August 4, 2015

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>
For the three-month period ended June 30, 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 Three Months Ended June 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	%
3-month period ended June 30, 2015	48,391	8.9	4,818	6.0	5,294	10.8	3,288	8.0
3-month period ended June 30, 2014	44,448	9.6	4,547	42.5	4,780	46.8	3,045	59.3

Note: Comprehensive income

3-month period ended June 30, 2015: ¥ 4,469 million: 62.1%

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

	Net income per share	Net income per share (diluted)
	Yen	Yen
3-month period ended June 30, 2015	17.58	—
3-month period ended June 30, 2014	16.28	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2015	256,559	147,205	55.8
As of March 31, 2015	258,742	144,291	54.3

Note: Shareholders' equity

As of June 30, 2015: ¥ 143,157 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	—				
FYE2016 (Forecasted)		10.00	—	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
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

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): None

(2) Adoption of specific accounting procedures for preparing quarterly consolidated financial statements: None

(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, 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 June 30, 2015: 4,315,626 shares
As of March 31, 2015: 4,311,895 shares

3 Average number of shares during the period
As of June 30, 2015: 187,092,817 shares
As of June 30, 2014: 187,113,266 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 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

In the three-month period ended June 30, 2015, the Tsubaki Group experienced a steady operating environment in Japan. The domestic economy showed a modest recovery trend supported by the benefits of government economic stimulus measures, which led to a pickup in capital investment and other positive trends. Overseas, economies recovered gradually overall. The U.S. economy, which had been decelerating, showed signs of recovery. Although the growth of China's economy softened, Asia's economy continued expanding gradually centered on ASEAN countries. Further, Europe's economy showed signs of recovery.

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 this three-month period were up 13.2% year on year, to ¥52,586 million, and net sales rose 8.9%, to ¥48,391 million.

The Group recorded year-on-year increases of 6.0% in operating income, to ¥4,818 million; 10.8% in ordinary income, to ¥5,294 million; and 8.0% in net income, to ¥3,288 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 14.2% in orders received, to ¥16,106 million; 8.3% in net sales, to ¥15,773 million; and 14.0% in operating income, to ¥1,489 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 edged up 0.1%, to ¥5,528 million, while net sales declined 2.8% year on year, to ¥5,234 million. However, due to cost improvements in Japan, operating income rose 9.7% year on year, to ¥584 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 17.0%, to ¥18,651 million, and net sales grew 8.3%, to ¥17,637 million. However, due to higher expenses arising from preparations for the opening of a new plant at the Group’s base in China, operating income decreased 7.2%, to ¥2,947 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, life science field systems, systems for the steel industry, and systems for newspaper printing plants in Japan compensated for a decline in sales of metalworking chip handling and coolant processing systems in Europe.

As a result of the above, orders received grew 14.1%, to ¥11,791 million, net sales rose 20.3%, to ¥9,305 million, and operating loss was ¥192 million, compared with operating loss of ¥493 million in the same period of the previous fiscal year.

[Other]

The Other segment posted year-on-year decreases of 8.2% in orders received, to ¥507 million; 6.7% in net sales, to ¥441 million; and 55.0% in operating income, to ¥7 million.

(2) Analysis of Financial Position

[Assets]

Total assets stood at ¥256,559 million on June 30, 2015, down ¥2,182 million from the end of the previous fiscal year.

Current assets totaled ¥112,673 million, a decline of ¥3,945 million from the end of the previous fiscal year. This was because a ¥5,919 million decrease in short-term investments, reflecting lower certificates of deposit, counteracted a ¥ 1,594 million rise cash and deposits.

Non-current assets amounted to ¥143,886 million, up ¥1,763 million from the end of the previous fiscal year. This reflected a ¥1,467 million increase in investments and other assets that resulted from improvements in the market value of securities held by the Company and a ¥627 million rise in property, plant and equipment due to investment in production equipment and facilities.

[Liabilities]

Liabilities at the end of the period were ¥109,354 million, down ¥5,096 million from the end of the previous fiscal year, due to a ¥3,250 million decrease in accrued income taxes and a ¥1,724 million decrease in accrued bonuses to employees.

[Net Assets]

Net assets at the end of the period were ¥147,205 million, up ¥2,914 million from the end of the previous fiscal year. This rise was due to increases of ¥1,604 million in retained earnings, ¥892 million in valuation difference on available-for-sale securities following improvements in the market value of securities held by the Company, and ¥257 million in foreign currency translation adjustments due to currency fluctuations.

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

As a result of consideration of results for the first quarter under review and the outlook at this juncture, the Company has revised the outlook for non-consolidated operating results (cumulative) for the six months ending September 30, 2015, and the outlook for non-consolidated operating results for the 12 months ending March 31, 2016, which were announced on May 8, 2015, as shown below.

Revised figures of the outlook for non-consolidated operating results (cumulative) for the six months ending September 30, 2015 (April 1, 2015 to September 30, 2015)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previously announced forecast (A) (announced May 8, 2015)	Millions of yen 41,800	Millions of yen 4,000	Millions of yen 8,000	Millions of yen 6,600	Yen 35.28
Revised forecast (B)	41,800	4,000	10,600	8,900	47.57
Increase / Decrease (B – A)	—	—	2,600	2,300	—
Percentage increase / decrease (%)	—	—	32.5	34.8	—

Revised figures of the outlook for non-consolidated operating results for the 12 months ending March 31, 2016 (April 1, 2015 to March 31, 2016)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previously announced forecast (A) (announced May 8, 2015)	Millions of yen 84,600	Millions of yen 8,500	Millions of yen 13,700	Millions of yen 10,500	Yen 56.12
Revised forecast (B)	84,600	8,500	16,300	12,800	68.42
Increase / Decrease (B – A)	—	—	2,600	2,300	—
Percentage increase / decrease (%)	—	—	19.0	21.9	—

2. Matters Related to Summary Information (Notes)

Changes in accounting policies and changes or restatement of accounting estimates

(Changes in accounting policies)
From the first 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 under review, 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 first quarter of the previous fiscal year and the consolidated financial statements of the previous fiscal year have been reclassified.

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 under review onward.

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