May 11, 2012

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>
For the twelve-month period ended March 31, 2012

Name of the company: Tsubakimoto Chain Co.
Code number: 6371
Stock exchange listings: Tokyo, Osaka

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*Amounts less than ¥1 million are omitted

1. Consolidated Operating Results for the Twelve Months Ended March 31, 2012

(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 12 months ended March 31, 2012	144,896	4.8	12,081	9.6	12,140	9.3	6,814	11.8
For 12 months ended March 31, 2011	138,243	22.6	11,022	132.6	11,111	122.7	6,093	91.9

Note: Comprehensive income

Fiscal Year ended March 31, 2012: ¥7,922 million (88.3 %)

Fiscal Year ended March 31, 2011: ¥4,206 million (9.5 %)

	Net income per share	Net income per share (diluted)	Return on Equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
For 12 months ended March 31, 2012	36.60	—	7.9	6.5	8.3
For 12 months ended March 31, 2011	32.76	—	7.4	6.1	8.0

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2012	191,766	96,335	46.9	480.46
As of March 31, 2011	184,206	89,877	45.3	448.43

Note: Shareholders' equity

As of March 31, 2012: ¥ 89,923 million

As of March 31, 2011: ¥ 83,413 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For 12 months ended March 31, 2012	11,626	(10,487)	(5,460)	13,916
For 12 months ended March 31, 2011	16,293	(8,281)	(10,578)	17,308

2. Dividends

	Dividends per share					Total amount of dividends (Total)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY 2011	–	3.00	–	4.00	7.00	1,302	21.4	1.6
FY 2012	–	3.00	–	4.00	7.00	1,306	19.1	1.5
FY 2013 (Forecasted)	–	3.00	–	4.00	7.00		17.0	

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2013

(% 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, 2013	73,000	4.5	5,800	4.2	5,900	3.7	3,300	6.1	17.63
12-month period ending March 31, 2013	150,000	3.5	13,500	11.7	13,400	10.4	7,700	13.0	41.14

* Notes

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

(2) 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

(3) Number of shares issued (common shares)

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

As of March 31, 2012: 191,406,969 shares

As of March 31, 2011: 191,406,969 shares

2 Number of treasury shares at end of period

As of March 31, 2012: 4,246,240 shares

As of March 31, 2011: 5,397,143 shares

3 Average number of shares during the period

As of March 31, 2012: 186,198,254 shares

As of March 31, 2011: 186,023,349 shares

(Reference)

1. Non-Consolidated Financial Highlights for the Twelve Months Ended March 31, 2012

(1) Non-Consolidated Results of Operations

*Amounts less than ¥1 million are omitted

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For 12 months ended March 31, 2012	78,316	1.8	4,444	(5.2)	6,464	7.3	4,700	32.2
For 12 months ended March 31, 2011	76,910	24.6	4,688	284.0	6,027	99.1	3,556	57.5

	Net income per share	Net income per share (diluted)
	Yen	Yen
For 12 months ended March 31, 2012	25.24	–
For 12 months ended March 31, 2011	19.12	–

(2) Non-Consolidated Financial Position

*Amounts less than ¥1 million rounded down

	Total assets	Net assets	Equity ratio	Shareholder's equity per share
	Millions of Yen	Millions of Yen	%	Yen
March 31, 2012	140,762	66,169	47.0	353.54
March 31, 2011	136,050	61,077	44.9	328.36

Note: Shareholders' equity

As of March 31, 2012: ¥66,169 million

As of March 31, 2011: ¥61,077 million

2. Outlook for Non-Consolidated Operating Results for the 12 Months Ending March 31, 2013

(% 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, 2012	40,000	9.1	2,000	24.9	3,600	12.4	2,600	4.4	13.
12-month period ending March 31, 2013	82,000	4.7	5,700	28.2	7,500	16.0	5,000	6.4	26.

*Indication of audit procedure implementation status

This summary of financial results is exempt from audit procedure based upon the Financial Instruments and Exchange Act. The audit procedure process had not been completed at the time of disclosure of this report.

