

Stock Information (as of September 30, 2014)

Authorized shares 320,000,000 shares
 Issued shares 74,919,379 shares
 Number of shareholders 11,336

Major shareholders (Top 10)

Shareholders	Investment in the Company	
	Number of shares held	Ownership ratio
	Thousands	%
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	4,592	6.12
Japan Trustee Services Bank, Ltd. (Trust account)	3,519	4.69
The Master Trust Bank of Japan, Ltd. (Trust account)	2,784	3.71
The Dai-ichi Life Insurance Company, Limited	2,100	2.80
DMG MORI SEIKI Co., Ltd.	2,000	2.66
Goldman Sachs International	1,870	2.49
The Bank of New York, Jasco Treaty Account	1,524	2.03
Sumitomo Mitsui Banking Corporation	1,516	2.02
The Hokuetsu Bank, Ltd.	1,484	1.98
TSUGAMI Customers' Shareholding Association	1,278	1.70

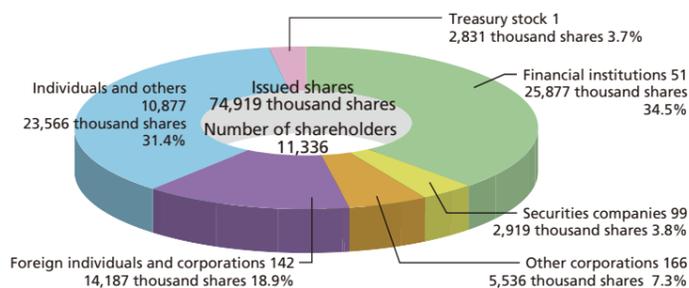
Notes: 1. The figures for ownership ratio are rounded to the second decimal place.
 2. The 4,592 thousand shares held by Mizuho Trust & Banking Co., Ltd. (employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.) are held in a pension trust account for Tokyo Seimitsu, which reserves the right to give instructions on how to exercise voting rights for these shares.
 3. There are 2,831 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, 2014)

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	455
Directors and Auditors (as of October 1, 2014)	
Representative Director, Chairman and CEO	Takao Nishijima
Representative Director and COO	Toshio Honma
Representative Director and COO	Kiyoshi Tauchi
Representative Director and COO	Toshiharu Nijima
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	Hideo Teramoto
Outside Statutory Auditor	Ryuichi Kimura
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 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



(The percentages of investment are rounded down to the first decimal point.)

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 the First Half of Fiscal Year 2014
 (April 1, 2014 to September 30, 2014)

TSUGAMI CORPORATION

I am pleased to report our results for the first half of fiscal 2014, ending March 31, 2015.

During the period, the overall Japanese economy continued to recover moderately despite the reactionary fall after the surge in demand in anticipation of the consumption tax hike, which was seen in some segments. In the second half of the period, however, a slight sense of uncertainty over the future began to emerge, reflecting the sluggish growth of exports, which took place despite a weaker yen, and concerns about the rising prices of imported materials.

The machine tool industry in the Japanese market remained on the trend of moderate recovery which had continued since the previous period. The markets of both Europe and the United States remained robust, and the Chinese market also recovered modestly on the whole, driven by products for EMS production related to smartphones.

In this environment, both net sales and income increased year on year at TSUGAMI Corporation (the "Company") and its affiliates (the "Group") thanks to new automotive products in addition to shipments of products related to IT.

Consolidated net sales for the first half of the fiscal year under review stood at 29,703 million yen, up 91.0% year on year. Consolidated operating income jumped up 500.2% year on year, to 4,756 million yen. Consolidated ordinary income increased 249.1% year on year, to 4,877 million yen and consolidated net income grew 285.3% year on year, to 3,405 million yen.

