

Stock Information (as of September 30, 2017)

Authorized shares 320,000,000 shares
 Issued shares 64,919,379 shares
 Number of shareholders 7,274

Major shareholders (Top 10)

Shareholders	Investment in the Company	
	Number of shares held	Ownership ratio
	Thousands	%
Japan Trustee Services Bank, Ltd. (Trust account)	3,132	4.82
The Master Trust Bank of Japan, Ltd. (Trust account)	2,815	4.33
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	2,592	3.99
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	2,161	3.32
The Dai-ichi Life Insurance Company, Limited	2,100	3.23
Sumitomo Mitsui Banking Corporation	1,516	2.33
The Hokuetsu Bank, Ltd.	1,484	2.28
TSUGAMI Customers' Shareholding Association	1,188	1.82
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,066	1.64
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS SE C LENDING	916	1.41

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 9,498 thousand shares of treasury stock listed in the shareholders' register other than the shares listed in the table above.

Corporate Data (as of September 30, 2017)

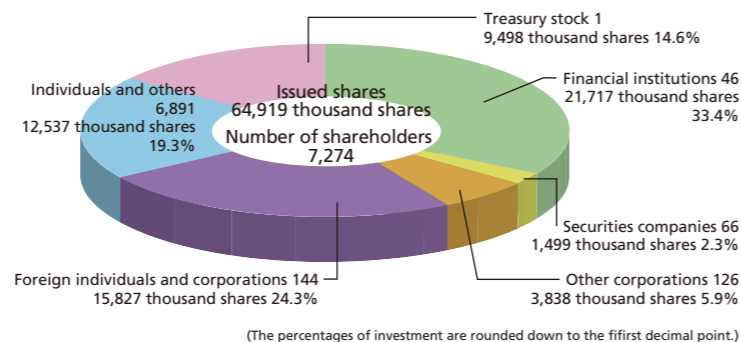
Corporate Name TSUGAMI CORPORATION
 Established March 15, 1937
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Paid-in Capital 12,345 million yen
 Number of Employees 1,953 (Consolidated)
 Directors and Auditors (as of October 1, 2017)
 Representative Director, Chairman and CEO Takao Nishijima
 Representative Director and COO Toshiharu Niijima
 Representative Director and CFO Toshio Honma
 Director Byun Jae-Hyun
 Director Nobuyuki Nagai
 Director Wang Xiaokun
 Outside Director Takeo Nakagawa
 Outside Director Shigeru Nishiyama
 Outside Director Kunio Shimada
 Standing Statutory Auditor Keiji Hayazaki
 Standing Statutory Auditor Kenji Yoneyama
 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

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 1-1, Nikko-cho, Fuchu-shi, Tokyo Telephone: 0120-232-711 (toll free number) (Postal address) New Tokyo P. O. Box No.29, Tokyo, 137-8081 Mitsubishi UFJ Trust Banking Corporation Stock Transfer Agency Department
 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 the First Half of Fiscal Year 2017
 (April 1, 2017 to September 30, 2017)

TSUGAMI CORPORATION

I am pleased to report our results for the first half of the fiscal 2017, ending March 31, 2018.

During the first half of the consolidated fiscal year under review, the Japanese economy remained on a modest recovery path as corporate earnings and employment conditions continued to improve. In the machine tool industry, the domestic market, European and the U.S. markets and the Chinese market remained strong in general.

In this environment, for the first half of the consolidated fiscal year under review, TSUGAMI Corporation (the "Company") and its affiliates (the "Group") recorded net sales of 27,376 million yen (up 48.8% year on year), operating income of 3,347 million yen (up 130.5% year on year), ordinary income of 2,966 million yen (up 180.4% year on year) and net income attributable to owners of the parent of 2,296 million yen (up 214.6% year on year).

