

Summary of Financial Results for the Fiscal Year Ended March 31, 2014

May 13, 2014

TSUGAMI CORPORATION

Stock code: 6101

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Scheduled date of annual shareholders meeting: June 20, 2014

Scheduled date of commencement of dividend payments: May 28, 2014

Scheduled date of submission of securities report: June 23, 2014

Supplementary briefing materials to be created: Yes

Investors meeting to be held: Yes (for institutional investors and analysts)

1. Consolidated business performance for the fiscal year ended March 31, 2014

(From April 1, 2013 to March 31, 2014)

(Figures are rounded down to the nearest one million yen.)

(1) Consolidated operating results

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2014	32,225	-39.0	1,184	-86.0	1,932	-71.6	344	-91.8
Fiscal year ended March 31, 2013	52,812	47.8	8,447	106.7	6,800	75.5	4,207	84.5

(Note): Comprehensive income: Fiscal year ended March 31, 2014: 1,085 million yen (-77.8%)

Fiscal year ended March 31, 2013: 4,885 million yen (95.2%)

	Net income per share	Net income per share after residual equity adjustment	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2014	4.72	4.64	1.1	3.9	3.7
Fiscal year ended March 31, 2013	57.16	56.28	14.3	14.1	16.0

(Reference): Investment gain or loss by equity method: Fiscal year ended March 31, 2014: -- million yen

Fiscal year ended March 31, 2013:-- million yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2014	52,250	31,587	59.3	428.18
Fiscal year ended March 31, 2013	45,919	31,998	68.6	427.86

(Reference): Shareholders' equity: Fiscal year ended March 31, 2014: ¥30,981 million

Fiscal year ended March 31, 2013: ¥31,498 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the term
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2014	714	-713	445	6,044
Fiscal year ended March 31, 2013	1,914	-2,381	303	5,296

2. State of dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends on equity (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2013	--	6.00	--	6.00	12.00	883	21.0	3.0
Fiscal year ended March 31, 2014	--	6.00	--	6.00	12.00	868	254.2	2.8
Fiscal year ending March 31, 2015 (forecast)	--	6.00	--	6.00	12.00		21.7	

3. Consolidated business performance forecasts for the fiscal year ending March 31, 2015

(From April 1, 2014 to March 31, 2015)

(Percentage figures denote increases or decreases compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	26,000	67.2	4,000	404.7	3,800	172.0	2,600	194.2	35.93
Full-year	46,000	42.7	6,000	406.6	5,800	200.1	4,000	--	55.28

*Notes

(1) Important changes in subsidiaries during the fiscal year under review (changes in specified subsidiaries that caused the scope of consolidation to change): yes

Companies added to the scope: 2 companies (names Precision Tsugami (China) Corporation Limited, Precision Tsugami (Hong Kong) Limited)

Companies removed from the scope: -- companies (names)

(2) Changes in accounting policy and in accounting estimates, and restatements

(i) Changes in accounting policy due to the revision of accounting standards and the like: applied

(ii) Changes in accounting policy other than those stated in item (i) above: none

(iii) Changes in accounting estimates: none

(iv) Restatements: none

(3) Numbers of outstanding shares (common shares)

(i) Numbers of outstanding shares at the end of the terms (including treasury shares):

March 2014	74,919,379 shares	March 2013	74,919,379 shares
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March 2014	2,562,250 shares	March 2013	1,300,070 shares
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(ii) Numbers of treasury shares at the end of the terms:

March 2014	72,900,461 shares	March 2013	73,603,377 shares
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(iii) Average numbers of shares outstanding during the periods:

(Reference) Summary of non-consolidated business performance

Non-consolidated business performance for the fiscal year ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(1) Non-consolidated operating results (Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2014	29,491	-17.7	-87	--	1,330	-80.8	-70	--
Fiscal year ended March 31, 2013	35,852	-4.1	2,461	-23.4	6,914	103.2	5,125	167.4

	Net income per share	Net income per share after residual equity adjustment
Fiscal year ended March 31, 2014	Yen -0.97	Yen --
Fiscal year ended March 31, 2013	69.64	68.56

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2014	41,800	29,692	69.6	401.99
Fiscal year ended March 31, 2013	42,090	30,837	72.1	412.08

(Reference): Shareholders' equity: Fiscal year ended March 31, 2014: 29,086 million yen
Fiscal year ended March 31, 2013: 30,337 million yen

* Statement relating to execution status for audit procedures

This summary of financial results falls outside the scope of audit procedures based on the stipulations of the Financial Instruments and Exchange Act. The audit procedures for financial statements based on the stipulations of the Act were not completed at the time this summary was disclosed.

* Explanations for the appropriate use of business forecasts and other items warranting special mention

The business forecasts presented above are produced on the basis of information accessible on the date of their announcement. Actual performance may differ materially from these forecasts due to underlying uncertainties.

Accompanying Documents

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1. Consolidated Operating Results

(1) Analysis relating to consolidated operating results

(i) Overview of the fiscal year under review

During the consolidated fiscal year under review, the Japanese economy began to show signs of recovery, reflecting the entrenched depreciation of the yen and the economic and monetary policies of the government and the Bank of Japan. The machine tool industry generally continued to display weakening tendencies. The domestic market did show upward momentum, albeit modestly, and the U.S. and the European markets were recovering moderately. However, the recovery of the Chinese market lagged.

In this environment, TSUGAMI Corporation (the "Company") and its affiliates (the "Group") launched new products and developed its customer base. Despite these efforts, however, net sales declined year on year, primarily because of the absence of reconstruction demand from the flooding in Thailand and the carry-over of IT-related demand to the next fiscal year. Income decreased from the previous fiscal year due to a rise in the cost of sales associated with lower net sales and the weaker yen, and an increase in the amount of taxes with the transfer of shares in preparation for the listing of a local subsidiary in China.

(ii) Consolidated operating results

Net sales for the fiscal year under review decreased 39.0% year on year, to 32,225 million yen.

Net sales in Japan decreased 4.9% year on year, to 7,360 million yen. Exports decreased 44.8% year on year, to 24,865 million yen. The export ratio decreased from 85.3% for the previous fiscal year, to 77.2%.

A breakdown of net sales by machinery category shows that sales of mainstay Automatic lathes decreased 24.1% year on year, to 25,819 million yen, sales of Grinding machines fell 18.7%, to 3,187 million yen, sales of Machining centers rose 80.4%, to 1,507 million yen, and reflecting decreased sales related to smartphones, sales of Rolling machines and other specialized machines fell 90.0%, to 1,376 million yen.

Operating income decreased 86.0% year on year, to 1,184 million yen. Ordinary income decreased 71.6% year on year, to 1,932 million yen and net income decreased 91.8% year on year, to 344 million yen for the fiscal year under review.

