November 6, 2015

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>
For the six-month period ended September 30, 2015

Name of the company: Tsubakimoto Chain Co.
Code number: 6371
Stock exchange listings: Tokyo

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Scheduled quarterly report issuance date: November 9, 2015
Scheduled dividend payment date: December 10, 2015

*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Six Months Ended September 30, 2015

(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, 2015	101,488	9.2	10,727	8.1	11,362	9.1	7,232	9.9
6-month period ended September 30, 2014	92,948	10.0	9,922	35.0	10,416	38.7	6,578	50.5

Note: Comprehensive income

6-month period ended September 30, 2015: ¥ 5,055 million: (35.5 %)

6-month period ended September 30, 2014: ¥ 7,836 million: (23.2 %)

	Net income per share	Net income per share (diluted)
	Yen	Yen
6-month period ended September 30, 2015	38.66	—
6-month period ended September 30, 2014	35.16	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	259,067	147,668	55.4
As of March 31, 2015	258,742	144,291	54.3

Note: Shareholders’ equity

As of September 30, 2015: ¥ 143,637 million

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

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE2015	—	7.00	—	9.00	16.00
FYE2016	—	10.00			
FYE2016 (Forecasted)			—	10.00	20.00

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

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

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 September 30, 2015: 191,406,969 shares

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

2 Number of treasury shares at end of period

As of September 30, 2015: 4,321,322 shares

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

3 Average number of shares during the period

As of September 30, 2015: 187,089,877 shares

As of September 30, 2014: 187,109,179 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, 2015
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, 2015	42,924	4.7	3,877	4.7	10,603	42.7	8,853	52.6
6-month period ended September 30, 2014	40,980	9.6	3,701	61.8	7,429	67.7	5,803	72.7

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results
Regarding the Tsubaki Group's operating environment in the six-month period ended September 30, 2015, in Japan a modest economic recovery continued thanks to increased capital investment, which resulted from the government's economic stimulus measures and a pickup in corporate results. Overseas, economies recovered gradually overall, with the U.S. and European economies performing steadily. However, deceleration of China's economy and other emerging economies in Asia led to a strong sense of uncertainty.

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, orders received for the six-month period were up 6.2% year on year, to ¥103,953 million, and net sales were up 9.2%, to ¥101,488 million.

The Group recorded year-on-year increases of 8.1% in operating income, to ¥10,727 million; 9.1% in ordinary income, to ¥11,362 million; and 9.9% in net income, to ¥7,232 million.

Segment results are summarized as follows.

[Chains]
In the Chains segment, net sales increased 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 brisk for conveyor chains and cable and hose protection and guidance products in the United States, Europe, and the Indian Ocean rim region.

As a result of the above, the segment posted year-on-year increases of 8.5% in orders received, to ¥32,139 million; 9.5% in net sales, to ¥31,723 million; and 32.8% in operating income, to ¥3,128 million.

[Power Transmission Units and Components]
In the Power Transmission Units and Components segment, net sales declined year on year because lower sales of reducers in China counteracted steady sales of linear actuators and clutches in Japan.

As a result of the above, orders received decreased 2.3% year on year, to ¥11,023 million, and net sales declined 1.0% year on year, to ¥10,890 million. However, due to cost improvements in Japan, operating income rose 8.3% year on year, to ¥1,212 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 15.0%, to ¥36,873 million, and net sales grew 10.3%, to ¥35,821 million. However, due to higher expenses arising from preparations for the opening of a new plant in China, operating income decreased 4.1%, to ¥5,915 million.

[Materials Handling Systems]
In the Power Transmission Units and Components segment, net sales were up year on year. This was because higher sales of systems for automotive manufacturing plants, systems for newspaper printing plants, life science field systems, and systems for the distribution industry in Japan compensated for a decline in sales of metalworking chip handling and coolant processing systems in Europe.

As a result of the above, although orders received decreased 4.2% year on year, to ¥22,858 million, net sales rose 13.3%, to ¥22,050 million, and operating income increased 129.3% , to ¥481 million.

[Other]

In the Other segment, orders received were up 2.4% year on year, to ¥1,059 million, while net sales declined 1.9%, to ¥1,002 million; and operating income decreased 57.7%, to ¥20 million.

(2) Analysis of Financial Position

1. Assets, Liabilities and Shareholders' Equity

[Assets]
Total assets stood at ¥259,067 million at September 30, 2015, up ¥325 million from the end of the previous fiscal year.