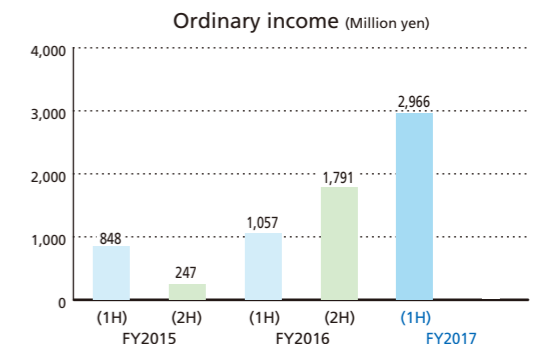
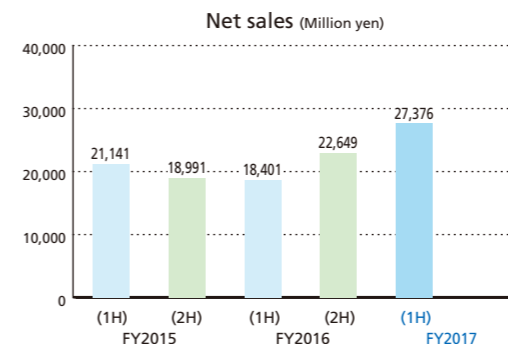
With regard to dividends for the consolidated fiscal year ending March 31, 2018, the Company plans to increase the interim and year-end dividends by 1 yen to 9 yen per share, respectively, making an annual dividend 18 yen per share. This increase reflects the Company's success in establishing a business base unaffected by special demand thanks to the contribution of new products launched for the processing of automobile components, as well as overall increases in orders and sales in both Japan and abroad.

The Company had been working on the listing of Precision Tsugami (China) Corporation Limited, a holding company whose businesses are operated by the Company's production subsidiary in China, and is pleased to announce that this company was listed on the Hong Kong Stock Exchange on September 25, 2017.

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

November 2017
 Takao Nishijima Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2015		FY2016		FY2017
	First half	Full year	First half	Full year	First half
Net sales (Million yen)	21,141	40,132	18,401	41,050	27,376
Ordinary income (Million yen)	848	1,095	1,057	2,848	2,966
Net income attributable to owners of the parent (Million yen)	679	877	730	2,630	2,296
Net income per share (Yen)	10.05	13.04	11.39	41.91	39.62
Total assets (Million yen)	56,682	47,859	46,498	50,127	58,041
Net assets (Million yen)	34,145	32,594	29,858	31,462	36,681
Net assets per share (Yen)	498.15	473.78	464.48	510.43	572.40

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

Consolidated Financial Statements

Consolidated balance sheets

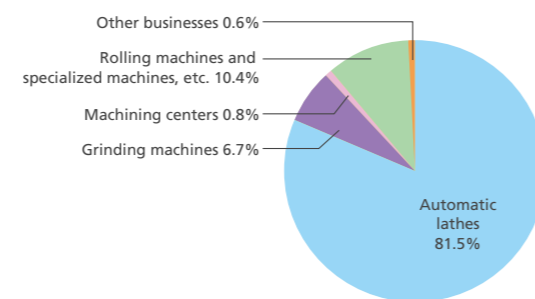
Item	(Million yen)	
	FY2017 First half (September 30, 2017)	FY2016 (March 31, 2017)
Assets		
Current assets	39,292	32,468
Cash and deposits	10,437	4,666
Trade notes and accounts receivable	10,183	9,846
Inventories	17,069	16,114
Other current assets	1,602	1,841
Fixed assets	18,748	17,659
Tangible fixed assets	8,695	8,196
Buildings, machinery, equipment and vehicles	8,005	7,528
Land	451	450
Construction in process and others	238	217
Intangible fixed assets	663	649
Investments and other assets	9,389	8,813
Total assets	58,041	50,127
Liabilities		
Current liabilities	19,170	16,762
Trade notes and accounts payable	12,362	9,606
Short-term borrowings	2,600	4,183
Accrued income tax	885	525
Other current liabilities	3,322	2,447
Long-term liabilities	2,188	1,902
Net defined benefit liability	729	718
Other long-term liabilities	1,459	1,183
Total liabilities	21,359	18,665
Net assets		
Shareholders' equity	27,420	27,087
Common stock	12,345	12,345
Capital surplus	2,943	478
Retained earnings	19,067	17,250
Treasury stock	- 6,935	- 2,986
Accumulated other comprehensive income	4,302	3,533
Unrealized gains on marketable securities	3,827	3,308
Translation adjustments	565	329
Remeasurements of defined benefit plans	- 90	- 104
Subscription rights to shares	774	842
Non-controlling interests	4,184	-
Total net assets	36,681	31,462
Total liabilities and net assets	58,041	50,127