(iii) Forecasts for the next fiscal year

The recovery trend is expected to continue in all of the Japanese, the U.S. and the European markets, and the Chinese market is expected to move toward a moderate recovery. In addition, IT-related sales, for which the Group began receiving orders in the fourth quarter of the fiscal year under review, are likely to make a contribution after the first quarter of the next fiscal year. The Group's forecasts are as follows:

Consolidated business performance forecasts for the fiscal year ending March 31, 2015

(Million yen)

	First half	Full year
Net sales	26,000	46,000
Operating income	4,000	6,000
Ordinary income	3,800	5,800
Net income	2,600	4,000

(2) Analysis relating to the consolidated financial position

(i) State of assets, liabilities and net assets

Assets totaled 52,250 million yen at the end of the fiscal year under review, increasing 6,331 million yen from the end of the previous fiscal year. The increase resulted primarily from a 760 million yen increase in cash and deposit, 1,383 million yen in trade notes and accounts receivable, 2,594 million yen in inventories, 1,098 million yen in tangible fixed assets and 352 million yen in investments in affiliates.

Liabilities came to 20,663 million yen, increasing 6,742 million yen from the end of the previous fiscal year. The increase resulted mainly from a 3,870 million yen increase in trade notes and accounts payable and a 2,455 million yen increase in short-term borrowings.

Net assets stood at 31,587 million yen at the end of the fiscal year under review, decreasing 411 million yen from the end of the previous fiscal year. The decline mainly reflected increases of 344 million yen in net income, 299 million yen in unrealized gains on marketable securities and 442 million yen in translation adjustments, which offset a decreases of 876 million yen dividends paid and 608 million yen in treasury stock.

As a result of the changes stated above, the capital adequacy ratio came to 59.3%, declining 9.3 percentage points from the end of the previous fiscal year.

(ii) State of cash flows

Cash and cash equivalents rose by 748 million yen from the end of the previous fiscal year, to 6,044 million yen at the end of the consolidated fiscal year under review.

(Cash flows from operating activities)

Cash generated through operating activities was 714 million yen.

The result principally reflected increases in cash, including a net income before taxes and other adjustments of 1,845 million yen, depreciation and amortization expenses of 1,075 million yen and 3,229 million yen increase in trade notes and accounts payable, which offset decreases in cash, such as a 1,159 million yen rise in trade notes and accounts receivable, 2,256 million yen increase in inventories and 1,413 million yen in corporate and other taxes paid.

(Cash flows from investing activities)

Cash used for investing activities was 713 million yen.

The cash outflow was primarily attributable to proceeds from sales of investment securities of 614 million yen, which offset decreases in cash that resulted from a 1,092 million yen outlay for the acquisition of tangible fixed assets and a 364 million yen payment for investment in affiliates.

(Cash flows from financing activities)

Cash generated by financing activities was 445 million yen.

The cash inflow resulted mainly from 2,302 million yen increase in short-term borrowings, which offset cash decreases from factors redemptions of corporate bonds of 300 million yen, expenditure for acquisition of treasury stock of 698 million yen and dividends paid of 876 million yen.

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Capital adequacy ratio	63.2	60.9	53.9	68.6	59.3
Capital adequacy ratio on a market value basis (%)	129.9	106.6	136.6	86.9	85.4
Cash flow/interest-bearing debt ratio (annual)	1.0	1.3	5.4	2.0	8.5
Interest coverage ratio (times)	109.5	29.6	6.4	24.2	5.1

(Notes) Capital adequacy ratio: shareholders' equity/ total assets; capital adequacy ratio on a market value basis: aggregate market value of shares/ total assets; cash flow/interest-bearing debt ratio: interest-bearing debt/ cash flows; interest coverage ratio: cash flows/ interest paid

* Each of these indicators is calculated on the basis of consolidated financial figures.

* Aggregate market value of shares is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares issued at the end of the fiscal year (after treasury stock deduction).

* Cash flows used are cash flows from operating activities stated in the consolidated statements of cash flows.

Interest-bearing debt covers all liabilities stated in the consolidated balance sheets for which interest has been paid.

Interest paid stated in the consolidated statements of cash flows is used as interest paid.

(3) Basic policy relating to profit distribution, and dividends for the fiscal year under review and the following fiscal year

The Group adopts a basic policy of increasing its collective capabilities and returning profits to shareholders by sustaining aggressive investment in development projects in response to changing social demands and continuing its efforts to enhance competitiveness and streamline management.

Based on this policy, the Group is united in its commitment to strengthening its business structure and achieving stable dividends.

The Group will also deal appropriately with the acquisition of treasury stock for the flexible enforcement of capital policies and other purposes as part of its measures for returning profits to shareholders, based on a comprehensive assessment of factors, including the need, financial conditions and share price trends.

For the consolidated fiscal year ended March 31, 2014, the Company has decided to pay annual dividends of 12 yen per share according to its initial plan, including interim dividends of 6 yen per share and year-end dividends of 6 yen per share.

For the consolidated fiscal year ending March 31, 2015, the Company plans to pay annual dividends of 12 yen per share, including interim dividends of 6 yen per share and year-end dividends of 6 yen per share.

(4) Business and other risks

Risks that may adversely affect the operating results, share prices, financial situation and other aspects of the Group include the following:

(i) Effects of business fluctuations

The machine tool industry is an industry that is susceptible to the effects of business fluctuations. The Group is continuing its efforts to minimize the effects that unexpected market downsizing can have on its performance, by reducing fixed costs and taking other steps in an attempt to maximize management efficiency. Sudden and unexpected changes, however, may affect the Group's production, business performance and financial situation.

(ii) Effects of changes in prices of raw materials

The prices of cast metals and iron and steel products, the main raw materials of products of the Group, are influenced by movements of exchange rates and the international supply-demand situation. Increases in prices of raw materials for those reasons may affect the Group's production, business performance, and financial situation.

(iii) Effects of fluctuations in exchange rates

Each year, overseas sales are accounting for a greater percentage of total sales of the Group's products. Exports by the Group are denominated in yen, and they are not directly influenced by exchange rate fluctuations in principle. A sharp appreciation of the yen, however, prompts agents and users overseas to ask the Group to lower its selling prices for its products. In addition, the risk of an exchange loss attributable to fluctuations in the Chinese Yuan is rising in proportion to the growing weight of production at manufacturing factories in China.

(iv) Effects of overseas operations

A subsidiary in China manufactures and sells machine tools, and the Group sells products and provides after-the-sale services through subsidiaries in South Korea, Thailand, Germany and others. Deterioration in political situations and changes in laws and regulations in those countries may affect the Group's production, business performance and financial standing.

(v) Effects of matters relating to quality

The Group is united in its commitment to improving quality, in addition to proactively developing new products and introducing them to markets. Nonetheless, unexpected issues, such as accidents and poor service, may affect the Group's production, business performance and financial conditions should they arise.

(vi) Effects relating to intellectual property rights

To protect its technologies, the Group applies for patents for them and acquires intellectual property rights. However, if other companies infringe on the intellectual property rights of the Group, if the invalidation of intellectual property rights of the Group is sought, or if injunctions against the manufacture and sale of products are filed against the Group in association with infringements of intellectual property rights, then this may affect the Group's production, business performance and financial conditions.

(vii) Effects of the situation

The Group deals with range of industries, including the electronics, information and telecommunications, and automobile industries. The Group pays close attention to the environment and credit risk. However, if the situation of customer, especially those with which the Group conducts large transactions, changes because of amendments to contracts, changes in the business environment, business downturns, or other factors, this may could the Group's production, business performance, and financial situation.

