

February 8, 2013

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>

For the nine-month period ended December 31, 2012

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:

February 12, 2013

*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Nine Months Ended December 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	%
9-month period ended December 31, 2012	108,292	2.7	9,139	4.1	9,396	5.9	5,347	5.8
9-month period ended December 31, 2011	105,457	3.0	8,778	2.9	8,875	2.7	5,053	1.2

Note: Comprehensive income

9-month period ended December 31, 2012: ¥ 6,666 million: 87.3 %

9-month period ended December 31, 2011: ¥ 3,559 million: 28.6 %

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
9-month period ended December 31, 2012	28.57		—	
9-month period ended December 31, 2011	27.17		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2012	202,352		101,200		46.9	
As of March 31, 2012	191,766		96,335		46.9	

Note: Shareholders' equity

As of December 31, 2012: ¥ 94,888 million

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

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen		Yen		Yen
FY2012	—		3.00		4.00
FY2013	—		3.00		—
FY2013 (Forecast)	—		—		4.00
	—		—		7.00

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

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 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
12-month period ending March 31, 2013	150,000	3.5	12,100	0.2	12,100	(0.3)	6,800	(0.2)	36.33

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

* Notes

(1) Significant changes in scope of consolidation (indicates changes in specified subsidiaries involving changes in the scope of consolidation): Yes

New : 1 company (Tsubakimoto Chain (Tianjin) Co., Ltd.)

Excluded : 0 companies

(2) Adoption of specific accounting procedures for preparing 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: Yes

2. Other changes in accounting policies: None

3. Changes in accounting estimates: Yes

4. Restatement of corrections: None

(4) Number of shares issued (common shares)

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

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

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

2 Number of treasury shares at end of period

As of December 31, 2012: 4,260,049 shares

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

3 Average number of shares during the period

As of December 31, 2012: 187,154,610 shares

As of December 31, 2011: 186,005,918 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 not been 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 Regarding Consolidated Performance in the Period under Review

(1) Qualitative Information Regarding Consolidated Operating Results

(Unless otherwise stated, all comparisons are between the nine-month period from April 1, 2012, to December 31, 2013, and the nine-month period from April 1, 2011, to December 31, 2012.)

In the nine-month period ended December 31, 2012, the Tsubaki Group's operating environment was generally sluggish. These conditions were attributable to the global economic slowdown stemming from sluggish business conditions in Europe and slower growth in China, as well as to a slowdown in China business due to the worsening of Japan-China relations. This sluggishness followed a period of moderate recovery in the first six months of the fiscal year, when conditions were supported by increased automobile production, centered on domestic plants, and reconstruction demand following the Great East Japan Earthquake.

In this environment, orders in the nine-month period were up 2.3% year on year, to ¥107,617 million, and net sales were up 2.7% to ¥108,292 million. Operating income increased 4.1% to ¥9,139 million; ordinary income was up 5.9% to ¥9,396 million; and net income was up 5.8% to ¥5,347 million.

Segment results are summarized as follows.

[Chain]

In the Chain segment, net sales were down year on year. Sales of drive chains were strong in North America, but in Japan and Europe sales of products such as drive chains and support and guidance systems for cables and hoses were down.

As a result, orders received decreased 5.6% to ¥35,903 million; net sales were down 3.4% to ¥36,422 million; and operating income rose 0.2% to ¥2,637 million.

[Power Transmission Units and Components]

In the Power Transmission Units and Components segment, sluggish sales were recorded by linear actuators and shaft couplings for the LCD, semiconductor, and steel industries in Japan. Accordingly, net sales were down year on year.

As a result, orders received decreased 9.2% to ¥14,500 million; net sales declined 8.1% to ¥14,779 million; and operating income was down 22.5% to ¥1,636 million.

[Automotive Parts]

In the Automotive Parts segment, due to such factors as production cutbacks by Japanese companies accompanying the worsening of Japan-China relations, it has become difficult to predict the outlook for sales in China of timing chain drive systems for automobile engines. However, favorable sales of these products were recorded in Japan, North America, and other regions, and consequently sales for the nine-month period increased year on year.

As a result, orders received were up 17.1% to ¥36,564 million; net sales rose 16.6% to ¥36,515 million; and operating income was up 41.2% to ¥4,841 million.

[Materials Handling Systems]

In the Materials Handling Systems segment, in the three-month period ended December 31, 2012, sales of conveyance systems to the domestic machine tools industry declined, but solid sales were recorded by sorting systems for the distribution industry and bulk handling systems. In addition, we acquired all of the business of Mayfran Holdings Group and began to consolidate the acquired companies including Mayfran International, Inc. Consequently, sales increased slightly year on year.

The decline in sales of conveyance equipment to the machine tool industry and lower profitability stemming from a drop in large-scale orders had an adverse effect on profits, which declined substantially.

As a result, orders received were up 2.9% to ¥19,033 million; net sales increased 0.7% to ¥19,119 million; and operating income was down 87.7% to ¥45 million.

[Other]

Other orders received rose 5.5% to ¥1,616 million; net sales were up 8.2% to ¥1,454 million; and operating income increased 22.8% to ¥121 million.

(2) Qualitative Information Regarding Consolidated Financial Position

[Assets]

Total assets stood at ¥202,352 million on December 31, 2012, up ¥10,586 million from the end of the previous fiscal year.

Current assets totaled ¥89,724 million, up ¥3,094 million from the end of the previous fiscal year. While there was a ¥2,528 million decrease in securities, primarily reflecting a decline in certificates of deposit, this was outweighed by an increase of ¥4,535 million in cash and deposits due to such factors as the consolidation of Tsubakimoto Chain (Tianjin) Co., Ltd.

Non-current assets amounted to ¥112,628 million, up ¥7,492 million from the end of the previous fiscal year. This was primarily due to an increase of ¥4,149 million in goodwill due to the acquisition of the entire business of the Mayfran Group, and to an increase of ¥3,616 million in property, plant and equipment due to investment in production facilities.

[Liabilities]

Liabilities at the end of the period were ¥101,152 million, up ¥5,721 million from the end of the previous fiscal year. This was primarily attributable to an increase of ¥9,404 million in interest bearing debt, which outweighed a decline of ¥3,165 million in trade notes and accounts payable, which was due primarily to a decline in purchasing.

[Net Assets]

Net assets at the end of the period were ¥101,200 million, up ¥4,864 million from the end of the previous fiscal year. This was largely due to a ¥4,069 million increase in retained earnings and an increase of ¥801 million in translation adjustments. The equity ratio was 46.9%.

(3) Qualitative Information Regarding Consolidated Operating Results Outlook

2. Matters Concerning Summary Information (Notes)

(1) Significant changes in scope of consolidation

From the three-month consolidated fiscal period ended June 30, 2012, Tsubakimoto Chain (Tianjin) Co., Ltd., which had previously been excluded from the scope of consolidation, has been included in the scope of consolidation due to increased materiality.

(2) Adoption of specific accounting procedures for preparing quarterly consolidated financial statements

No applicable items

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

(Changes that are difficult to distinguish between a change in an accounting policy and a change in an accounting estimate)

The Group and its domestic consolidated subsidiaries, in accordance with amendments to the Corporation Tax Act, have changed their depreciation methods based on the revised act in regards to how they depreciate assets in categories for which the depreciation method described in the pre-revised act was applied. The new methods took effect from the three-month consolidated fiscal period ended June 30, 2012 as applying to property, plants and equipment acquired starting from April 1, 2012.

The implications for consolidated results in the period under review with regard to income and losses were minimal.