Current assets amounted to ¥117,415 million, an increase of ¥796 million from the end of the previous fiscal year. This was attributable to an ¥1,564 billion rise in trade notes and accounts receivable, which more than offset a ¥1,147 billion decrease in cash and deposits due to capital expenditures and payment of dividends.

Non-current assets amounted to ¥141,652 million, down ¥470 million from the end of the previous fiscal year. This reflected a ¥2,744 million decrease in investments and other assets that resulted from a fall in the market value of securities held by the Company, which counteracted a ¥2,394 million rise in property, plant and equipment due to investment in production equipment and facilities.

[Liabilities]
Liabilities at the end of the period were ¥111,399 million, down ¥3,051 million from the end of the previous fiscal year, due to a ¥2,090 million decrease in income taxes payable and a ¥1,024 million decrease in other long-term liabilities that accompanied lower deferred tax liabilities.

[Net Assets]
Net assets at the end of the period were ¥147,668 million, up ¥3,377 million from the end of the previous fiscal year. This rise was due to an increase of ¥5,548 million in retained earnings, which compensated for a ¥2,078 million decrease in valuation difference on available-for-sale securities that accompanied a fall in the market value of securities held by the Company. The equity ratio was 55.4%.

[Cash Flows]
Cash and cash equivalents (hereafter referred to as “cash”) at September 30, 2015, amounted to ¥25,298 million, down ¥2,061 million from the end of the previous fiscal year.
Respective cash flows and related factors are as follows.

[Net Cash Provided by Operating Activities]
Net cash provided by operating activities was ¥8,541 million, compared with ¥8,609 million in the corresponding period of the previous fiscal year. This was attributable to income before income taxes and minority interests of ¥11,349 million and depreciation and amortization of ¥5,062 million, which more than offset income taxes paid of ¥6,101 million and increase in trade notes and accounts receivable of ¥1,579 million.

[Net Cash Used in Investing Activities]
Net cash used in investing activities amounted to ¥6,996 million, compared with ¥8,760 million in the corresponding period of the previous fiscal year. This resulted from ¥6,418 million used to pay for automotive parts production facilities.
[Net Cash Used in Financing Activities]
Net cash used in financing activities was ¥3,354 million, compared with ¥1,399 million in the corresponding period of the previous fiscal year. This was primarily the result of repayment of long-term loans of ¥1,816 million and cash dividends paid of ¥1,683 million.

(3) Discussion of Full-Year Performance, including Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2016
The Company has made no revisions to the full-year results forecast for the fiscal year ending March 31, 2016, that was announced on May 8, 2015.

2. Matters Related to Summary Information (Notes)

Changes in accounting policies and changes or restatement of accounting estimates

(Changes in accounting policies)
From the second quarter under review, the Company adopted “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21 issued on September 13, 2013, hereinafter Business Combinations Accounting Standard), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on September 13, 2013, hereinafter Consolidation Accounting Standard), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September 13, 2013, hereinafter Business Divestitures Accounting Standard), and other standards. Differences arising from changes in the ownership interest of the Company in subsidiaries over which it retains control are recognized in capital surplus, while a change has been made by adopting an accounting method that recognizes acquisition-related costs as expenses of the fiscal year in which they arose. Further, for business

combinations executed at or after the beginning of the first quarter of the current fiscal year, a change has been made by adopting an accounting method that reflects the revised allocation amount of the acquisition cost, which is determined by a tentative accounting treatment, in the consolidated financial statements of the quarter to which the date of the business combination belongs. In addition, the Company has changed the presentation of net income and changed the presentation of minority interests to non-controlling interests. To reflect the said changes in presentation, the consolidated financial statements of the second quarter of the previous fiscal year and the consolidated financial statements of the previous fiscal year have been reclassified.

In the consolidated cash flow statements of the second quarter under review, a change has been made to classification. Cash flows related to acquisitions or disposals of shares of subsidiaries that are not accompanied by changes in the scope of consolidation have been classified as "cash flows from financing activities," and cash flows related to expenses arising from acquisitions of shares of subsidiaries that are accompanied by changes in the scope of consolidation or expenses arising from acquisitions or disposals of shares of subsidiaries that are not accompanied by changes in the scope of consolidation have been classified as "cash flows from operating activities."

With respect to the adoption of the Business Combinations Accounting Standard and other standards, the Company has adhered to transitional treatment pursuant to Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard, and Article 57-4 (4) of the Business Divestitures Accounting Standard, and the Company has adopted these changes from the beginning of first quarter of the current fiscal year onward.

Further, these changes have not affected the monetary amounts of the consolidated financial statements of the second quarter under review.