



March 23, 2016

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Notice Regarding Loss on Impairment Loss (consolidated) and Investment in Affiliate Company (non-consolidated)

In the fourth quarter of the fiscal year ending March 31, 2016 (January 1 – March 31, 2016), Tsubakimoto Chain will record an impairment loss (consolidated) and a loss on investment in an affiliate company (non-consolidated).

1. Details of impairment loss (consolidated)

Due to a decline in profitability of chain operations at Tsubakimoto Chain (Tianjin) Co., Ltd. (henceforth TCT), a consolidated Chinese subsidiary, and in light of the current operating environment in China and the outlook for the future, we measured the impairment of fixed assets (machinery and equipment) in TCT's chain business based on "accounting standards related to impairment of fixed assets." This resulted in our decision to record an impairment loss of approximately ¥1.7 billion as a special loss in our consolidated results for the fourth quarter of the fiscal year ending March 31, 2016.

Although we have decided at this juncture to record an impairment loss on TCT based on accounting standards, the Tsubakimoto Group will do everything in its power to restore business results at the earliest opportunity.

Some of this loss will be attributed to minority shareholders as a net loss for the period under question, so the effect on net income that reverts to shareholders of the parent company will be reduced to approximately ¥1.5 billion.

2. Details of loss on investment in affiliate company (non-consolidated)

Along with the above impairment loss on TCT, the real value of Tsubakimoto Chain's investment in TCT has fallen drastically, so it appears that the Company will realize a loss on investment in an affiliate company of approximately ¥2.1 billion as a special loss in its non-consolidated accounts for the fourth quarter of the fiscal year ending March 31, 2016.

This loss on investment in an affiliate company (TCT) will be eliminated from consolidated results, so it will not affect consolidated earnings.

3. Effect on earnings

The special losses noted above are reflected in the "Notice Regarding Revision of Business Results Forecast" to be released today.