

Stock Information (as of March 31, 2016)

Authorized shares 320,000,000 shares
 Issued shares 74,919,379 shares
 Number of shareholders 10,390

Major shareholders (Top 10)

Shareholders	Investment in the Company	
	Number of shares held	Ownership ratio
	Thousands	%
The Master Trust Bank of Japan, Ltd. (Trust account)	3,709	4.95
Japan Trustee Services Bank, Ltd. (Trust account)	3,424	4.57
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	2,592	3.45
The Dai-ichi Life Insurance Company, Limited	2,100	2.80
DMG MORI SEIKI Co., Ltd.	2,000	2.66
Sumitomo Mitsui Banking Corporation	1,516	2.02
The Hokuetsu Bank, Ltd.	1,484	1.98
JP Morgan Chase Bank 385632	1,422	1.89
Tsugami Customers' Shareholding Association	1,259	1.68
The Bank of New York Jasdec Treaty Account	1,183	1.57

Notes: 1. The figures for ownership ratio are rounded to the second decimal place.
 2. The 2,592 thousand shares held by Mizuho Trust & Banking Co., Ltd. (employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.) are held in a pension trust account for Tokyo Seimitsu, which reserves the right to give instructions on how to exercise voting rights for these shares.
 3. There are 8,023 thousand shares of treasury stock listed in the shareholders' register other than the shares listed in the table above.

Corporate Data (as of March 31, 2016)

Corporate Name TSUGAMI CORPORATION
 Established March 15, 1937
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Paid-in Capital 12,345 million yen
 Number of Employees 439
 Directors and Auditors (as of June 22, 2016)

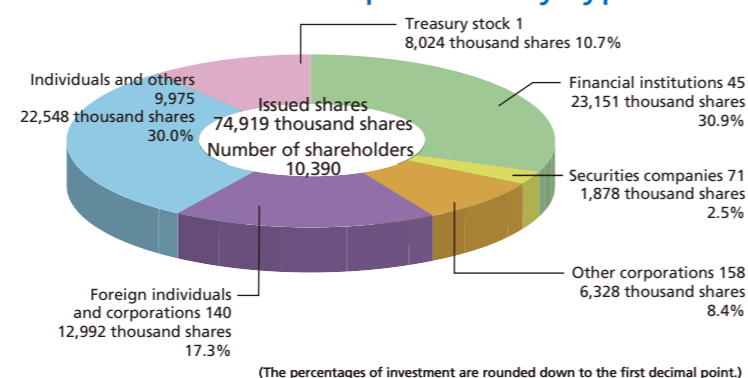
Representative Director, Chairman and CEO Takao Nishijima
 Representative Director and COO Toshio Honma
 Representative Director and COO Toshiharu Niiijima
 Director Byun Jae-Hyun
 Director Donglei TANG
 Outside Director Takeo Nakagawa
 Outside Director Shigeru Nishiyama
 Outside Director Kunio Shimada
 Standing Statutory Auditor Keiji Hayazaki
 Statutory Auditor Kenji Yamada
 Outside Statutory Auditor Morikuni Uchigasaki
 Outside Statutory Auditor Hitoshi Yoshida
 Outside Statutory Auditor Hideo Teramoto

Head Office and Factories
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Nagaoka Factory 1-1, Higashizao 1-chome, Nagaoka-shi, Niigata
 Takami Factory 1-2, Higashi-Takami 2-chome, Nagaoka-shi, Niigata
 Niigata Factory 132, Momoyama-cho 2-chome, Higashi-ku, Niigata-shi, Niigata

Sales Network
 East Japan Marketing Division and Overseas Division (Tokyo)
 Central Japan Marketing Division (Nagoya)
 West Japan Marketing Division (Osaka)

Group Companies
 TSUGAMI MACHINERY CO., LTD.
 TSUGAMI GENERAL SERVICE CO., LTD.
 PRECISION TSUGAMI (CHINA) CORPORATION
 Precision Tsugami (China) Corporation Limited (British Cayman Islands)
 Precision Tsugami (Hong Kong) Limited
 Shinagawa Precision Machinery (Zhejiang) Co., Ltd.
 TSUGAMI (THAI) CO., LTD.
 TSUGAMI EUROPE GmbH (GERMANY)
 TSUGAMI KOREA CO., LTD.
 TSUGAMI PRECISION ENGINEERING INDIA PVT., LTD.
 TSUGAMII TECH SOLUTIONS INDIA PVT., LTD.
 TSUGAMI Universal Pte. Ltd. (SINGAPORE)

