May 8, 2015

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>
For the twelve-month period ended March 31, 2015

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Code number: 6371
Stock exchange listings: Tokyo

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*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Twelve Months Ended March 31, 2015

(1) Consolidated Results of Operations

(% 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	%
For 12 months ended March 31, 2015	196,738	10.5	21,427	23.5	22,263	23.7	14,153	38.6
For 12 months ended March 31, 2014	178,022	18.7	17,354	38.0	17,993	40.4	10,213	37.5

Note: Comprehensive income

Fiscal Year ended March 31, 2015: ¥25,659 million (31.8 %)

Fiscal Year ended March 31, 2014: ¥19,474 million (38.3 %)

	Net income per share	Net income per share (diluted)	Return on Equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
For 12 months ended March 31, 2015	75.65	—	10.9	9.1	10.9
For 12 months ended March 31, 2014	54.58	—	9.3	8.1	9.7

Note: Equity in income of affiliates

Fiscal Year ended March 31, 2015: ¥33 million

Fiscal Year ended March 31, 2014: ¥34 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2015	258,742	144,291	54.3	750.63
As of March 31, 2014	228,840	121,628	51.8	632.94

Note: Shareholders' equity

As of March 31, 2015: ¥ 140,439 million

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

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For 12 months ended March 31, 2015	22,189	(14,306)	(2,647)	27,360
For 12 months ended March 31, 2014	19,761	(17,166)	(3,196)	21,291

2. Dividends

	Dividends per share					Total amount of dividends (Total)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FYE 2014	–	4.00	–	6.00	10.00	1,871	18.3	1.7
FYE 2015	–	7.00	–	9.00	16.00	2,993	21.2	2.3
FYE 2016 (Forecasted)	–	10.00	–	10.00	20.00		24.9	

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2016

(% 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, 2015	100,000	7.6	10,100	1.8	10,400	(0.2)	6,900	4.9	36.88
12-month period ending March 31, 2016	206,000	4.7	22,000	2.7	22,400	0.6	15,000	6.0	80.17

* Notes

(1) Significant changes in scope of consolidation (indicates changes in specified subsidiaries involving changes in the scope of consolidation: None

(2) 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

(3) Number of shares issued (common shares)

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

As of March 31, 2015: 191,406,969 shares

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

2 Number of treasury shares at end of period

As of March 31, 2015: 4,311,895 shares

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

3 Average number of shares during the period

As of March 31, 2015: 187,103,940 shares

As of March 31, 2014: 187,129,851 shares

(Reference)

1. Non-Consolidated Financial Highlights for the Twelve Months Ended March 31, 2015

(1) Non-Consolidated Results of Operations

(% 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	%
For 12 months ended March 31, 2015	84,637	8.7	8,409	58.4	13,557	52.2	10,227	63.7
For 12 months ended March 31, 2014	77,870	(0.1)	5,310	5.2	8,908	25.2	6,248	28.7

	Net income per share	Net income per share (diluted)
	Yen	Yen
For 12 months ended March 31, 2015	54.66	–
For 12 months ended March 31, 2014	33.39	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholder’s equity per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2015	175,477	89,956	51.3	480.81
March 31, 2014	157,029	77,775	49.5	415.65

Note: Shareholders’ equity

As of March 31, 2015: ¥89,956 million

As of March 31, 2014: ¥77,775 million

2. Outlook for Non-Consolidated Operating Results for the 12 Months Ending March 31, 2016

(% 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, 2015	41,800	2.0	4,000	8.1	8,000	7.7	6,600	13.7	35.28
12-month period ending March 31, 2016	84,600	(0.0)	8,500	1.1	13,700	1.1	10,500	2.7	56.12

*Indication of audit procedure implementation status

This summary of financial results is exempt from audit procedure based upon the Financial Instruments and Exchange Act. The audit procedure process had not been completed at the time of disclosure of this report.

