

August 5, 2014

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>

For the three-month period ended June 30, 2014

Name of the company: Tsubakimoto Chain Co.

Code number: 6371

Stock exchange listings: Tokyo

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

Representative: Isamu Osa, President and Representative Director

Inquiries: Sachiko Wada, Manager, Office of the President

Tel +81 (6) 6441-0054

*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Three Months Ended June 30, 2014

(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, 2014	44,448	9.6	4,547	42.5	4,780	46.8	3,045	59.3
3-month period ended June 30, 2013	40,539	12.5	3,190	(2.2)	3,255	(2.6)	1,911	0.7

Note: Comprehensive income

3-month period ended June 30, 2014: ¥2,758 million: (57.4)%

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

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
3-month period ended June 30, 2014	16.28		—	
3-month period ended June 30, 2013	10.22		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2014	227,081	122,668	52.6
As of March 31, 2014	228,840	121,628	51.8

Note: Shareholders' equity

As of June 30, 2014: ¥ 119,377 million

As of March 31, 2014: ¥ 118,433 million

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen				
FYE2014	—	4.00	—	6.00	10.00
FYE2015	—	—	—	—	—
FYE2015 (Forecasted)	—	6.00	—	7.00	13.00

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

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2015

(% 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, 2014	90,500	7.1	9,100	23.9	9,100	21.1	5,700	30.4	30.46
12-month period ending March 31, 2015	186,000	4.5	18,600	7.2	18,600	3.4	11,700	14.6	62.53

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: Yes
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, 2014: 191,406,969 shares

As of March 31, 2014: 191,406,969 shares

2 Number of treasury shares at end of period

As of June 30, 2014: 4,295,863 shares

As of March 31, 2014: 4,292,184 shares

3 Average number of shares during the period

As of June 30, 2014: 187,113,266 shares

As of June 30, 2013: 187,140,394 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.

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

(1) Discussion of Operating Results

Regarding the Tsubaki Group's operating environment in the three-month period ended June 30, 2014, despite concern for a backlash from the consumption tax hike in Japan, the domestic economy showed a modest recovery trend supported by the benefits of government economic stimulus measures. Overseas, conditions were generally firm. Economic growth in China slowed slightly, but conditions proved more or less solid in ASEAN countries and other parts of Asia. Meanwhile, economic growth continued in the United States and conditions in Europe recovered following improved consumer spending.

In this environment, the Tsubaki Group revised its regional and product strategies and strengthened its financial base with the aim of achieving the strategic objectives of Medium-Term Management Plan 2016.

As a result, orders received for this three-month period were up 12.0% year on year, to ¥46,473 million, and net sales were up 9.6%, to ¥44,448 million.

Operating income increased 42.5% year on year, to ¥4,547 million; ordinary income increased 46.8%, to ¥4,780 million; and net income increased 59.3%, to ¥3,045 million.

Segment results are summarized as follows.

[Chains]

In the Chains segment, net sales were up year on year. Sales of drive and conveyor chains were solid in Japan, while sales were strong for conveyor chains and cable and hose protection and guidance products in Europe and Asia.

As a result of the above, orders received increased 5.6%, to ¥14,109 million; net sales were up 9.3%, to ¥14,569 million; and operating income grew 60.5%, to ¥1,307 million.

[Power Transmission Units and Components]

In the Power Transmission Units and Components segment, net sales were up year on year. This was because sales were strong for reducers, shaft couplings, and locking devices in Japan as well as for reducers in China.

As a result of the above, orders received increased 5.4%, to ¥5,525 million; net sales were up 12.3%, to ¥5,383 million; and operating income grew 44.4%, to ¥532 million.

[Automotive Parts]

In the Automotive Parts segment, net sales were up year on year because sales of timing chain drive systems for automobile engines were favorable in Japan, the United States, Europe, Thailand, China, and South Korea.

As a result of the above, orders received rose 8.4%, to ¥15,947 million; net sales were up 11.6%, to ¥16,285 million; and operating income was up 30.0%, to ¥3,176 million.

[Materials Handling Systems]

In the Materials Handling Systems segment, net sales were up year on year. In Japan, sales of systems for automobile factories and bulk handling systems were down. However, these declines were offset by higher sales of metalworking chip handling and coolant processing systems for the machine tool industry in North America and Europe.

As a result of the above, orders received were up 34.0%, to ¥10,338 million; net sales rose 4.4%, to ¥7,737 million; and operating loss was ¥493 million, compared with ¥449 million in the previous equivalent period.

[Other]

Other orders received rose 18.8%, to ¥553 million; net sales were up 13.9%, to ¥472 million; and operating income increased 113.9%, to ¥16 million.

(2) Discussion of Financial Situation

[Assets]

Total assets stood at ¥227,081 million on June 30, 2014, down ¥1,758 million from the end of the previous fiscal year.

Current assets totaled ¥97,905 million, down ¥2,720 million from the end of the previous fiscal year. Inventories increased ¥1,389 million following a rise in work in progress. However, this increase was outweighed by a ¥886 million decrease in cash and deposits, a result of capital investments and dividend payments, and a ¥1,716 million decrease in short-term investments following a decline in certificates of deposit.

Non-current assets amounted to ¥129,175 million, up ¥961 million from the end of the previous fiscal year. Property, plant and equipment decreased ¥792 million following a decline in accumulated depreciation, but this decrease was offset by a ¥2,145 million increase in investments and other assets that resulted from improvements in the market value of securities held by the Company.

[Liabilities]

Liabilities at the end of the period were ¥104,413 million, down ¥2,799 million from the end of the previous fiscal year. Despite a ¥1,214 million increase in net defined benefit liability, total liabilities declined following a ¥1,440 million decrease in accrued bonuses to employees and a ¥1,937 million decrease in accrued income taxes.

[Net Assets]

Net assets at the end of the period were ¥122,668 million, up ¥1,040 million from the end of the previous fiscal year. This increase was due to a ¥1,229 million increase in retained earnings and a ¥847 million rise in valuation difference on available-for-sale securities following improvements in the market value of securities held by the Company. These factors offset a ¥1,178 million decrease in foreign currency translation adjustments. The equity ratio was 52.6%.

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

There have been no revisions to the forecasts that were released on May 9, 2014, for the six-

month period ending September 30, 2014, or for the fiscal year ending March 31, 2015.