*Explanation for Appropriate Use of Forecasts and Other Notes

Please refer to page 2 "(1) Analysis of Business Results" under "1. Business Results" for information regarding the assumptions on which forecasts are based.

Non-consolidated business results for the previous fiscal year have been restated on the financial statements to reflect a change in presentations methods implemented during the fiscal year under review. As a result, operating income for the previous fiscal year has increased ¥423 million, but there has been no change in ordinary income or net income.

Previously, revenues received from subsidiaries with regard to assignee employees transferred from subsidiaries to the Company were recorded under commission fee, part of non-operating income. However, this practice was reevaluated as the amount of revenues received increased following structural reorganization. It was determined that including the financial burden paid by the Company in association with such employees under selling, general and administrative (SG&A) expenses better reflected the actual circumstances related to these expenses. Thus, during the fiscal year under review, the Company adopted a presentation method in which applicable revenues received from subsidiaries are deducted from SG&A expenses, resulting in the abovementioned increase in operating income.

1. Business Results

(1) Analysis of Business Results

1. Overview of Operating Results

In the fiscal year under review (from April 1, 2011, to March 31, 2012) the Tsubaki Group's operating environment was plagued by the impacts of the Great East Japan Earthquake, the floods in Thailand, government finance and economic instability issues in Europe, the rapid appreciation of the Japanese yen, and other destabilizing factors. However, conditions were strong for the most part due to the support of the recovery of automobile production, and the favorable conditions in machine tool and food industries.

As a result, consolidated orders in the fiscal year were up 4.0% year on year, to ¥143,968 million; net sales were up 4.8%, to ¥144,896 million; operating income was up 9.6%, to ¥12,081 million; ordinary income was up 9.3%, to ¥12,140 million; and net income was up 11.8%, to ¥6,814 million.

Segment results are summarized as follows.

[Chains]

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

Due to these factors, orders received were up 5.6%, to ¥50,584 million, net sales rose 7.2%, to ¥50,414 million, and operating income increased 24.6%, to ¥3,462 million.

[Power Transmission Units and Components]

The Power Transmission Units and Component segment saw favorable sales of products including reducers, locking devices, shaft couplings, and cam clutches for the machine tool, automotive, and steel industries, but faced sluggish conditions in industries related to liquid crystal displays (LCDs) and semiconductors.

As a result of these factors, orders received were up 3.9%, to ¥20,996 million, net sales rose 6.6%, to ¥21,040 million, and operating income increased 21.6%, to ¥2,512 million.

[Automotive Parts]

In the Automotive Parts segment, deliveries of the new Zerotech Series automobile engine timing chain drive system began earlier than expected and automobile production, which had declined following the Great East Japan Earthquake, showed recovery. Also, the impacts of floods in Thailand on this segment were limited. As a result, there was recovery in the sales of timing chain drive systems for automobile engines.

Accordingly, orders received were up 1.4%, to ¥43,353 million, net sales grew 0.5%, to ¥43,509 million. However, the impact of the drop in automobile production seen during the first half of the fiscal year was significant, and operating income decreased by 10.0%, to ¥4,846 million as a result.

[Materials Handling Systems]

In the Materials Handling segment, while sales of conveyance systems for the automobile industry and steel 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 5.4%, to ¥27,054 million; net sales rose 6.2%, to ¥27,937 million; and operating income was ¥878 million, 4.1 times higher than in the previous fiscal year.

[Other]

Other orders received rose 4.3%, to ¥1,978 million, net sales were up 6.3%, to ¥1,993 million, and operating income decreased by 1.8%, to ¥170 million.

2. Outlook for the Current Fiscal Year

In the fiscal year ending March 31, 2013, we anticipate that the Japanese economy will see a trend toward recovery due to the continued presence of reconstruction demand following the Great East Japan Earthquake and increases in automobile production. The gradual economic growth in the United States and emerging nations will also continue. However, the future of the economy still remains rather unclear due to such factors as the rising price of crude oil and issues with government finances and financial instability in Europe.

