

November 7, 2013

CONSOLIDATED FINANCIAL STATEMENTS

<under Japanese GAAP>

For the six-month period ended September 30, 2013

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: November 8, 2013

Scheduled dividend payment date: December 10, 2013

*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Six Months Ended September 30, 2013

(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 ended September 30, 2013	84,532	16.2	7,347	14.5	7,511	15.1	4,370	14.7
6-month period ended September 30, 2012	72,773	4.2	6,419	15.3	6,525	14.7	3,810	22.6

Note: Comprehensive income

6-month period ended September 30, 2013: ¥ 10,198 million: 395.9 %

6-month period ended September 30, 2012: ¥ 2,056 million: 40.7 %

	Net income per share		Net income per share (diluted)	
			Yen	Yen
6-month period ended September 30, 2013			23.35	—
6-month period ended September 30, 2012			20.36	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2013	221,615	117,916	50.0
As of March 31, 2013	215,837	108,597	47.3

Note: Shareholders' equity

As of September 30, 2013: ¥ 110,916 million

As of March 31, 2013: ¥ 102,019 million

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
FY2013	Yen —	Yen 3.00	Yen —	Yen 4.00	Yen 7.00
FY2014	—	4.00	—	—	—
FY2014 (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, 2014

(% 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, 2014	170,000	13.3	14,500	15.3	14,600	13.9	8,700	17.1	46.49

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): No

(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: 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)

As of September 30, 2013: 191,406,969 shares

As of March 31, 2013: 191,406,969 shares

2 Number of treasury shares at end of period

As of September 30, 2013: 4,274,681 shares

As of March 31, 2013: 4,263,619 shares

3 Average number of shares during the period

As of September 30, 2013: 187,136,894 shares

As of September 30, 2012: 187,157,603 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.

(Reference)

Non-consolidated Operating Results for the Six Months Ended September 30, 2013

Non-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 ended September 30, 2013	37,391	(4.6)	2,287	(12.0)	4,431	5.5	3,361	10.2
6-month period ended September 30, 2012	39,213	7.0	2,599	62.4	4,199	31.1	3,049	22.5

1. Qualitative Information Regarding Consolidated Performance in the Period under Review

(1) Discussion of Operating Results

Regarding the Tsubaki Group's operating environment in the six-month period ended September 30, 2013, although the Japanese economy entered a recovery phase due to increased exports and other effects of the government's economic policies and correction of yen appreciation, private capital investment did not achieve a genuine recovery and the economic outlook remained unclear. By contrast, our overseas markets performed relatively well with the U.S. economy expanding and Asian economies growing, particularly in the ASEAN region.

Under these circumstances, the Group reinforced its profit structure through such activities as reviews of regional and product strategies, targeting bolstering of sustainable growth capabilities.

As a result, orders for this six-month period were up 18.4% year on year to ¥85,484 million and sales were up 16.2% to ¥84,532 million. Operating income increased 14.5% year on year to ¥7,347 million; ordinary income increased 15.1% year on year to ¥7,511 million; and quarterly net income increased 14.7% to ¥4,370 million.

Segment results are summarized as follows.

[Chain]

In the Chain segment, net sales were up year on year. Although sales of products such as drive chains and support and guidance systems for cables and hoses were down in Japan, sales of drive chains and other products were strong in the United States and Asia/Oceania.

Operating income was down year on year due to decreased sales in Japan and the costs associated with the establishment of a plant at our Chinese subsidiary.

As a result of the above, orders received increased 11.5% to ¥26,626 million; net sales were up 7.3% to ¥26,288 million; and operating income fell 22.6% to ¥1,486 million.

[Power Transmission Units and Components]

In the Power Transmission Units and Components segment, net sales were up year on year. This was due to strong sales of reducers in China, despite sluggish sales for reducers and linear actuators in Japan.

Operating income was down year on year, largely due to reduced sales in Japan.

As a result of the above, orders received increased 14.2% to ¥11,034 million; net sales rose 3.9% to ¥10,210 million; and operating income fell 8.3% to ¥932 million.

[Automotive Parts]

In the Automotive Parts segment, net sales were up year on year. While sales of timing chain drive

systems for automobile engines in Japan remained steady, in other parts of the world, including the United States, Europe, Thailand, and South Korea, sales of this product were favorable.

As a result of the above, orders received rose 21.6% to ¥29,577 million; net sales were up 20.9% to ¥29,492 million; and operating income was up 48.7% to ¥4,823 million.

[Materials Handling Systems]

In the Materials Handling Systems segment, net sales were up year on year. Although sales in Japan declined for automatic sorting systems for the distribution industry and storage systems for the pharmaceutical industry, there was a positive effect from overseas subsidiaries acquired in the fiscal year ended March 31, 2013, entering into the scope of consolidation from October 1, 2012.

