3-month period ended June 30, 2011 | 6.63                 |  | —                              |  |
| 3-month period ended June 30, 2010 | 7.97                 |  | —                              |  |

**(2) Consolidated Financial Position**

|                      | Total assets    |  | Net assets      |  | Equity ratio |  |
|----------------------|-----------------|--|-----------------|--|--------------|--|
|                      | Millions of yen |  | Millions of yen |  | %            |  |
| As of June 30, 2011  | 181,997         |  | 90,402          |  | 46.1         |  |
| As of March 31, 2011 | 184,206         |  | 89,877          |  | 45.3         |  |

Note: Shareholders' equity

As of June 30, 2011: ¥83,911 million

As of March 31, 2011: ¥83,413 million

**2. Dividends**

| (Record date)     | Dividends per share |                 |                 |                 |             |
|-------------------|---------------------|-----------------|-----------------|-----------------|-------------|
|                   | 1st quarter end     | 2nd quarter end | 3rd quarter end | Fiscal year end | Total       |
| FY2011            | Yen<br>—            | Yen<br>3.00     | Yen<br>—        | Yen<br>4.00     | Yen<br>7.00 |
| FY2012            | —                   | —               | —               | —               | —           |
| FY2012 (Forecast) | —                   | 3.00            | —               | 4.00            | 7.00        |

Note: Revision of cash dividends forecast in quarter under review: Yes

### 3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2012

(% 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                  |
| 6-month period ending September 30, 2011 | 68,300          | 0.0 | 4,800            | (10.1) | 4,900           | (9.4) | 2,700           | (14.5) | 14.52                |
| 12-month period ending March 31, 2012    | 140,000         | 1.3 | 11,200           | 1.6    | 11,100          | (0.1) | 6,200           | 1.7    | 33.33                |

Note: Revision of figures of consolidated operating results outlook in quarter under review: Yes

### 4. Others

(1) Significant changes in scope of consolidation (indicates changes in specified subsidiaries following changes in the scope of consolidation): No

(2) Adoption of accounting methods specific to preparation for quarterly consolidated financial statements: No

(3) Changes in accounting policies, accounting estimates, and restatement of corrections:

1. Changes in accounting policies due to the revision of accounting standards and other regulations: None

2. Other changes in accounting policies: None

3. Changes in accounting estimates: None

4. Restatement of corrections: None

(4) Number of shares issued (common shares)

1 Number of shares issued at end of period (including treasury shares)

1st quarter in FY2012: 191,406,969 shares

FY2011: 191,406,969 shares

2 Number of treasury shares at end of period

1st quarter in FY2012: 5,399,000 shares

FY2011: 5,397,143 shares

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

1st quarter in FY2012: 186,008,659 shares

1st quarter in FY2011: 186,031,450 shares

\* Implementation status of the quarterly review

These quarterly financial statements are exempt from the quarterly review procedure required by the Financial Instruments and Exchange Act. The quarterly review based on the Financial Instruments and Exchange Act has been not completed at the time of disclosure of these financial statements.

\* 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.

## 1. Qualitative Information Regard Consolidated Performance in the Quarter under Review

### (1) Qualitative Information Regarding Consolidated Operating Results

(Unless otherwise stated, all comparisons are between the first quarter from April 1, 2011, to June 30, 2011, and the first quarter from April 1, 2010, to June 30, 2010.)

In the first quarter ended June 30, 2011, in the Group's operating environment the machine tools and food industries continued to see favorable conditions. However, the operating environment was influenced by the residual effects of the Great East Japan Earthquake, which occurred on March 11, 2011, as represented by such occurrences as the delay and cancellation of capital investment, the substantial decline in production among Japanese automobile manufacturers seen during the first half of the period, and the electricity shortages. Fortunately though, there were signs of recovery of domestic automobile production during the second half of the period.

As a result, consolidated orders in the first quarter rose 10.0% year on year, to ¥34,187 million. Net sales also increased 0.4%, to ¥33,057 million. Meanwhile, operating income was down 8.0%, to ¥2,332 million, ordinary income declined 6.0%, to ¥2,364 million, and net income decreased 16.9%, to ¥1,232 million. This decrease in income was largely due to the effects of the Great East Japan Earthquake, which outweighed the benefits of Group-wide efforts to cut cost of sales and other costs.

