

August 6, 2013

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>

For the three-month period ended June 30, 2013

Name of the company: Tsubakimoto Chain Co.

Code number: 6371

Stock exchange listings: Tokyo

URL: <http://tsubakimoto.com/>

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*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Three Months Ended June 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	%
3-month period ended June 30, 2013	40,539	12.5	3,190	(2.2)	3,255	(2.6)	1,911	0.7
3-month period ended June 30, 2012	36,020	9.0	3,260	39.8	3,342	41.4	1,899	54.1

Note: Comprehensive income

3-month period ended June 30, 2013: ¥6,468 million: 349.5%

3-month period ended June 30, 2012: ¥1,439 million: (3.1) %

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
3-month period ended June 30, 2013	10.22		—	
3-month period ended June 30, 2012	10.15		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2013	220,583	114,189	48.7
As of March 31, 2013	215,837	108,597	47.3

Note: Shareholders' equity

As of June 30, 2013: ¥ 107,488 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
	Yen				
FY2013	—	3.00	—	4.00	7.00
FY2014	—				
FY2014 (Forecast)		4.00	—	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
6-month period ending September 30, 2013	82,400	13.2	5,700	(11.2)	6,000	(8.0)	3,600	(5.5)	19.24
12-month period ending March 31, 2014	170,000	13.3	13,700	8.9	13,800	7.7	8,100	9.0	43.28

Note: Revision of outlook for consolidated operating results in quarter under review: No

* 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 June 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 June 30, 2013: 4,268,788 shares
 - As of March 31, 2013: 4,263,619 shares
 - 3 Average number of shares during the period
 - As of June 30, 2013: 187,140,394 shares
 - As of June 30, 2012: 187,159,919 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. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

In three-month period ended June 30, 2013, the Japanese economy saw a slight recovery trend stemming from the benefits of government economic stimulus measures and yen depreciation. However, this recovery did not spread to capital investment in the private sector, and conditions remained harsh as a result. Overseas, meanwhile, the conditions were relatively favorable. The U.S. economy continued to gain momentum, and, while there was slowdown in the Chinese economy, ASEAN countries and other parts of Asia saw strong growth.

Under these conditions, the Tsubaki Group endeavored to strengthen its earnings base through means such as revising regional and product strategies, the ultimate goal of which was to reinforce the Group's ability to achieve ongoing growth.

As a result, consolidated orders in the three-month period were up 21.1% year on year, to ¥41,506 million, and net sales increased 12.5%, to ¥40,539 million.

Income figures, however, were impacted by sluggish sales in Japan. Consequently, operating income declined 2.2%, to ¥3,190 million, and ordinary income decreased 2.6%, to ¥3,255 million. Nevertheless, net income rose 0.7%, to ¥1,911 million.

Segment results are summarized as follows.

Chains

In the Chains segment, sales of drive chains and plastic chains were down in Japan, but sales of drive chains proved solid in the United States. As a result, overall sales increased year on year.

Income, however, was down as the impacts of lower domestic sales were great.

Due to the above, orders received were up 9.1%, to ¥13,366 million, and net sales rose 5.1%, to ¥13,332 million, while operating income decreased 30.2%, to ¥814 million.

[Power Transmission Units and Components]

The Power Transmission Units and Component segment saw favorable sales of reducers in China. However, sales were sluggish for linear actuators and reducers in Japan, resulting in an overall year-on-year decline in sales.

As a result of these factors, orders received were up 9.3%, to ¥5,243 million, but net sales declined 3.2%, to ¥4,793 million, and operating income decreased 38.3%, to ¥368 million.

[Automotive Parts]

In the Automotive Parts segment, domestic sales of automobile engine timing chain drive systems were relatively unchanged from the three-month period ended June 30, 2012, and sales of these products were favorable in the United States, Thailand, and Korea. Accordingly, overall sales were up year on year.

Due to these factors, orders received were up 19.5%, to ¥14,717 million; net sales grew 17.7%, to

¥14,590 million; and operating income increased by 38.3%, to ¥2,443 million.

[Materials Handling Systems]

In the Materials Handling segment, domestic were down sales for storage equipment for the pharmaceutical industry and automatic sorting systems for the logistics industry. However, sales increased year on year due to the contributions of an overseas subsidiary that was acquired in the previous fiscal year and then added to the scope of consolidation during the third quarter of that year.

Meanwhile, losses expanded following lower sales in Japan, worse profitability, and the amortization of goodwill associated with the abovementioned acquisition.

As a result, orders received were up 75.1%, to ¥7,713 million, and net sales rose 35.2%, to ¥7,408 million, while operating loss amounted to ¥449 million, compared to ¥233 million in the three-month period ended June 30, 2012.

[Other]

Other orders received declined 7.6%, to ¥465 million; net sales were down 17.1%, to ¥415 million; and operating income decreased by 81.9%, to ¥7 million.

(2) Analysis of Financial Position

(Assets)

Total assets stood at ¥220,583 million on June 30, 2013, up ¥4,746 million from the end of the previous fiscal year.

Current assets totaled ¥97,385 million, up ¥603 million from the end of the previous fiscal year. While other current assets decreased ¥485 million following lower deferred tax assets, this was offset by an increase of ¥1,153 million in inventories due to a rise in work in progress.

Non-current assets amounted to ¥123,197 million, up ¥4,142 million from the end of the previous fiscal year. This was primarily due to increases of ¥2,102 million in property, plant and equipment, a result of investment in production facilities, and investments and other assets of ¥1,895 million stemming from higher market values for securities held by the Company.

(Liabilities)

Liabilities at the end of the period were ¥106,394 million, down ¥845 million from the end of the previous fiscal year. This can be attributed to a ¥1,810 million decrease in income taxes payable, which offset a rise of ¥1,038 million in other liabilities due to an increase in deferred tax liabilities.

(Net Assets)

Net assets at the end of the period were ¥114,189 million, up ¥5,591 million from the end of the previous fiscal year. The depreciation of the yen led to a positive swing in foreign currency translation adjustment, which increased ¥2,616 million. In addition, valuation difference on available-for-sale securities rose ¥1,630 million due to higher market values for securities held by the Company and retained earnings was up ¥1,201 million. The equity ratio was 48.7%.

(3) Qualitative Information Regarding Consolidated Operating Results Outlook

There have been no revisions to the forecasts that were released on May 10, 2013, for the six-month period ending September 30, 2013, or for the fiscal year ending March 31, 2014.