(viii) Effects of natural disasters

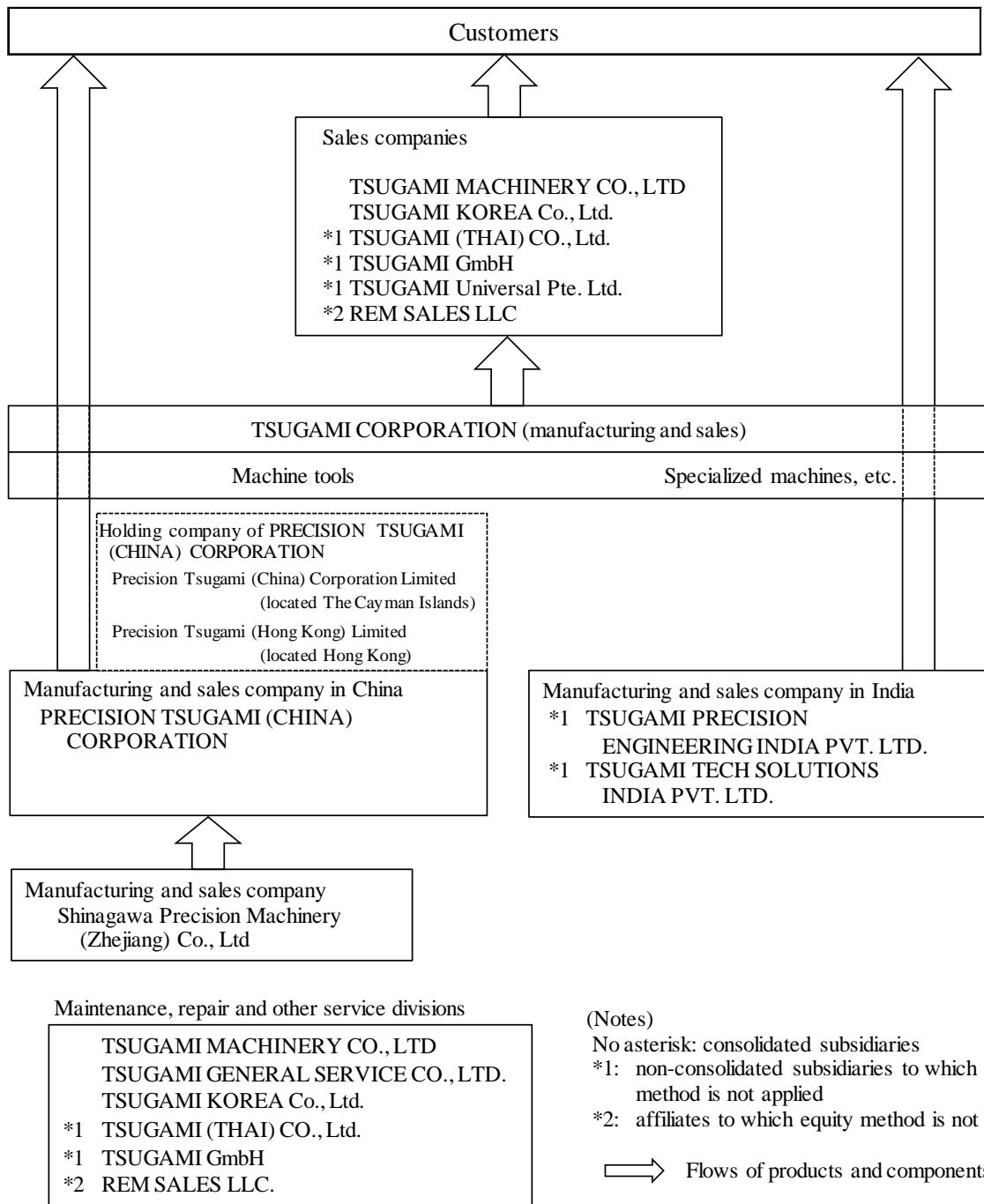
The Group has production, selling, and service bases worldwide, and may therefore be affected by disasters that might be caused by a range of phenomena, including natural disasters, computer viruses, and terrorism.

The Group has production bases in Niigata and in China. If large natural disasters, such as earthquakes and floods, should occur, and if as a result the supply of products should become impossible or be delayed, then this may affect the Group's production, business performance and financial situation.

2. Status of the Group

The TSUGAMI Group engages primarily in the manufacture and sales of machine tools and other products, including Automatic lathes, Grinding machines, Machining centers and Rolling machines. The Group undertakes additional business activities, including research on individual companies and other services.

Businesses operated by the Group (the key companies in the Group) are as presented in the following figure.



3. Management Policy

(1) Basic management policy

The Group believes that the basis for its management is anticipating market needs and contributing to society by generating new value through the precision technologies it has accumulated since its foundation. Guided by this basic policy, the Group is striving to offer high-precision, high-speed and high-rigidity products that satisfy the needs of its customers.

(2) Medium- and long-term management strategies

The Group is addressing the following priority issues proactively as its medium- and long-term strategies.

(i) Introduction of new products targeting growth fields

The Group is focused on developing new products that respond fully to customer demands, targeting markets where future growth is expected, including auto parts, which require that ecological and energy-saving needs are met, and small high-precision parts processing in the fields of IT, including sophisticating HDDs and smart phones, telecommunications and medical care.

(ii) Business strategies targeting growth regions

The Group will make further efforts to build up production, sales and after-sales service organizations in markets where investor confidence is high, such as China, Southeast Asia and India, over the medium and long terms.

(iii) Management streamlining and customer satisfaction enhancement

The Group is seeking to unify sales, production and administrative organizations, including those of affiliates, and to streamline management in an attempt to increase its collective capabilities as a corporate group.

The Group will continue to make every effort to offer new products that satisfy customer demands, to expand and upgrade its services, to improve customer satisfaction on a constant basis, and to maintain the trust of its customers.

4. Consolidated financial statements

(1) Consolidated Balance Sheets

	(Million yen)	
	Figures at the end of the previous consolidated fiscal year (As of March 31, 2013)	Figures at the end of the consolidated fiscal year under review (As of March 31, 2014)
Assets		
Current assets		
Cash and deposits	5,467	6,227
Trade notes and accounts receivable	5,303	6,686
Products and other commodities	7,320	7,374
Goods in process	3,471	4,631
Raw materials and supplies	7,572	8,953
Consumption taxes receivable	568	876
Deferred tax assets	588	577
Other	333	746
Allowance for doubtful accounts	-77	-120
Total current assets	30,547	35,953
Fixed assets		
Tangible fixed assets		
Buildings and structures	9,303	9,836
Accumulated depreciation	-4,386	-4,693
Buildings and structures (net)	4,917	5,142
Machinery, equipment and vehicles	9,845	10,486
Accumulated depreciation	-6,327	-6,580
Machinery, equipment and vehicles (net)	3,517	3,906
Land	568	564
Leased assets	36	48
Accumulated depreciation	-27	-22
Leased assets (net)	8	25
Construction in progress	5	473
Other	999	1,160
Accumulated depreciation	-693	-852
Other (net)	306	307
Total tangible fixed assets	9,322	10,420
Intangible fixed assets	320	328
Investments and other assets		
Investment securities	4,775	4,247
Stocks of affiliates	11	11
Investments in affiliates	755	1,107
Long-term loans receivable	8	6
Deferred tax assets	1	1
Other	*2 158	*2 167
Total investments and other assets	5,710	5,541
Total fixed assets	15,353	16,290
Deferred assets		
Stock issuance cost	13	5
Corporate bonds issuance expenses	5	--
Total deferred assets	18	5
Total assets	45,919	52,250