In this environment, the Group will devote its efforts to improving profitability by working unceasingly to achieve the goals outlined in the Medium-Term Management Plan 2012.

The Group’s outlook for the fiscal year ending March 31, 2013, is as follows.

1. Consolidated Business Results Outlook

Net sales: ¥150,000 million (up 3.5%)
Operating income: ¥13,500 million (up 11.7%)
Ordinary income: ¥13,400 million (up 10.4%)
Net income: ¥7,700 million (up 13.0%)

2. Non-consolidated Business Results Outlook

Net sales: ¥82,000 million (up 4.7%)
Operating income: ¥5,700 million (up 28.2%)
Ordinary income: ¥7,500 million (up 16.0%)
Net income: ¥5,000 million (up 6.4%)

The base exchange rate used for forecasts for the fiscal year ending March 31, 2013, is US$1=¥77 and 1 euro=¥103.

The consolidated business 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 business results outlook due to changes in business conditions, market trends, or currency exchange rates. Furthermore, factors that may affect operating results are not limited to those factors.

(2) Analysis of Financial Position

1. Assets, Liabilities and Shareholders' Equity

[Assets]

Total assets at the end of the fiscal year were up ¥7,559 million, to ¥191,766 million. This was primarily due to a ¥6,789 million increase in trade notes and accounts receivable, a result of the end of the period being a holiday for financial institutions, as well as a ¥3,243 million increase in non-current assets following the establishment of Tsubakimoto Chain (Tianjin) Co., Ltd. These factors offset a ¥3,454 million decrease in securities reflecting a decline in certificates of deposit.

[Liabilities]

Liabilities at the end of the fiscal year were up ¥1,101 million from the end of the previous fiscal year, to ¥95,430 million. While there was a ¥6,187 million decrease in the current portion of long-term loans payable, following the repayment of loans to financial institutions, this was offset by a ¥6,409 million increase in trade notes and accounts payable, a result of the end of the period being a holiday for financial institutions.

[Net Assets]

Net assets at the end of the fiscal year were up ¥6,458 million from the end of the previous fiscal year, to ¥96,335 million. This was primarily attributable to a ¥5,530 million increase in retained earnings and a ¥775 million increase in revaluation reserve for land, a result of a decline in the normal effective statutory tax rate. The equity ratio improved 1.6 percentage points, to 46.9%.

2. Cash flow

Cash and cash equivalents (hereafter referred to as "cash") at the end of the fiscal year were down ¥3,391 million from the previous fiscal year end, to ¥13,916 million.

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

(Cash provided by operating activities)

Net cash provided by operating activities amounted to ¥11,626 million, attributable to income before income taxes and minority interests of ¥11,907 million and depreciation and amortization of ¥7,403 million, which offset income taxes paid of ¥4,667 million.

(Cash used in investing activities)

Net cash used in investing activities was ¥10,487 million. Major outflows included ¥7,553 million used to pay for automotive parts production facilities and ¥2,464 million in payments for investments in capital of subsidiaries and affiliates.

(Cash used in financing activities)

Net cash used in financing activities was ¥5,460 million. This was primarily the result of repayment of long-term loans payable of ¥7,178 million, which offset net increase in short-term loans payable outflow of ¥2,460 million.

(Reference) Cash flow Indicators

	FY2009	FY2010	FY2011	FY2012
Shareholders’ equity ratio	43.9%	44.3%	45.3%	46.9%
Shareholders’ equity ratio (market-based)	22.9%	45.7%	43.1%	49.9%
Debt repayment periods	5.2 years	2.7 years	1.9 years	2.4years
Interest coverage ratio	9.7x	22.9x	24.1x	21.8x

Shareholders’ equity ratio: shareholders equity/total assets
Shareholders’ equity ratio (market-based): market capitalization of stock/total assets
Debt repayment periods: interest-bearing debt/operating cash flow
Interest coverage ratio: operating cash flow/interest paid

* All indicators are derived from consolidated-based financial figures.
* Market capitalization is derived from the closing share price multiplied by shares outstanding (excluding treasury stock) on the final day of the fiscal year.
* Operating cash flow denotes cash flow provided by operating activities in consolidated cash flow accounts. Interest-bearing debt denotes the portion of debt on the consolidated balance sheet for which interest is paid. Interest paid denotes interest amount on the consolidated cash flow statement.