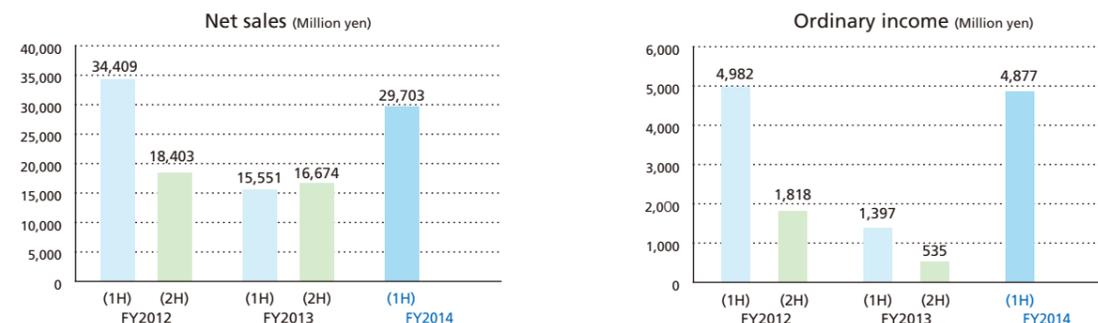
The Company decided to pay an interim dividend of 6 yen per share according the initial plan and plans to pay a year-end dividend of 6 yen per share (for an annual dividend of 12 yen per share) in the fiscal year ending March 31, 2015.

The Group remains committed to consistently enhancing its business performance through higher sales, improved production efficiency and cost cutting, and offering net 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.

November 2014
 Takao Nishijima Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2012		FY2013		FY2014
	First half	Full year	First half	Full year	First half
Net sales (Million yen)	34,409	52,812	15,551	32,225	29,703
Ordinary income (Million yen)	4,982	6,800	1,397	1,932	4,877
Net income (Million yen)	3,136	4,207	883	344	3,405
Net income per share (Yen)	42.62	57.16	12.05	4.72	47.21
Total assets (Million yen)	46,446	45,919	45,976	52,250	60,942
Net assets (Million yen)	29,305	31,998	32,323	31,587	35,252
Net assets per share (Yen)	392.42	427.86	439.07	428.18	479.56

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

Consolidated Financial Statements

Consolidated balance sheets

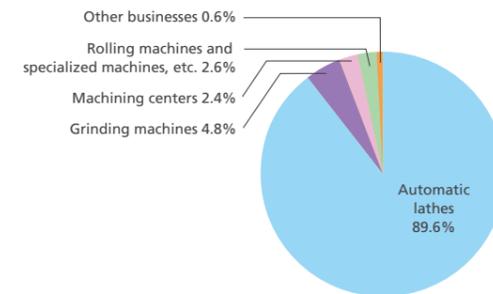
Item	(Million yen)	
	FY2014 First half (September 30, 2014)	FY2013 (March 31, 2014)
Assets		
Current assets	43,280	35,953
Cash and deposits	3,762	6,227
Trade notes and accounts receivable	14,376	6,686
Inventories	23,486	20,958
Other current assets	1,655	2,080
Fixed assets	17,659	16,290
Tangible fixed assets	11,090	10,420
Buildings, machinery, equipment and vehicles	9,163	9,074
Land	564	564
Other tangible fixed assets	1,362	781
Intangible fixed assets	717	328
Investments and other assets	5,851	5,541
Deferred assets	2	5
Total assets	60,942	52,250
Liabilities		
Current liabilities	24,310	19,316
Trade notes and accounts payable	13,046	10,630
Short-term borrowings	8,520	6,075
Accrued income tax	893	1,113
Other current liabilities	1,849	1,498
Long-term liabilities	1,379	1,346
Reserve for retirement benefits	722	946
Other long-term liabilities	656	400
Total liabilities	25,689	20,663
Net assets		
Shareholders' equity	31,470	28,579
Common stock	12,345	12,345
Capital surplus	5,884	5,889
Retained earnings	14,478	11,424
Treasury stock	- 1,237	- 1,079
Accumulated other comprehensive income	3,100	2,401
Unrealized gains on marketable securities	1,615	1,391
Translation adjustments	1,563	1,134
Remeasurements of defined benefit plans	- 78	- 123
Subscription rights to shares	682	605
Total net assets	35,252	31,587
Total liabilities and net assets	60,942	52,250