	(Million yen)	
	Figures at the end of the previous consolidated fiscal year (As of March 31, 2013)	Figures at the end of the consolidated fiscal year under review (As of March 31, 2014)
Liabilities		
Current liabilities		
Trade notes and accounts payable	6,759	10,630
Short-term borrowings	3,619	6,075
Corporate bonds due for redemption within one year	300	--
Accrued income tax	829	1,113
Reserve for bonus payment	220	246
Reserve for product warranties	292	277
Other	786	973
Total current liabilities	12,808	19,316
Long-term liabilities		
Deferred tax liabilities	316	327
Reserve for retirement benefits	737	--
Reserve for directors' retirement benefits	16	14
Net defined benefit liability	--	946
Other	41	58
Total long-term liabilities	1,112	1,346
Total liabilities	13,920	20,663
Net assets		
Shareholders' equity		
Common stock	12,345	12,345
Capital surplus	5,884	5,889
Retained earnings	11,956	11,424
Treasury stock	-471	-1,079
Total shareholders' equity	29,714	28,579
Accumulated other comprehensive income		
Unrealized gains on marketable securities	1,092	1,391
Translation adjustments	691	1,134
Remeasurements of defined benefit plans	--	-123
Total accumulated other comprehensive income	1,783	2,401
Subscription rights to shares	500	605
Total net assets	31,998	31,587
Total liabilities and net assets	45,919	52,250

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

	(Million yen)	
	Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (From April 1, 2013 to March 31, 2014)
Net sales	52,812	32,225
Cost of sales	*1 38,113	*1 25,122
Gross profit	14,699	7,102
Selling, general and administrative expenses		
Salaries and allowances	1,203	1,325
Provision for reserve for bonus payments	60	57
Retirement benefit expenses	75	83
Provision for reserve for directors' retirement benefits	4	4
Research and development expenses	*2 1,502	*2 1,445
Insurance premiums	149	124
Provision for allowance for doubtful accounts	6	29
Provision for reserve for product warranties	274	277
Other	2,975	2,569
Total selling, general and administrative expenses	6,251	5,918
Operating income	8,447	1,184
Non-operating income		
Interest received	16	20
Dividends received	54	55
Rent income	14	45
Foreign exchange gains	--	912
Insurance benefits received	38	36
Other	22	62
Total non-operating income	146	1,131
Non-operating expenses		
Interest paid	81	141
Loss on sale of trade notes	74	114
Dormant expenses	59	40
Foreign exchange losses	1,443	--
Other	134	87
Total non-operating expenses	1,793	383
Ordinary income	6,800	1,932
Extraordinary income		
Gain on sales of fixed assets	*3 1	*3 122
Subsidy income	50	110
Total extraordinary income	51	232
Extraordinary expenses		
Loss on retirement of fixed assets	*4 77	*4 21
Loss on sales of fixed assets	--	*5 13
Loss on devaluation of investment securities	34	--
Loss on sales of investment securities	4	271
Impairment loss	63	--
Bad debts written off	--	0
Loss on devaluation of investments in capital of subsidiaries and associates	--	12
Total extraordinary expenses	180	320
Income before taxes and other adjustments	6,671	1,845
Corporate, inhabitant and enterprise taxes	2,572	1,462
Deferred taxes	-108	38
Total corporate and other taxes	2,464	1,501
Income before minority interests	4,207	344
Minority interests in income	--	--
Net income	4,207	344

(Consolidated Statements of Comprehensive Income)

	(Million yen)	
	Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (From April 1, 2013 to March 31, 2014)
Income before minority interests	4,207	344
Other comprehensive income		
Unrealized gains on marketable securities	-21	299
Deferred gains (losses) on hedges	-1	--
Translation adjustments	701	442
Total other comprehensive income	* 677	* 741
Comprehensive Income	4,885	1,085
(Breakdown)		
Comprehensive income attributable to the shareholders of the parent company	4,885	1,085
Comprehensive income attributable to minority shareholders	--	--

(3) Consolidated Statements of Changes in Net Assets
Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2012	12,345	5,884	8,535	-499	26,264
Change during the fiscal year					
Cash dividends paid			-809		-809
Net income			4,207		4,207
Change of scoop of consolidation			29		29
Purchase of treasury stock				-3	-3
Disposal of treasury stock			-5	31	25
Changes in items other than shareholders' equity during the fiscal year (net)					
Total change during the fiscal year	--	--	3,421	28	3,449
Balance as of March 31, 2013	12,345	5,884	11,956	-471	29,714

	Accumulated other comprehensive income					Subscription rights to shares	Total net assets
	Unrealized gains on marketable securities	Deferred gains (losses) on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2012	1,114	1	-9	--	1,106	345	27,717
Change during the fiscal year							
Cash dividends paid							-809
Net income							4,207
Change of scoop of consolidation							29
Purchase of treasury stock							-3
Disposal of treasury stock							25
Changes in items other than shareholders' equity during the fiscal year (net)	-21	-1	701	--	677	154	831
Total change during the fiscal year	-21	-1	701	--	677	154	4,281
Balance as of March 31, 2013	1,092	--	691	--	1,783	500	31,998

Consolidated fiscal year under review (From April 1, 2013 to March 31, 2014)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2013	12,345	5,884	11,956	-471	29,714
Change during the fiscal year					
Cash dividends paid			-876		-876
Net income			344		344
Change of scoop of consolidation					
Purchase of treasury stock				-697	-697
Disposal of treasury stock		5		88	94
Changes in items other than shareholders' equity during the fiscal year (net)					
Total change during the fiscal year	--	5	-531	-608	-1,134
Balance as of March 31, 2014	12,345	5,889	11,424	-1,079	28,579

	Accumulated other comprehensive income					Subscription rights to shares	Total net assets
	Unrealized gains on marketable securities	Deferred gains (losses) on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2013	1,092	--	691	--	1,783	500	31,998
Change during the fiscal year							
Cash dividends paid							-876
Net income							344
Change of scoop of consolidation							
Purchase of treasury stock							-697
Disposal of treasury stock							94
Changes in items other than shareholders' equity during the fiscal year (net)	299	--	442	-123	618	105	723
Total change during the fiscal year	299	--	442	-123	618	105	-411
Balance as of March 31, 2014	1,391	--	1,134	-123	2,401	605	31,587