Operating income was down year on year due to such factors as lower sales and reduced profitability in Japan as well as amortization of goodwill accompanying the acquisition.

As a result of the above, orders received were up 30.1% to ¥17,275 million; net sales rose 34.1% to ¥17,534 million, while operating income fell 65.1% to ¥91 million.

[Other]

Other orders received fell 9.8% to ¥971 million; net sales were up 4.1% to ¥1,007 million; and operating income fell 69.3% to ¥28 million.

(2) Discussion of Financial Situation

[Assets]

Total assets stood at ¥221,615 million on September 30, 2013, up ¥5,777 million from the end of the previous fiscal year.

Current assets totaled ¥96,612 million, down ¥169 million from the end of the previous fiscal year. While there was a ¥7,186 million increase in securities, reflecting an increase in certificates of deposit, this was outweighed by a ¥2,505 million decrease in notes and accounts receivable – trade, due to such factors as the final day of the previous fiscal year being a holiday for financial institutions, and a ¥5,382 million decrease in cash and deposits, due to such factors as capital expenditure.

Non-current assets amounted to ¥125,003 million, up ¥5,947 million from the end of the previous fiscal year. This was primarily due to an increase of ¥3,159 million in property, plant and equipment, due to investment in production facilities, and an increase of ¥2,672 million in investments and other assets, due to such factors as higher stock prices of securities held by the Company.

[Liabilities]

Liabilities at the end of the period were ¥103,699 million, down ¥3,540 million from the end of the previous fiscal year. This was primarily attributable to a ¥4,379 million decrease in notes and accounts

payable – trade due to such factors as the final day of the previous fiscal year being a holiday for financial institutions, which outweighed a ¥1,351 million increase in other non-current liabilities due to an increase in deferred tax liability.

[Net Assets]

Net assets at the end of the period were ¥117,916 million, up ¥9,318 million from the end of the previous fiscal year. This was due to a ¥3,659 million increase in retained earnings, a ¥3,276 rise in foreign currency translation adjustments due to changes in exchange rates, and a ¥1,887 million increase in valuation difference on available-for-sale securities due to higher stock prices of securities held by the Company. The equity ratio was 50.0%.

[Cash Flows]

Cash and cash equivalents (hereafter referred to as "cash") at the end of the six-month period were up ¥1,838 million from the previous fiscal year-end, to ¥22,033 million.

Cash flows for each type of activity and the principal factors are as follows.

[Cash flows from operating activities]

Net cash provided by operating activities amounted to ¥8,108 million, compared with ¥6,941 million the previous fiscal year. This was attributable to recording of income before income taxes and minority interests of ¥7,512 million and depreciation and amortization of ¥4,213 million, despite a decrease in accounts payable of ¥5,198 million.

[Cash flows from investing activities]

Net cash used in investing activities was ¥6,707 million, compared with ¥11,980 million the previous fiscal year. This was due primarily to the use of ¥6,748 million in capital expenditures for automotive parts production facilities.

[Cash flows from financing activities]

Net cash used in financing activities was ¥640 million, compared with the ¥7,536 million provided the previous fiscal year. This was primarily the result of dividend payments of ¥748 million and repayment of ¥3,416 million of long-term debt, which outweighed the proceeds from long-term loans payable of ¥3,694 million.

(3) Discussion of Future Outlook including Consolidated Operating Results Forecast

Based on consideration of performance in this six-month period and current forecasts for results in the second half of the fiscal year, the Company has made the following revisions to the full-year results

forecast announced on May 10, 2013.

Assumed exchange rates for the full-year consolidated forecast are US\$1=¥95 and 1 euro=¥120.

Revised outlook for consolidated operating results for the 12 months ending March 31, 2014

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previously announced forecast (A) (announced May 10, 2013)	Millions of yen 170,000	Millions of yen 13,700	Millions of yen 13,800	Millions of yen 8,100	Yen 43.28
Revised forecast (B)	170,000	14,500	14,600	8,700	46.49
Increase / Decrease (B - A)	—	800	800	600	—
Percentage increase (%)	—	5.8	5.8	7.4	—

(Reference) Revised outlook for nonconsolidated operating results for the 12 months ending March 31, 2014

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previously announced forecast (A) (announced May 10, 2013)	Millions of yen 78,000	Millions of yen 5,000	Millions of yen 7,300	Millions of yen 5,000	Yen 26.72
Revised forecast (B)	76,000	5,000	7,400	5,100	26.72
Increase / Decrease (B - A)	(2,000)	—	100	100	—

A)					
Percentage increase / decrease (%)	(2.6)	—	1.4	2.0	—