Consolidated statements of income

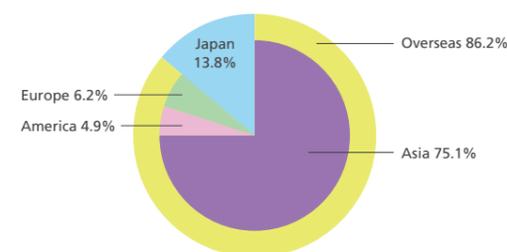
Item	(Million yen)	
	FY2014 First half April 1, 2014 to September 30, 2014	FY2013 First half April 1, 2013 to September 30, 2013
Net sales	29,703	15,551
Cost of sales	21,669	11,831
Gross profit	8,034	3,720
Selling, general and administrative expenses	3,278	2,927
Operating income	4,756	792
Non-operating income	653	794
Non-operating expenses	532	190
Ordinary income	4,877	1,397
Extraordinary income	2	72
Extraordinary expenses	53	292
Income before taxes and other adjustments	4,826	1,177
Corporate, inhabitant and enterprise taxes	1,257	242
Deferred taxes	162	51
Net income	3,405	883

Sales breakdown (Consolidated)

Sales breakdown by product (FY2014 First half)



Sales breakdown by region (FY2014 First half)



Releasing New Products to the Market

CNC Precision Automatic Lathe B012-III/ B020-III Series

We have developed the B012-III/ B020-III series precision automatic lathes, which boast even higher usability, thanks to improvements in the performance of software and hardware of best selling machines.

- Reducing cycle time, improving machining accuracy and pursuing operability thanks to the newly developed software.
- Maximum speed of optional cross live tool is increased. (Max. 8,000 min⁻¹)
- Optional modular live tool provides front/back off-center drilling.
- Optional direct-drive rotary guide bushing provides high speed and accurate machining.
- Guide-bush type or guide-bushless type is selectable according to workpiece.
- Automatic programming system prepared as standard.



CNC High Precision Automatic Lathe C300-IV

We have developed the C300-IV CNC high-precision automatic lathe featuring the gang type tool concept, which is most suitable for high precision machining.

- Tooling system selections are available for both bar and chucker to meet a wide variety of workpieces.
- Precision spindle, adopting built-in motor, performs high accuracy.
- Standard-equipped spindle cooling unit reduces thermal displacement.
- The loader is easy to be installed since height from the spindle center to the top of the cover is 255 mm.



Turning Center TMA8J

We have developed the Turning Center TMA8J, a high-function, complex machine boasting overwhelming cost performance.

- Not only horizontal front face machining but also angular machining can be performed by the Y-axis control and B-axis index that can implement the swivel positioning in the range of +/- 105 deg.
- C-axis function is provided as standard to the main spindle and the back spindle. This permits index machining of arbitrary positions of workpiece external surface and end surface and milling machining which is performed by rotating the workpiece.
- The cam driven tool change unit performs the tool-to-tool change at 0.8 sec.



Participated Exhibitions

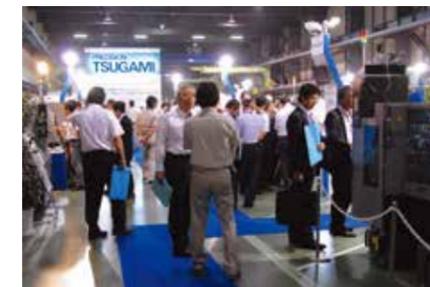
We have been promoting activities for finding potential customers aggressively.

We held the TSUGAMI CHINA TECHNICAL FAIR 2014 at the China Factory of TSUGAMI for two days from June 6, 2014.

We held TSUGAMI TECHNICAL FAIR 2014 at the Nagaoka Factory of TSUGAMI for two days from July 10, 2014.

We exhibited at the International Manufacturing Technology Show 2014 (IMTS 2014) that was held in Chicago, the United States for six days from September 8, 2014.

A large number of users and dealers visited our booth, where we conducted proactive business talks for further market expansion.



TSUGAMI Technical Fair 2014



TSUGAMI China Technical Fair 2014



International Manufacturing Technology Show 2014 (IMTS 2014)