Shareholders composition by type



Shareholders Information

Business Year From April 1 each year to March 31 of the following year
 Annual Shareholders Meeting June each year
 Surplus Dividends The record date for the year end dividend shall be March 31 each year. When paying interim dividends, the record date shall be September 30 each year.
 Administrator of Shareholders' Register Mitsubishi UFJ Trust Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
 Business Handling Office Mitsubishi UFJ Trust Banking Corporation Stock Transfer Agency Department
 Contact Office 10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081 Mitsubishi UFJ Trust Banking Corporation Stock Transfer Agency Department Telephone: 0120-232-711 (toll free number)
 Method of Public Notice Public notices of the Company shall be published on its website (<http://www.tsugami.co.jp/>). However, if the Company is unable to publish notices electronically, public notices shall be published in the Kanpo ("official gazette").
 Listed Stock Exchange Tokyo

Notice

- In principle, the contact that receives customer requests for changes of addresses and name, purchasing shares constituting less than one unit, and transferring dividends to designated accounts shall be securities companies, etc. in which the customers have opened an account. Mitsubishi UFJ Trust Banking Corporation shall receive inquiries about the shipment and return of mail articles, etc. and dividends overdue and general questions as to administrative work involving shares.
- Mitsubishi UFJ Trust Banking Corporation shall undertake procedures for shares recorded in a special account, not an account at a securities company, etc.
- As shares recorded in a special account may not be sold directly from the special account when selling them on the market, it is necessary to transfer them to an account at a securities company, etc.

To Our Shareholders

Business Report for Fiscal Year 2015
 (April 1, 2015 to March 31, 2016)

TSUGAMI CORPORATION

I am pleased to report our results for fiscal 2015, ended March 31, 2016.

During the consolidated fiscal year under review, the Japanese economy remained on a modest recovery path, with corporate earnings and employment improving. However, uncertainty about the future of the economy remains, given a slowdown in Chinese economic growth, a fall in the oil price, and the sharp appreciation of the yen.

In the machine tool industry, capital expenditure was firm in the domestic market owing to improved corporate earnings. Meanwhile, the U.S. and European economies were stable, while the Chinese economy slowed.

In this environment, TSUGAMI Corporation (the "Company") and its affiliates (the "Group") sought to boost sales in the IT sector and a wide range of other industries. Despite these efforts, net sales declined from a year ago, reflecting a reactionary fall in demand for smartphones compared with the previous fiscal year and the effect of a slowdown in the Chinese market. Income also fell, reflecting the decline in sales, a deterioration in the cost to sales ratio associated with a production adjustment from the second quarter, and the effect of the stronger yen.

Consolidated net sales for the fiscal year under review decreased 25.9% year on year, to 40,132 million yen.

Consolidated net sales in Japan increased 16.3% year on year, to 11,298 million yen. Consolidated exports decreased 35.1% year on year, to 28,834 million yen. The export ratio decreased from 82.1% for the previous fiscal year, to 71.8%.

A breakdown of consolidated net sales by machinery category shows that sales of mainstay automatic lathes decreased 28.5% year on year, to 31,579 million yen, sales of grinding machines rose 36.5%, to 4,399 million yen, sales of machining centers declined 62.9%, to 570 million yen, and sales of rolling machines and other specialized machines fell 32.3%, to 3,326 million yen.

Consolidated operating income decreased 70.7% year on year, to 2,125 million yen. Consolidated ordinary income decreased 85.9% year on year, to 1,095 million yen, and net income attributable to owners of the parent fell 83.4% year on year, to 877 million yen.

For the consolidated fiscal year ended March 31, 2016, the Company has decided to pay annual dividends of 16 yen per share, including interim dividends of 8 yen per share and year-end dividends of 8 yen per share.