(4) Consolidated Statements of Cash Flows

	(Million yen)	
	Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (From April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Income before taxes and other adjustments	6,671	1,845
Depreciation and amortization expenses	981	1,075
Subsidy income	-50	-110
Increase (decrease) in allowance for doubtful accounts	17	42
Increase (decrease) in reserve for retirement benefits	-37	--
Increase (decrease) in reserve for product warranties	144	-15
Increase (decrease) in net defined benefit liability	--	16
Interest and dividends received	-70	-75
Interest paid	81	141
Loss (gain) on sales of investment securities	4	271
Loss on retirement of fixed assets	77	21
Loss (gain) on sales of fixed assets	-1	-108
Foreign exchange losses (gains)	-447	-648
Decrease (increase) in trade notes and accounts receivable	5,866	-1,159
Decrease (increase) in inventories	2,006	-2,256
Decrease (increase) in advance payments	480	-92
Increase (decrease) in trade notes and accounts payable	-11,712	3,229
Decrease (increase) in consumption taxes refund receivable	749	-302
Other	261	209
Sub total	5,023	2,085
Interest and dividends received	70	71
Interest paid	-79	-139
Proceeds from subsidy	50	110
Corporate and other taxes paid	-3,151	-1,413
Cash flows from operating activities	1,914	714
Cash flows from investing activities		
Payments into time deposits	-387	-242
Refund of time deposits	356	247
Expenditure for acquisition of tangible fixed assets	-2,238	-1,092
Income from disposal of tangible fixed assets	10	130
Expenditure for acquisition of intangible fixed assets	-141	-16
Expenditure for acquisition of investment securities	-1	-1
Income from disposal of investments securities	68	614
Payment for investment in affiliates	-75	-364
Other	27	10
Cash flows from investing activities	-2,381	-713
Cash flows from financing activities		
Short-term borrowings	10,919	7,075
Repayment of short-term borrowings	-9,504	-4,772
Redemption of corporate bonds	-300	-300
Proceeds from sales of treasury stock	11	29
Purchase of treasury stock	-3	-698
Dividends paid	-809	-876
Repayments of lease obligations	-10	-12
Cash flows from financing activities	303	445
Translation differences for cash and cash equivalents	167	302
Net increase (decrease) in cash and cash equivalents	3	748
Cash and cash equivalents at the beginning of the term	5,264	5,296
Increase in cash and cash equivalents from newly consolidated subsidiary	27	--
Cash and cash equivalents at the end of the term	* 5,296	* 6,044

(5) Notes concerning the Consolidated Financial Statements

(Notes relating to the Going Concern Assumption)

No corresponding item exists.

(Important Matters that Become Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 7

Names of consolidated subsidiaries

TSUGAMI MACHINERY CO., LTD.
 TSUGAMI GENERAL SERVICE CO., LTD.
 PRECISION TSUGAMI (CHINA) CORPORATION
 Shinagawa Precision Machinery (Zhejiang) Co., Ltd.
 TSUGAMI KOREA Co., Ltd.
 Precision Tsugami (China) Corporation Limited
 Precision Tsugami (Hong Kong) Limited

Of the subsidiaries above, we have established Precision Tsugami (China) Corporation Limited and Precision Tsugami (Hong Kong) Limited as holding companies in the consolidated fiscal year under review. They are included in the scope of consolidation.

TSUGAMI PRECISION CO., LTD. was excluded from the scope of consolidation, as it merged with TSUGAMI GENERAL SERVICE CO., LTD. on April 1, 2013.

(2) Names of non-consolidated subsidiaries:

Non-consolidated subsidiaries:

TSUGAMI (THAI) CO., LTD.
 TSUGAMI GmbH
 TSUGAMI PRECISION ENGINEERING INDIA PRIVATE LIMITED
 TSUGAMI TECH SOLUTIONS INDIA PRIVATE LIMITED
 TSUGAMI Universal Pte. Ltd.

(Reason for non-consolidation)

The non-consolidated subsidiaries are small in size, and their total assets, sales, net income or loss (amounts to equivalent to the equity holding) and retained earnings (amounts to equivalent to the equity holding) do not have significant material effect on the consolidated financial statements.

2. Application of equity method

(1) Non-consolidated subsidiaries or affiliates accounted for by the equity method : 0

(2) The non-consolidated subsidiaries (TSUGAMI (THAI) CO., LTD., Tsugami GmbH, TSUGAMI PRECISION ENGINEERING INDIA PRIVATE LIMITED, TSUGAMI TECH SOLUTIONS INDIA PRIVATE LIMITED and TSUGAMI Universal Pte. Ltd.) as well as the affiliate (REM SALES LLC), have little material effect on the consolidated net income or loss and the consolidated retained earnings, and further, have small significance in the Group as a whole. For the above reason, the equity method is not applied on these companies.

3. Matters Concerning Fiscal year of consolidated subsidiaries, etc.

Among the consolidated subsidiaries, the balance sheet date of PRECISION TSUGAMI (CHINA) CORPORATION, Shinagawa Precision Machinery (Zhejiang) Co., Ltd., Precision Tsugami (China) Corporation Limited and Precision Tsugami (Hong Kong) Limited are December 31.

In preparing the consolidated financial statements, financial statements based on provisional calculations made as of the consolidated closing date were utilized in connection with this company.

4. Matters concerning significant accounting policies

(1) Valuation standard and valuation method of major assets

(i) Securities

Other securities

Securities with fair market value:

Market value method based on the quoted market value on the closing date of the fiscal year (Valuation differences are directly charged or credited to shareholders' equity, and the cost of securities sold is calculated using the moving-average method.)

Securities without fair market value:

Cost accounting method using the moving average method

- (ii) Derivatives
 - Market value method
 - (iii) Inventories:
 - Primarily cost accounting method using the moving average method (The values in the consolidated balance sheet were calculated using the book-value write-down method based on the decline of profitability.).
- (2) Depreciation and amortization methods used for material depreciable and amortizable assets
- (i) Property, plant and equipment (excluding leased assets)
 - Depreciation is principally computed by the declining-balance method.
 - However, buildings acquired on or after April 1, 1998, excluding fittings, equipment, and foreign subsidiary, are depreciated on a straight-line basis.
 - The significant service lives are summarized as follows:
 - Buildings and structures: 15-38 years
 - Machinery and transportation vehicle: 9 year
 - (ii) Intangible fixed assets (excluding leased assets)
 - Intangible fixed assets are amortized using the straight-line method.
 - However, software for in-house use is amortized on a straight-line basis over the expected usable period, up to five years.
 - (iii) Leased assets
 - Depreciation for leased assets is computed using the straight-line method over the lease terms as service life, assuming no residual value.
 - Among finance lease transactions other than those that are deemed to transfer the ownership of leased assets to lessees, the lease transactions whose start dates are prior to March 31, 2008, are accounted for by the method for ordinary lease transactions.
- (3) Accounting standards for major deferred assets
- Stock issuance cost
 - This is amortized using the straight-line method (3 years).
 - Corporate bonds issuance expenses
 - This is amortized using the straight-line method during the period required for maturity of corporate bonds (5 years).
- (4) Accounting standards for significant allowances
- (i) Allowance for doubtful accounts
 - To provide for a loss on doubtful accounts, general allowances are provided using a rate determined by past experience with bad debts. Specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing the individual collectibility of certain doubtful accounts.
 - (ii) Allowance for employees' bonuses
 - To provide for the payment of employees' bonuses, the Company and its domestic subsidiaries provide accrued bonuses for employees based on the projected amount for the current consolidated fiscal year.
 - (iii) Allowance for directors' retirement benefits
 - Certain of the Company's consolidated subsidiaries recorded an allowance for retirement benefits for directors equivalent to the amount payable in accordance with their rules for directors' retirement benefits.
 - (iv) Allowance for product warranties
 - To provide for expenses for repair cost that arise in the after-sales free-repair warranty period, the Company accrues repair expenses using an amount projected based on the past ratio of repairs.
- (5) Accounting policies for retirement benefits
- (i) Period attribution method of the expected amount of retirement benefits
 - As a method of attributing the expected amount of retirement benefits to the period before the end of the consolidated fiscal year under review to calculate retirement benefit obligations, we use the fixed amount per period standard."
 - (ii) Method of expensing net retirement benefit obligation at transition and actuarial gains and losses
 - Any difference arising as a result of the change of accounting standards (2,180 million yen) is expensed equally, mainly over 15 years. Also, any actuarial difference is expensed equally from the fiscal year following its accrual over an average remaining service period (5 years) of employees at the time of the accrual using the straight-line method.
- (6) Accounting standards for translating significant assets or liabilities in foreign currencies into yen
- Monetary assets and liabilities denominated in foreign currencies are translated into yen at spot exchange rates at the consolidated closing date. Translation adjustments are accounted for as gains or losses. Assets, liabilities, revenues, and expenses at overseas subsidiaries are translated into yen at spot exchange rates at the consolidated closing date. Translation adjustments are included in "Translation adjustments" in net assets.
- (7) Significant hedge accounting method
- (i) Hedge accounting method
 - Deferred hedge accounting was adopted. In addition, a method for translating foreign currency receivables and payables based on yen-value cash flows fixed by forward contracts was adopted for hedging the risk of exchange rate fluctuations in cases where requirements for using the method were fulfilled.