* Explanation regarding the appropriate usage of consolidated operating results and other items

The outlook for consolidated operating results 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 outlook for consolidated operating results 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

1. Overview of Operating Results

In the fiscal year under review (from April 1, 2014, to March 31, 2015), the consumption tax hike in Japan resulted in a slump in consumer spending. Nevertheless, the domestic economy showed a modest recovery trend supported by the benefits of government economic stimulus measures, which led to increased capital investment and other positive trends. Overseas, conditions were generally firm. Economic growth in Europe remained sluggish and growth in China slowed. Nevertheless, conditions proved more or less solid in ASEAN countries and other parts of Asia. Meanwhile, the modest economic growth trend continued in the United States.

In this environment, the Tsubaki Group worked to improve profitability while advancing initiatives pertaining to the strategic objectives of Medium-Term Management Plan 2016 – namely, to implement product development and manufacturing strategies that consistently respond to the needs of the market and to undertake the expansion of businesses that leverage the collective strengths of the Group.

As a result, consolidated orders in the fiscal year were up 9.1% year on year, to ¥196,086 million, and net sales were up 10.5%, to ¥196,738 million.

Operating income increased 23.5% year on year, to ¥21,427 million; ordinary income increased 23.7%, to ¥22,263 million; and net income increased 38.6%, to ¥14,153 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 as well as cable and hose protection and guidance products were solid in Japan, while sales were strong for conveyor chains and cable and hose protection and guidance products in the United States, Europe, and elsewhere in Asia.

As a result of the above, orders received were up 10.5%, to ¥60,530 million; net sales increased 10.6%, to ¥60,354 million; and operating income grew 32.9%, to ¥5,002 million.

[Power Transmission Units and Components]

In the Power Transmission Units and Components segment, net sales were up year on year, reflecting strong sales of reducers, shaft couplings, locking devices, and clutches in Japan, which offset lower sales of reducers in China.

As a result of the above, orders received increased 1.7%, to ¥22,389 million; net sales rose 3.8%, to ¥22,126 million; and operating income grew 5.6%, to ¥2,400 million.

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

As a result of the above, orders received rose 9.0%, to ¥66,279 million; net sales grew 10.4%, to ¥66,978 million; and operating income was up 17.8%, to ¥11,916 million.

[Materials Handling Systems]
In the Materials Handling Systems segment, net sales were up year on year. In Japan, higher sales of systems for the distribution and pharmaceutical industries were recorded. Meanwhile, in Europe, sales of metalworking chip handling and coolant processing systems for the machine tool industry were higher.

As a result of the above, orders received were up 11.0%, to ¥44,627 million; net sales rose 14.2%, to ¥45,117 million; and operating income was up 62.8%, to ¥1,940 million.

[Other]
Other orders received rose 19.2%, to ¥2,258 million; net sales increased 10.5%, to ¥2,160 million; and operating income was up 95.8%, to ¥123 million.

2. Outlook for the Current Fiscal Year
In the current fiscal year, ending March 31, 2016, business conditions in Japan are likely to continue recovering gradually due to the benefits of the government's economic policies. Overseas, business conditions are expected to recovery gradually overall as steady recovery of the U.S. economy and emerging recovery trends in Europe's economy more than offset a softening in the expansion of Asia's economy.

Amid these business conditions, the Tsubaki Group intends to make a concerted effort accomplish the strategic tasks set out in its Medium-Term Management Plan 2016, thereby strengthening the Group's ability to continue growing.

The Group's outlook for the fiscal year ending March 31, 2016, is as follows.

1. Consolidated Business Results Outlook

Net sales: ¥206,000 million (up 4.7%)

Operating income: ¥22,000 million (up 2.7%)

Ordinary income: ¥22,400 million (up 0.6%)

Net income: ¥15,000 million (up 6.0%)

2. Non-consolidated Business Results Outlook

Net sales: ¥84,600 million (down 0.0%)

Operating income: ¥8,500 million (up 1.1%)
Ordinary income: ¥13,700 million (up 1.1%)
Net income: ¥10,500 million (up 2.7%)

The base exchange rate used for forecasts for the fiscal year ending March 31, 2016, is US$1=¥115 and 1 euro=¥125.

