February 5, 2016

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

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

URL: http://tsubakimoto.com/
Representative: Yasushi Ohara, 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 Nine Months Ended December 31, 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	%
9-month period ended December 31, 2015	151,517	6.4	16,199	3.2	16,868	2.6	10,776	5.2
9-month period ended December 31, 2014	142,345	10.8	15,700	26.9	16,438	28.0	10,245	34.6

Note: Comprehensive income

9-month period ended December 31, 2015: ¥ 8,661 million: (48.7 %)

9-month period ended December 31, 2014: ¥ 16,887 million: 4.7 %

	Net income per share	Net income per share (diluted)
	Yen	Yen
9-month period ended December 31, 2015	57.60	—
9-month period ended December 31, 2014	54.76	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2015	265,069	149,397	54.9
As of March 31, 2015	258,742	144,291	54.3

Note: Shareholders' equity

As of December 31, 2015: ¥ 145,417 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): None

(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 December 31, 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 December 31, 2015: 4,327,358 shares
As of March 31, 2015: 4,311,895 shares

3 Average number of shares during the period

As of December 31, 2015: 187,087,535 shares
As of December 31, 2014: 187,106,441 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. Qualitative Information regarding Consolidated Performance in the Period under Review

(1) Discussion of Operating Results

Regarding the Tsubaki Group's operating environment in the nine-month period ended December 31, 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. From the second half of the nine-month period, however, exports began the show signs of weakness. Overseas, although the U.S. and European economies performed steadily, the deceleration of China's economy became clear. Consequently, the sense of uncertainty strengthened.

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 nine-month period were up 5.2% year on year, to ¥153,758 million, and net sales were up 6.4%, to ¥151,517 million.

The Group recorded year-on-year increases of 3.2% in operating income, to ¥16,199 million; 2.6% in ordinary income, to ¥16,868 million; and 5.2% in net income, to ¥10,776 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 Europe and the Indian Ocean rim region.

As a result of the above, the segment posted year-on-year increases of 5.6% in orders received, to ¥48,183 million; 5.3% in net sales, to ¥46,987 million; and 13.9% in operating income, to ¥4,612 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 2.9% year on year, to ¥16,422 million, and net sales declined 0.9% year on year, to ¥16,417 million. However, due to cost improvements in Japan, operating income rose 6.9% year on year, to ¥1,962 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 12.7%, to ¥54,957 million, and net sales grew 10.0%, to ¥54,028 million. However, due to higher expenses arising from preparations for the opening of a new plant in China, operating income edged up 0.2%, to ¥9,075 million.

[Materials Handling Systems]

In the Materials Handling Systems segment, net sales were up year on year. This was because higher sales of systems for newspaper printing plants, systems for automotive manufacturing plants, 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, orders received decreased 2.5% year on year, to ¥32,493 million, and net sales rose 6.6%, to ¥32,533 million. However, due to lower sales in Europe operating income decreased 23.8%, to ¥537 million.

[Other]

The Other segment recorded year-on-year increases of 11.5% in orders received, to ¥1,702 million; 3.7% in net sales, to ¥1,550 million; and 103.5% in operating income, to ¥43 million.

(2) Analysis of Financial Position

<u>1. Assets, Liabilities and Shareholders’ equity</u>

[Assets]

Total assets stood at ¥265,069 million at December 31, 2015, up ¥6,327 million from the end of the previous fiscal year.

Current assets amounted to ¥121,309 million, an increase of ¥4,690 million from the end of the previous fiscal year. This was attributable to an ¥4,303 million rise in trade notes and accounts receivable, due to such factors as the final day of the nine-month period ended December 31, 2015, being a holiday for financial institutions.

Non-current assets amounted to ¥143,760 million, up ¥1,637 million from the end of the previous fiscal year. This reflected a ¥2,380 million increase in property, plant and equipment due to investment in production equipment and facilities, which counteracted a ¥533 million decrease in intangible assets following the amortization of goodwill and a ¥210 million decrease in investments and other assets that resulted from a fall in the market value of securities held by the Company.

[Liabilities]

Liabilities at the end of the period were ¥115,672 million, up ¥1,221 million from the end of the previous fiscal year. This was attributable to a ¥5,301 million increase in trade notes and accounts payable, due to such factors as the final day of the nine-month period ended December 31, 2015, being a holiday for financial institutions, which offset a ¥3,519 million decrease in income taxes payable.

[Net Assets]

Net assets at the end of the period were ¥149,397 million, up ¥5,106 million from the end of the previous fiscal year. This rise was due to an increase of ¥7,222 million in retained earnings, which compensated for a ¥1,823 million decrease in translation adjustments due to exchange rate fluctuations. The equity ratio was 54.9%.

(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 first quarter of the current fiscal year 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 third 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 of the current fiscal year onward.

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