(ii) Hedging instrument and hedged item

Hedge accounting was applied to the following hedging instrument and hedged item during the consolidated fiscal year under review.

Hedging instrument: exchange contracts

Hedged item: foreign currency receivables

(iii) Hedging policy

Hedging was performed within the scope of subject receivables for avoiding the risk of exchange rate fluctuations and establishing profit/loss.

(iv) Method for assessing hedging effectiveness

An assessment of hedging effectiveness is omitted because the hedging instrument and an important requirement for the hedged item are the same and hedging is assumed to completely offset market fluctuations at the point of its launch and in the subsequent period.

(8) Scope of Funds in Consolidated Cash Flow Statements

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less at the date of acquisition that can easily be converted into cash and that have only minor risks of changes in value.

(9) Other important matters for the preparation of consolidated financial statements

Accounting method for consumption taxes

The tax-exclusion method is used for the calculation of consumption tax and local consumption tax, and non-deductible consumption tax and local consumption tax are accounted as expenses.

(Changes in Accounting Policy)

(Application of Accounting Policies for Retirement Benefits)

We have changed the method of recording retirement benefits, so that the amount obtained by subtracting the amount of pension assets from retirement benefit obligations is recorded as net defined benefit liability and unrecognized actuarial gains and losses are recorded as net defined benefit liability, by applying the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 on May 17, 2012. Hereinafter the "Accounting Standard for Retirement Benefits") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 on May 17, 2012. Hereinafter the "Guidance on Accounting Standard for Retirement Benefits") from the end of the consolidated fiscal year under review (however, excluding provisions set forth in the text of Paragraph 35 of the Accounting Standard for Retirement Benefits and the text of Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits).

The application of the Accounting Standard for Retirement Benefits, etc. follows the transitional treatment set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the change is recorded as remeasurements of defined benefit plans in the total accumulated other comprehensive income at the end of the consolidated fiscal year under review.

As a result, a net defined benefit liability of 946 million yen was recorded, and the total accumulated other comprehensive income declined 123 million yen at the end of the consolidated fiscal year under review.

Net asset per share declined 0.32 yen.

(Changes in Method of Presentation)

(Consolidated Statements of Income)

"Dormant expenses" which had been included in "Other" of the Non-operating expenses in the previous consolidated fiscal year, was posted as a separate item in the consolidated fiscal year under review because of the amount exceeded 10% of total Non-operating income. To reflect the change in the method of presentation, the Group changed the consolidated financial statements for the previous consolidated fiscal year.

As a result, "Other" of 194 million yen in the Non-operating expenses in the Consolidated statements of income for the previous consolidated fiscal year was divided into "Dormant expenses" of 59 million yen and "Other" of 134 million yen.

(Consolidated Statements of Cash Flows)

"Loss (gain) on devaluation of investment securities" and "Impairment loss", which had been posted as a separate item in the previous consolidated fiscal year, was included in "Other" of the cash flows from operating activities in the consolidated fiscal year under review because of the amount decrease in its importance in terms of the amount. To reflect the changes in the method of presentation, the Group changed the consolidated financial statements for the previous consolidated fiscal year.

As a result, "Loss (gain) on devaluation of investment securities" of 34 million yen and "Impairment loss" of 63 million yen in the cash flows from operating activities in the consolidated statements of cash flows for the previous consolidated fiscal year was include in "Other".

"Proceeds from transfer of business" which had been posted as a separate item in the previous consolidated fiscal year, was included in "Other" of the cash flows from investing activities in the consolidated fiscal year under review because of the amount decrease in its importance in terms of the amount. To reflect the changes in the method of presentation, the Group changed the consolidated financial statements for the previous consolidated fiscal year.

As a result, "Proceeds from transfer of business" of 65 million yen in the cash flows from investing activities in the consolidated statements of cash flows for the previous consolidated fiscal year was include in "Other".

(Consolidated Balance Sheet)

1. Amount of discount for bills receivable (Million yen)

	Previous consolidated fiscal year (As of March 31, 2013)	Consolidated fiscal year under review (As of March 31, 2014)
Amount of discount for bills receivable	896	978
Amount of discount for export bills receivable	2,255	2,453

*2.Amount of allowance for doubtful accounts directly subtracted from assets (Million yen)

	Previous consolidated fiscal year (As of March 31, 2013)	Consolidated fiscal year under review (As of March 31, 2014)
Investments and other assets	116	--

(Consolidated Statement of Income)

*1. Reductions in book value associated with declines in the profitability of inventories owned for ordinary sales

(Million yen)

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)
Cost of sales	-66	-18

*2.R&D expenses included in selling, general and administrative expenses, and manufacturing cost for the term (Million yen)

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)
	1,502	1,445

*3.Breakdown of gain on sales of fixed assets

(Million yen)

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)
Machinery and equipment	1	2
Land	--	119

*4. Breakdown of loss on retirement of fixed assets

(Million yen)

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)
Buildings	44	13
Machinery and equipment	33	7
Others	0	0
Total	77	21

*5. Breakdown of the loss on sales of fixed assets

(Million yen)

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)
Machinery and equipment	--	13

(Consolidated Statements of Comprehensive Income)

* Recycling and tax effect relating to other comprehensive income

(Million yen)

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)
Unrealized gains on marketable securities		
Amount arising during fiscal year under review	-108	79
Recycling	38	271
Before tax effect adjustment	-69	351
Tax effect	47	-51
Unrealized gains on marketable securities	-21	299
Deferred gains (losses) on hedges		
Amount arising during fiscal year under review	-2	--
Before tax effect adjustment	-2	--
Tax effect	0	--
Deferred gains or losses on hedges	-1	--
Translation adjustments :		
Amount arising during fiscal year under review	701	442
Total other comprehensive income	677	741

(Consolidated Statements of Changes in Net Assets)
 Previous consolidated fiscal year (From April 1, 2012 to March 31, 2013)

1. Matters relating to type and number of outstanding shares and treasury stock (Thousand shares)

	Number of shares at the beginning of the consolidated fiscal year	Increase in shares in the consolidated fiscal year	Decrease in shares in the consolidated fiscal year	Number of shares at the end of the consolidated fiscal year
Outstanding shares				
Common shares	74,919	--	--	74,919
Total	74,919	--	--	74,919
Treasury stock				
Common shares	1,382	5	88	1,300
Total	1,382	5	88	1,300

(Notes) 1. The increase in common shares of treasury stock of 5 thousand shares due to the purchase of odd-lot shares.
 2. The decrease in common shares of treasury stock of 88 thousand shares was due to the exercise of stock options.