The consolidated business 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 business results outlook due to changes in business conditions, market trends, or currency exchange rates. Furthermore, factors that may affect operating results are not limited to those factors.

(2) Analysis of Financial Position

1. Assets, Liabilities and Shareholders' Equity

[Assets]

Total assets at the end of the fiscal year, on March 31, 2015, stood at ¥258,742 million, up ¥29,901 million from the end of the previous fiscal year. This increase was attributable to a ¥8,037 million rise in investments in securities reflecting the higher market value of owned shares, a ¥4,761 million rise in property, plant and equipment accompanying investment in production facilities, and a ¥3,001 million rise in trade notes and accounts receivable accompanying higher sales in the fiscal year.

[Liabilities]

Total liabilities at the end of the fiscal year amounted to ¥114,450 million, up ¥7,238 million from the end of the previous fiscal year. This increase was attributable to a ¥1,682 million increase in deferred tax liabilities, a ¥1,358 million rise in net defined benefit liability, and a ¥1,214 million increase in accrued income taxes.

[Net Assets]

Total net assets at the end of the fiscal year were ¥144,291 million, up ¥22,663 million from the end of the previous fiscal year. This increase was attributable to an ¥11,110 million rise in retained earnings, a ¥5,918 million rise in translation adjustments due to exchange rate fluctuations, and a ¥4,455 million increase in valuation difference on available for sale securities due to the higher market value of owned shares. Further, the equity ratio improved 2.5 percentage points, to 54.3%.

2. Cash flow

Cash and cash equivalents (hereafter referred to as “cash”) at the end of the fiscal year amounted to ¥27,360 million, up ¥6,068 million from the end of the previous fiscal year.
Respective cash flows and their causes are as follows

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(Cash provided by operating activities)
Net cash provided by operating activities was ¥22,189 million. This was attributable to income before income taxes and minority interests of ¥22,583 million and depreciation and amortization of ¥9,476 million, which more than compensated for income taxes paid of ¥7,193 million.

(Cash used in investing activities)
Net cash used in investing activities amounted to ¥14,306 million. This resulted from ¥9,384 million used to pay for automotive parts production facilities, ¥1,845 million used for payments into time deposits, ¥1,530 million used for payments for investments in unconsolidated subsidiaries and affiliates, and ¥1,394 million used to acquire subsidiaries’ shares.

(Cash used in financing activities)
Net cash used in financing activities was ¥2,647 million. This reflected repayment of long-term loans of ¥11,182 million and cash dividends paid of ¥2,432 million, which more than offset proceeds from issuance of bonds of ¥9,943 million.

(Reference) Cash flow Indicators

	FY2011	FY2012	FY2013	FY2014
Shareholders’ equity ratio	46.9%	47.3%	51.8%	54.3%
Shareholders’ equity ratio (market-based)	49.9%	41.9%	60.3%	72.4%
Debt repayment periods	2.4years	2.4years	1.9years	1.7years
Interest coverage ratio	21.8x	30.6x	41.3x	60.4x

Shareholders’ equity ratio: shareholders equity/total assets

Shareholders’ equity ratio (market-based): market capitalization of stock/total assets

Debt repayment periods: interest-bearing debt/operating cash flow

Interest coverage ratio: operating cash flow/interest paid

* All indicators are derived from consolidated-based financial statements.

* Market capitalization is derived from the closing share price multiplied by shares outstanding (excluding treasury stock) on the final day of the fiscal year.
* Operating cash flow denotes cash flow provided by operating activities in consolidated cash flow accounts. Interest-bearing debt denotes the portion of debt on the consolidated balance sheet for which interest is paid. Interest paid denotes interest amount on the consolidated cash flow statement.