Segment results are summarized as follows.

#### [Chains]

In the Chains segment, sales of products such as drive chains, conveyor chains, and cable and hose protection and guidance products for the machine tool industry and food industry were strong.

Due to these factors, orders received were up 15.5%, to ¥13,297 million, net sales rose 12.1%, to ¥12,611 million, and operating income increased 27.4%, to ¥796 million.

#### [Power Transmission Units and Components]

The Power Transmission Units and Component segment saw favorable sales of products including reducers, linear actuators, locking devices, and shaft couplings for the machine tool industry as well as the LCD and semiconductor related industry.

As a result of these factors, orders received were up 13.8%, to ¥5,504 million, net sales rose 20.4%, to ¥5,414 million, and operating income increased 93.1%, to ¥749 million.

#### [Automotive Parts]

In the Automotive Parts segment, the impacts of the Great East Japan Earthquake caused significant declines in sales of timing chain drive systems for automobile engines in Japan, North America, and China.

Accordingly, orders received were down 15.3%, to ¥9,052 million, net sales fell 19.9%, to ¥9,115 million, and operating income decreased by 64.1%, to ¥639 million.

#### [Materials Handling Systems]

In the Material Handling segment, while sales of conveyance systems for the automobile industry

as well as sorting systems for the distribution industry were sluggish, sales of conveyance systems and bulk handling systems for the machine tools industry were strong.

As a result, orders received were up 66.3%, to ¥5,860 million, net sales rose 2.5%, to ¥5,496 million. Operating loss decreased year on year, declining from ¥464 million to ¥65 million, regardless of the low net sales. This was primarily due to our efforts to cut cost of sales and other costs.

[Other]

Other orders received fell 10.7%, to ¥473 million, and net sales were down 3.1%, to ¥418 million, and operating income decreased by 44.2%, to ¥21 million.

## (2) Qualitative Information Regarding Consolidated Financial Position

### [Assets]

Total assets at the end of the quarter were down ¥2,209 million from the end of the previous fiscal year, to ¥181,997 million.

Total current assets at the end of the quarter decreased ¥2,304 million from the end of the previous fiscal year, to ¥80,009 million, primarily due to a ¥2,740 million decline in securities stemming from a decrease in certificates of deposit.

Total non-current assets at the end of the quarter increased ¥95 million from the end of the previous fiscal year, to ¥101,988 million. While there was a ¥1,060 million decrease in investments in securities associated with the consolidation of TSUBAKIMOTO AUTOMOTIVE KOREA CO., LTD., this was offset by a ¥1,392 million increase in property, plant and equipment following investment in production facilities.

### [Liabilities]

Liabilities at the end of the quarter were down ¥2,734 million from the end of the previous fiscal year, to ¥91,594 million. This was mainly the result of year-on-year decreases of ¥2,043 million in accrued income taxes and ¥988 million in accrued bonuses to employees.

### [Net Assets]

Net assets at the end of the quarter were up ¥525 million from the end of the previous fiscal year, to ¥90,402 million, reflecting such factors as a ¥461 million increase in retained earnings. The equity ratio was 46.1%.

### (3) Qualitative Information Regarding Consolidated Operating Results Outlook

The Company had previously chosen not to release its outlook for consolidated operating results in the fiscal year ending March 31, 2012, as the effects of the Great East Japan Earthquake had made it impossible to rationally forecast operating results. However, the Company has since formulated the following forecasts based on recent business conditions and trends in operating results.

#### Consolidated Operating Results Forecasts

|                   |                                 |
|-------------------|---------------------------------|
| Net sales:        | ¥140,000 million (up 1.3% yoy)  |
| Operating income: | ¥11,200 million (up 1.6% yoy)   |
| Ordinary income:  | ¥11,100 million (down 0.1% yoy) |
| Net income:       | ¥6,200 million (up 1.7% yoy)    |

The base exchange rate used for forecasts for the fiscal year ending March 31, 2012 (fiscal 2011), is US\$1=¥82 and 1 euro=¥110.

For more details, please refer to “Notice Regarding Outlook of Consolidated Operating Results and Dividends” released on August 5, 2011.

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 operating 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 operating results are not limited to those factors.