2. Matters concerning subscription rights to shares and subscription right to shares for treasury stock

Category	Description of subscription rights to shares	Type of shares to be issued under subscription rights to shares	Number of shares to be issued under subscription rights to shares				Outstanding balance at the end of the consolidated fiscal year (million yen)
			Number of shares at the beginning of the consolidated fiscal year	Increase in shares in the consolidated fiscal year	Decrease in shares in the consolidated fiscal year	Number of shares at the end of the consolidated fiscal year	
Submitting company (parent company)	Subscription rights to shares as stock options	--	--	--	--	--	500
Total		--	--	--	--	--	500

3. Matters relating to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Board of directors meeting held on May 10, 2012	Common shares	367	5.00	March 31, 2012	May 29, 2012
Board of directors meeting held on November 14, 2012	Common shares	441	6.00	September 30, 2012	November 28, 2012

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividend (million yen)	Funds for dividends	Dividend per share (yen)	Record date	Effective date
Board of directors meeting held on May 10, 2013	Common shares	441	Retained earnings	6.00	March 31, 2013	May 29, 2013

Consolidated fiscal year under review (From April 1, 2013 to March 31, 2014)

1. Matters relating to type and number of outstanding shares and treasury stock (Thousand shares)

	Number of shares at the beginning of the consolidated fiscal year	Increase in shares in the consolidated fiscal year	Decrease in shares in the consolidated fiscal year	Number of shares at the end of the consolidated fiscal year
Outstanding shares				
Common shares	74,919			74,919
Total	74,919			74,919
Treasury stock				
Common shares	1,300	1,493	231	2,562
Total	1,300	1,493	231	2,562

(Notes) 1. The increase in common shares of treasury stock of 1,493 thousand shares due to the purchase of 1,484 thousand shares on the Tokyo Stock Exchange, and the purchase of 9 thousand shares of odd-lot shares.

2. The decrease in common shares of treasury stock of 231 thousand shares was due to the exercise of stock options.

2. Matters concerning subscription rights to shares and subscription right to shares for treasury stock

Category	Description of subscription rights to shares	Type of shares to be issued under subscription rights to shares	Number of shares to be issued under subscription rights to shares				Outstanding balance at the end of the consolidated fiscal year (million yen)
			Number of shares at the beginning of the consolidated fiscal year	Increase in shares in the consolidated fiscal year	Decrease in shares in the consolidated fiscal year	Number of shares at the end of the consolidated fiscal year	
Submitting company (parent company)	Subscription rights to shares as stock options	--	--	--	--	--	605
Total		--	--	--	--	--	605

3. Matters relating to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Board of directors meeting held on May 10, 2013	Common shares	441	6.00	March 31, 2013	May 29, 2013
Board of directors meeting held on November 12, 2013	Common shares	434	6.00	September 30, 2013	November 27, 2013

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividend (million yen)	Funds for dividends	Dividend per share (yen)	Record date	Effective date
Board of directors meeting held on May 13, 2014	Common shares	434	Retained earnings	6.00	March 31, 2014	May 28, 2014

(Consolidated Statements of Cash Flows)

*Relationship between the ending balance of cash and cash equivalents and the accounts and their amounts on the Consolidated Balance Sheet (Million yen)

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)
Cash and cash accounts	5,467	6,227
Time deposits with maturity of more than 3 months	-171	-182
Cash and cash equivalents	5,296	6,044

(Securities)

1. Other securities

Previous consolidated fiscal year (As of March 31, 2013)

(Million yen)

	Classification	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Carrying amounts on the consolidated balance sheet exceeding the acquisition cost	(1)Shares	3,931	2,139	1,792
	(2) Corporate bond	--	--	--
	(3)Others	--	--	--
	Subtotal	3,931	2,139	1,792
Carrying amounts on the consolidated balance sheet not exceeding the acquisition cost	(1)Shares	841	976	-135
	(2) Corporate bond	--	--	--
	(3)Others	--	--	--
	Subtotal	841	976	-135
Total		4,773	3,116	1,656

(Note) Since unlisted stocks (whose consolidated balance sheet amount is 2 million yen) have no market prices, and their fair values are very difficult to estimate, they are omitted.

Consolidated fiscal year under review (As of March 31, 2014)

(Million yen)

	Classification	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Carrying amounts on the consolidated balance sheet exceeding the acquisition cost	(1)Shares	4,245	2,237	2,008
	(2) Corporate bond	--	--	--
	(3)Others	--	--	--
	Subtotal	4,245	2,237	2,008
Carrying amounts on the consolidated balance sheet not exceeding the acquisition cost	(1)Shares	--	--	--
	(2) Corporate bond	--	--	--
	(3)Others	--	--	--
	Subtotal	--	--	--
Total		4,245	2,237	2,008

(Note) Since unlisted stocks (whose consolidated balance sheet amount is 2 million yen) have no market prices, and their fair values are very difficult to estimate, they are omitted.

2. Other securities sold during the consolidated fiscal year

Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)

Classification	Amount of sale (million yen)	Total profit on sale (million yen)	Total loss on sale (million yen)
Shares	73	0	4

Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)

Classification	Amount of sale (million yen)	Total profit on sale (million yen)	Total loss on sale (million yen)
Shares	609	--	271

(Segment information)

a. Segment Information

1. Summary of reportable segments

The Company's reportable segments are its constituent units that disclose financial information separately. They fall under the scope of periodic reviews the Company's Board of Directors performs to determine the distribution of its management resources and to assess its operating results.

The Group manufactures and sells machine tools in Japan and abroad. The Group consists of geographic segments based on its manufacturing and sales organizations. The Company's reportable segments are Japan, China and South Korea, which are the areas where Group companies are located.

Precision Tsugami (China) Corporation Limited and Precision Tsugami (Hong Kong) Limited, holding companies, which were included in the scope of consolidation from the consolidated fiscal year under review, are included in "China."

2. Basis of calculating net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting methods for the reportable segments are the same as those described in "Important Matters that Become Basis of Presenting Consolidated Financial Statements."

Segment income is based on operating income for each reportable segment.

Intersegment revenue and transfers are based on market prices.