(3) Policy on Shareholder Returns in the Fiscal Year under Review and in the Current Fiscal Year

The Tsubaki Group views returning profits to its shareholders as one of the highest priorities of management.

Regarding shareholder returns, with a view to focusing our attention even more on meeting the interests of our shareholders, our fundamental policy in the Medium-Term Management Plan 2016, a three-year plan that began in April 2014, is to emphasize shareholder returns even further and pay dividends that reflect consolidated business results, and we aim to provide shareholder returns based on comprehensive consideration of such factors as funding conditions and finances and with a consolidated dividend payout ratio of 30% as a target.

Taking into consideration this policy as well as business results in the fiscal year under review, we have decided to issue a year-end dividend of ¥9.00 per share. Combined with the interim dividend of ¥7.00 yen per share, this will make for total dividend payments of ¥16.00 per share in the fiscal year under review.

We plan to utilize retained cash for strengthening our underlying financial standing, promoting future business expansion, and other purposes.

As for the dividend for the next fiscal year, in accordance with the above policy, we plan to issue an interim dividend of ¥10.00 per share and year-end dividend of ¥10.00 per share, making for total dividend payments of ¥20.00 per share.

(4) Business Risks

As of May 8, 2015, the Tsubaki Group had identified the following risks pertaining to its business operations as having the potential to significantly impact the decisions of investors. Recognizing the possibility of these risks materializing, the Group will work to prevent their materialization and take the most appropriate possible response should they materialize.

1. Risks of Changes in the Operating Environment

The Tsubaki Group works to expand sales in target markets. However, it is possible that a decline in economic conditions could lead to reduced demand. Were a significant decline in demand to occur, particularly in the automobile industry, which represents the Group's largest customer, the Group's business results could be materially impacted.

2. Risk of Increases in the Price of Steel and Other Raw Materials

The Tsubaki Group works to minimize sales costs by improving productivity. However, were the price of steel or other raw materials to increase rapidly, resulting in higher procurement costs and reduced profitability for the Group, the Group's business results could be materially impacted.

3. Risk of Natural Disasters

In preparation for unexpected disaster etc., the Tsubaki Group conducts risk management and has implemented risk countermeasures at all of its production bases around the world. However, were an earthquake, fire, or other major disaster to occur at an important production base, it could disrupt the Group's ability to provide a stable supply of its products and subsequently the Group's business results could be materially impacted.

4. Risks Related to Overseas Business Expansion

The Tsubaki Group is expanding production, procurement, and sales activities on a global basis to improve cost competitiveness and minimize exposure to foreign exchange risks. However, were political or economic issues in a region in which the Group operates cause temporary economic disruption or recession in that region, the Group's ability to procure parts or operate factories could be impacted, which in turn could reduce or delay the production of the Group's products and could potentially materially impact the Group's business results.

5. Risk of Fluctuations in Foreign Exchange Rates

As the Tsubaki Group is actively expanding its operations on a global scale, it takes steps to minimize its exposure to foreign exchange risks, including dispersing foreign exchange forward contracts. However, should foreign exchange rates fluctuate drastically to an extent that exceeds all possible expectations, the Group's business results could be materially impacted.

6. Risk of Violation of Intellectual Property Rights

The Tsubaki Group possesses a wide range of intellectual properties, including patents, trademarks, and expertise that have been accumulated throughout product development and improvement processes. However, should a third-party entity violate the Group's intellectual property rights through unauthorized use, etc., or should lawsuits be brought against the Group by a third-party entity regarding the violation of intellectual property rights, the Group's business results and financial position could be materially impacted.

7. Risk of Product Defects

As a manufacturer, the Tsubaki Group has continued to work to improve the quality of its products aiming to ensure zero quality defects. In the event that the Group's product liability insurance is not sufficient to cover compensation expenses or other expenses resulting from a defective product, recall, complaint, etc., the Group's business results and financial position could be materially impacted.