(3) Policy on Shareholder Returns in the Fiscal Year Under Review

The Tsubaki Group views returning profits to its shareholders as one of the highest priorities of management. Our fundamental policy regarding shareholder returns is to focus our attention on meeting the interests of our shareholders through the provision of steady dividend payments, while also adjusting dividend payments based on such factors as our consolidated results.

In concrete terms, we intend to maintain a stable dividend of ¥6.0 per share as a low-end threshold and distribute profits as our consolidated results, funding conditions, finances, and other overall criteria dictate.

Taking into consideration this policy as well as business results in the fiscal year under review, we have decided to issue a year-end dividend of ¥4.00 per share.

Combined with the interim dividend of ¥3.00 yen per share, this will make for total dividend payments of ¥7.00 per share in the fiscal year under review.

We plan to utilize retained cash for strengthening our underlying financial standing, promoting future business expansion, and other purposes.

(4) Business Risks

As of May 11, 2012, the Tsubaki Group had identified the following risks pertaining to its business operations as having the potential to significantly impact the decisions of investors. Recognizing the possibility of these risks materializing, the Group will work to prevent their materialization and take the most appropriate possible response should they materialize.

1. Risks of Changes in the Operating Environment

The Tsubaki Group works to expand sales in target markets. However, it is possible that a decline in economic conditions could lead to reduced demand. Were a significant decline in demand to occur, particularly in the automobile industry, sales in which account for over 30% of the Group’s total net sales, the Group’s business results could be materially impacted.

2. Risk of Increases in the Price of Steel and Other Raw Materials

The Tsubaki Group works to minimize sales costs by improving productivity. However, were the price of steel or other raw materials to increase rapidly, resulting in higher procurement costs and reduced profitability for the Group, the Group’s business results could be materially impacted.

3. Risk of Natural Disasters

In preparation for unexpected disaster etc., the Tsubaki Group conducts risk management and has implemented risk countermeasures at all of its production bases around the world. However, were an earthquake, fire, or other major disaster to occur at an important production base, it could disrupt the Group’s ability to provide a stable supply of its products and subsequently the Group’s business results could be materially impacted.

4. Risks Related to Overseas Business Expansion

The Tsubaki Group is expanding production, procurement, and sales activities on a global basis to improve cost competitiveness and minimize exposure to foreign exchange risks. However, were political or economic issues in a region in which the Group operates cause temporary economic disruption or recession in that region, the Group’s ability to procure parts or operate factories could be impacted, which in turn could reduce or delay the production of the Group’s products and could potentially materially impact the Group’s business results.

5. Risk of Fluctuations in Foreign Exchange Rates

As the Tsubaki Group is actively expanding its operations on a global scale, it takes steps to minimize its exposure to foreign exchange risks, including dispersing foreign exchange forward contracts. However, should foreign exchange rates fluctuate drastically to an extent that exceeds all possible expectations, the Group’s business results could be materially impacted.

6. Risk of Violation of Intellectual Property Rights

The Tsubaki Group possesses a wide range of intellectual properties, including patents, trademarks, and expertise that have been accumulated throughout product development and improvement processes. However, should a third-party entity violate the Group’s intellectual property rights through unauthorized use, etc., or should lawsuits be brought against the Group by a third-party entity regarding the violation of intellectual property rights, the Group’s business results and financial position could be materially impacted.

7. Risk of Product Defects

As a manufacturer, the Tsubaki Group has continued to work to improve the quality of its products aiming to ensure zero quality defects. In the event that the Group's product liability insurance is not sufficient to cover compensation expenses or other expenses resulting from a defective product, recall, complaint, etc., the Group's business results and financial position could be materially impacted.