3. Information relating to net sales income or loss, assets, liabilities and other items by reportable segment.

Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)

(Million yen)

	Reportable segment				Adjustment (Note) 1 (Note) 2 (Note) 3	Consolidated financial statement amount (Note) 4
	Japan	China	South Korea	Total		
Net sales						
Net sales to external customers	23,997	27,833	981	52,812	--	52,812
Intersegment net sales or transfers to other accounts	12,116	4,077	34	16,228	-16,228	--
Total	36,113	31,911	1,015	69,040	-16,228	52,812
Segment income	2,772	5,761	139	8,673	-226	8,447
Segment assets	28,689	20,374	653	49,717	-3,798	45,919
Other items						
Depreciation and amortization	595	389	4	989	-7	981
Increases in tangible fixed assets and intangible fixed assets	842	1,490	27	2,359	-37	2,322

(Note) 1. "Adjustment" of segment income of minus 226 million yen is the elimination of unrealized income.

2. "Adjustment" of segment assets of minus 3,798 million yen includes Company-wide assets of 6,966 million yen and an effect of intersegment adjustments of minus 10,764 million yen.

Company-wide assets are primarily assets that do not belong to any reportable segment (cash and deposits and investment securities).

3. "Adjustment" of increases in tangible fixed assets and intangible fixed assets of minus 37 million yen is the effect of intersegment adjustments.

4. Segment income is adjusted in accordance with operating income on the consolidated financial statements.

Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)

(Million yen)

	Reportable segment				Adjustment (Note) 1 (Note) 2 (Note) 3	Consolidated financial statement amount (Note) 4
	Japan	China	South Korea	Total		
Net sales						
Net sales to external customers	19,860	11,238	1,126	32,225	--	32,225
Intersegment net sales or transfers to other accounts	9,872	7,191	35	17,099	-17,099	--
Total	29,733	18,429	1,161	49,324	-17,099	32,225
Segment income	115	662	87	864	319	1,184
Segment assets	29,506	24,168	785	54,460	-2,210	52,250
Other items						
Depreciation and amortization	509	552	17	1,080	-10	1,069
Increases in tangible fixed assets and intangible fixed assets	205	1,876	11	2,093	-354	1,738

(Note) 1. "Adjustment" of segment income of 319 million yen is the adjustment of unrealized income.

2. "Adjustment" of segment assets of minus 2,210 million yen includes Company-wide assets of 9,303 million yen and an effect of intersegment adjustments of minus 11,513 million yen.

Company-wide assets are primarily assets that do not belong to any reportable segment (cash and deposits and investment securities).

3. "Adjustment" of increases in tangible fixed assets and intangible fixed assets of minus 354 million yen is the effect of intersegment adjustments.

4. Segment income is adjusted in accordance with operating income on the consolidated financial statements.

Related information

Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)

1. Information by product and service

Not stated because sales of machine tools to external customers exceeded 90% of net sales on the consolidated statements of income.

2. Information by area

(1) Net sales

Not stated because similar information is stated in the segment information.

(2) Tangible fixed assets

Not stated because similar information is stated in the segment information.

3. Information by major customer

Name	Net Sales (million yen)	Related Business Segment
Mega Precision Technology Limited	8,848	China

Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)

1. Information by product and service

Not stated because sales of machine tools to external customers exceeded 90% of net sales on the consolidated statements of income.

2. Information by area

(1) Net sales

Not stated because similar information is stated in the segment information.

(2) Tangible fixed assets

Not stated because similar information is stated in the segment information.

3. Information by major customer

Not stated because sales for specific customer less than 10% of net sales on the consolidated statements of income.

Information on impairment loss on fixed assets by reportable segment

No corresponding item existed.

Information on the amortization of goodwill and unamortized balance by reportable segment

No corresponding item existed.

Information on gain on negative goodwill by reportable segment

No corresponding item existed.

(Related Party information)

Transaction with the Company's directors and major shareholders

Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)

The statement of transactions with related parties is omitted, since the amount did not reach the disclosure standard.

Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)

The statement of transactions with related parties is omitted, since the amount did not reach the disclosure standard.

(Per Share information)

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)
Net assets per share	427.86 yen	428.18 yen
Net income per share	57.16 yen	4.72 yen
Net income per share after residual equity adjustment	56.28 yen	4.64 yen

(Note) The bases for the calculation of net income per share and net income per share after residual equity adjustment are as follows.

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)	Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)
Net income per share		
Net income (million yen)	4,207	344
Net income that does not belong to common shareholders (million yen)	--	--
Net income on common shares (million yen)	4,207	344
Average number of shares during the period (thousand shares)	73,603	72,900
Net income per share after residual equity adjustment		
Adjustment in net income (million yen)	--	--
Increase in common shares (thousand shares)	1,163	1,255
(Stock option) (thousand shares)	(1,163)	(1,255)
Summary of residual shares not included in the calculation of net income per share after residual equity adjustment because of no dilutive effect	Stock options granted on the basis of a resolution at the annual shareholders meeting held on June 18, 2010 (Number of shares: 350,000)	
	Stock options granted on the basis of a resolution at the annual shareholders meeting held on June 15, 2012 (Number of shares: 200,000)	
	----- Stock options granted on the basis of a resolution at the annual shareholders meeting held on June 21, 2013 (Number of shares: 200,000)	

(Important post-balance sheet events)

No corresponding event occurred.

5. Other

(1) Supplementary Information

(i) Overseas net sales

Consolidated fiscal year under review(from April 1, 2013 to March 31, 2014)

(Million yen)

	Asia	America	Europe	Total
I Overseas net sales	17,473	3,330	4,061	24,865
II Consolidated net sales				32,225
III Ratio of overseas net sales to consolidated net sales (%)	54.2	10.4	12.6	77.2

(Notes) 1. National or regional classifications are based on geographic proximity.

2. Major countries or regions in each classification

(1) Asia China, Thailand, South Korea, Singapore, the Philippines, and India

(2) America the United States and Mexico

(3) Europe Switzerland, Germany, France and Italy

3. Overseas net sales refer to net sales achieved by the Company and its consolidated subsidiaries in countries or regions other than Japan.

(ii) Net sales by machinery category

(Million yen)

	Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)		Consolidated fiscal year under review (from April 1, 2013 to March 31, 2014)		Year-on-year change	
		%		%		%
Automatic lathes	34,034	64.5	25,819	80.1	-8,214	-24.1
Grinding machines	3,922	7.4	3,187	9.9	-734	-18.7
Machining centers	835	1.6	1,507	4.7	671	80.4
Rolling machines and specialized machines	13,696	25.9	1,376	4.3	-12,320	-90.0
Other	323	0.6	334	1.0	11	3.6
Total	52,812	100.0	32,225	100.0	-20,586	-39.0
(Overseas net sales)	(45,069)	(85.3)	(24,865)	(77.2)	(-20,203)	(-44.8)

(2) Changes in Directors (scheduled to take effect on June 20, 2014)

- New statutory auditor candidate

Statutory auditor: Keiji Hayazaki (currently Senior Executive Officer, Administration)
Morikuni Uchigasaki (currently Standing Auditor of DMG MORI SEIKI CO., LTD.)
Hideo Teramoto (currently Director, Managing Executive Officer of The Dai-ichi Life Insurance
Company, Limited)
(Note) Mr. Morikuni Uchigasaki and Mr. Hideo Teramoto are candidates for outside director.

- Auditors scheduled to retire from the post

Auditor: Yoshifumi Miyata (currently Standing Auditor)
Hiroaki Tamai (currently Standing Auditor)
(Note) Mr. Yoshifumi Miyata and Mr. Hiroaki Tamai are outside directors.