Consolidated statements of income

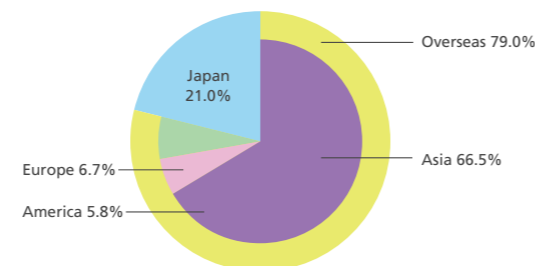
Item	(Million yen)	
	FY2017 First half April 1, 2017 to September 30, 2017	FY2016 First half April 1, 2016 to September 30, 2016
Net sales	27,376	18,401
Cost of sales	20,246	13,836
Gross profit	7,129	4,565
Selling, general and administrative expenses	3,782	3,112
Operating income	3,347	1,452
Non-operating income	154	149
Non-operating expenses	535	544
Ordinary income	2,966	1,057
Extraordinary income	183	36
Extraordinary expenses	37	28
Income before taxes and other adjustments	3,112	1,065
Corporate, inhabitant and enterprise taxes	786	301
Deferred taxes	28	34
Net income	2,296	730
Net income attributable to non-controlling interests	-	-
Profit attributable to owners of parent	2,296	730

Sales breakdown (Consolidated)

Sales breakdown by product (FY2017 First half)



Sales breakdown by region (FY2017 First half)



Releasing New Products to the Market

CNC Precision Automatic Lathe B0386-III

We have developed B0386-III, CNC precision automatic lathe that supports the flexible processing of complicated shaped workpieces.

- Features enhanced rigidity of the main body and improved processing capability.
- The back-side tool post with Y axis realizes compound processing on the back side and simultaneous machining on the main spindle side.
- Thanks to the modular type rotary tools on rear drive and back drive, flexible allocation of tools is possible.
- The optional direct-drive rotary guide bushing provides high speed and accurate machining.
- The thermal distortion compensating function realizes accurate machining.
- Available with or without guide bushing depend on workpieces.
- Automatic programming software is included as a standard feature.



High-Speed Vertical Machining Center VL3

We have developed VL3, high-speed vertical machining center equipped with a wide tooling zone to support the machining of large workpiece or many workpieces.

- Wide tooling zone and long stroke.
X axis stroke: 700 mm/ Y axis stroke: 450 mm/ Z axis stroke: 350 mm
- Features a separate structure of the spindle and ATC arm / tool magazine, in which only the spindle moves up and down.
- Twenty tools can be mounted in the tool magazine (Maximum mountable quantity: 21)



Listing of an overseas local subsidiary on the Hong Kong Stock Exchange

Precision Tsugami (China) Corporation Limited, a holding company that oversees businesses conducted by our local subsidiaries in China, was listed on the Main Board of the Hong Kong Stock Exchange on September 25, 2017.



Held Exhibitions

We actively developed new business partners.

We exhibited our products at the 15th China International Machine Tool Show held in China (Beijing) for 6 days from April 17, 2017.

We held the TSUGAMI TECHNICAL FAIR 2017 at Nagaoka Factory for 2 days from June 22, 2017.

We held the TSUGAMI CHINA TECHNICAL FAIR 2017 at PRECISION TSUGAMI (CHINA) CORPORATION for 2 days from June 26, 2017.

We exhibited our products at the EMO Hannover 2017 held in Germany (Hannover) for 6 days from September 18, 2017.

We invited many users and dealers from Japan and abroad and engaged in active business talks to further expand the market.



TSUGAMI CHINA TECHNICAL FAIR 2017

EMO Hannover 2017