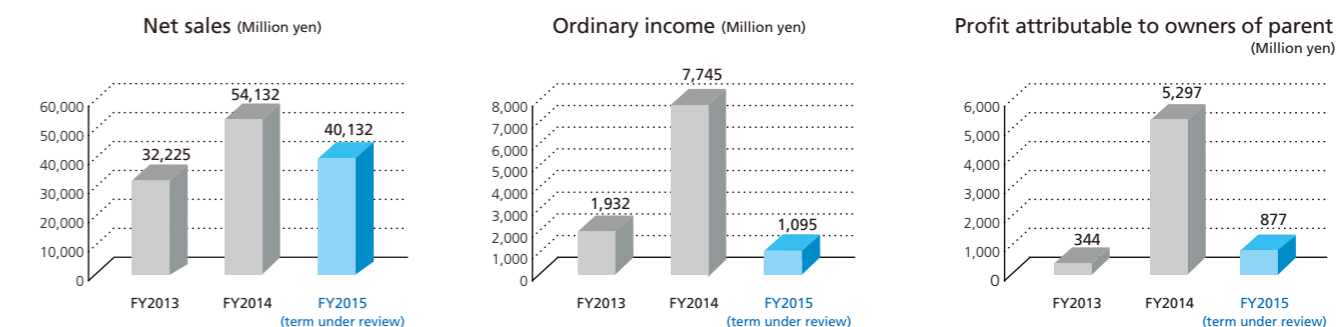
For the consolidated fiscal year ending March 31, 2017, the Company plans to pay annual dividends of 16 yen per share, including interim dividends of 8 yen per share and year-end dividends of 8 yen per share.

The Group remains committed to consistently enhancing its business performance through higher sales, improved production efficiency and cost cutting, and offering new products that fully meet customer requirements, while enriching the services it provides. Aiming to enhance customer satisfaction, we will devote all of our efforts to management, which can be trusted by our customers.

We respectfully ask for the continued support and encouragement of our shareholders.

June 2016
 Takao Nishijima Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2013		FY2014		FY2015	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales (Million yen)	32,225	29,491	54,132	34,992	40,132	31,852
Ordinary income (Million yen)	1,932	1,330	7,745	2,522	1,095	252
Profit attributable to owners of parent (Million yen)	344	- 70	5,297	1,698	877	292
Net income attributable to owners of the parent per share (Yen)	4.72	- 0.97	74.37	23.85	13.04	4.34
Total assets (Million yen)	52,250	41,800	56,829	39,050	47,859	33,281
Net assets (Million yen)	31,587	29,692	37,279	30,494	32,594	26,574
Net assets per share (Yen)	428.18	401.99	522.94	427.60	473.78	386.23

(Note) All fractions of monetary units have been rounded down.

Consolidated Financial Statements

Consolidated balance sheets

(Million yen)

Item	FY2015 (March 31, 2016)	FY2014 (March 31, 2015)
Assets		
Current assets	30,639	36,861
Cash and deposits	4,744	5,175
Trade notes and accounts receivable	5,862	7,054
Inventories	18,299	22,700
Other current assets	1,733	1,931
Fixed assets	17,219	19,967
Tangible fixed assets	9,906	11,451
Buildings, machinery, equipment and vehicles	9,192	10,596
Land	473	564
Other tangible fixed assets	240	290
Intangible fixed assets	698	756
Investments and other assets	6,614	7,759
Deferred assets	-	0
Total assets	47,859	56,829
Liabilities		
Current liabilities	13,983	17,851
Trade notes and accounts payable	5,857	8,276
Short-term borrowings	6,127	6,855
Accrued income tax	267	616
Other current liabilities	1,730	2,104
Long-term liabilities	1,281	1,698
Net defined benefit liability	703	535
Other long-term liabilities	578	1,162
Total liabilities	15,265	19,550
Net assets		
Shareholders' equity	29,045	31,460
Common stock	12,345	12,345
Capital surplus	5,884	5,889
Retained earnings	15,653	15,963
Treasury stock	-4,837	-2,738
Accumulated other comprehensive income	2,647	4,953
Unrealized gains on marketable securities	1,779	2,798
Translation adjustments	991	2,123
Remeasurements of defined benefit plans	-123	32
Subscription rights to shares	900	865
Total net assets	32,594	37,279
Total liabilities and net assets	47,859	56,829

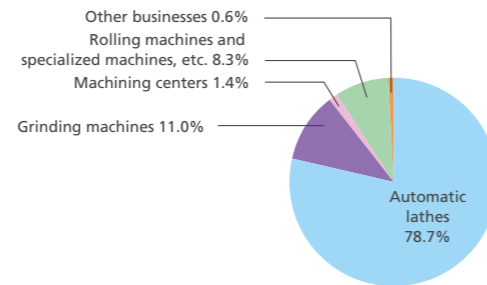
Consolidated statements of income

(Million yen)

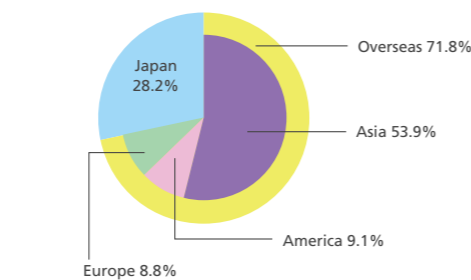
Item	FY2015 Year ended March 31, 2016	FY2014 Year ended March 31, 2015
Net sales	40,132	54,132
Cost of sales	31,164	39,890
Gross profit	8,968	14,241
Selling, general and administrative expenses	6,843	6,988
Operating income	2,125	7,253
Non-operating income	322	1,360
Non-operating expenses	1,352	869
Ordinary income	1,095	7,745
Extraordinary income	243	65
Extraordinary expenses	148	129
Income before taxes and other adjustments	1,190	7,681
Corporate, inhabitant and enterprise taxes	418	2,126
Deferred taxes	-105	258
Profit attributable to owners of parent	877	5,297

Sales breakdown (Consolidated)

Sales breakdown by product (FY2015)



Sales breakdown by region (FY2015)



Consolidated statements of changes in net assets

(Million yen)

	Shareholders' equity				Total Shareholders' equity	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock		Unrealized gains on marketable securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2015	12,345	5,889	15,963	-2,738	31,460	2,798	2,123	32	4,953	865	37,279
Changes during the period											
Cash dividends paid			-1,092		-1,092						-1,092
Profit attributable to owners of parent			877		877						877
Changes in the scope of application of the equity method			-79		-79						-79
Purchase of treasury stock				-2,238	-2,238						-2,238
Disposal of treasury stock		-5	-15	140	118						118
Changes in items other than shareholders' equity			-0		-0	-1,018	-1,131	-156	-2,305	35	-2,270
Total changes during the period	-	-5	-309	-2,098	-2,414	-1,018	-1,131	-156	-2,305	35	-4,684
Balance as of March 31, 2016	12,345	5,884	15,653	-4,837	29,045	1,779	991	-123	2,647	900	32,594

Releasing New Products to the Market

CNC Precision Automatic Lathe B0386C

We have developed the CNC Precision automatic lathe B0386C mounting $\phi 38$ mm main spindle in a compact body. We mounted a guide bushless main spindle on a compact body.

- The large spindle enables it to be used in a wide range of business sectors.
- We can achieve high output with an entire overlap process for the back spindle and main spindle.
- The front and back milling process can overlap because we mount a Y2 axis on a back tool rest.
- Automatic programming system prepared as standard.



Turning Center TMA8FC

We have developed the Turning Center TMA8FC, a lightweight and compact type machine. All-in-one machine with 5-axis simultaneously controlled machining for the complex-shaped parts.

- High-speed tool spindle (max. 20,000 min⁻¹) which realizes high-performance machining is provided as standard.
- High-speed and accurate B-axis unit is provided as standard.
- Back spindle (standard) achieves 6-face machining.



Turning Center TMA8HC

We have developed the Turning Center TMA8HC, a lightweight and compact type machine. High precision and high performance turning center with linear scale.

- High-speed tool spindle (max. 20,000 min⁻¹) which realizes high-performance machining is provided as standard.
- High-speed and accurate B-axis unit is provided as standard.
- Back spindle (standard) achieves 6-face machining.



Participated Exhibitions

We actively developed new business partners.

We exhibited at the Mechatronics Technology Japan 2015 (MECT2015) held at Port Messe Nagoya (Nagoya International Exhibition Hall) for four days from October 21, 2015. A large number of users and dealers from Japan and overseas visited our booth, where we conducted proactive talks for further market expansion.



Mechatronics Technology Japan 2015 (MECT2015)