

Stock Information (as of September 30, 2013)

Authorized shares 320,000,000 shares
 Issued shares 74,919,379 shares
 Number of shareholders 12,413

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
Goldman Sachs International	3,676	4.90
The Master Trust Bank of Japan, Ltd. (Trust account)	3,672	4.90
Japan Trustee Services Bank, Ltd. (Trust account)	2,899	3.86
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	2,399	3.20
The Dai-ichi Life Insurance Company, Limited	2,100	2.80
Mori Seiki Co., Ltd.	2,000	2.66
Sumitomo Mitsui Banking Corporation	1,516	2.02
The Hokuetsu Bank, Ltd.	1,484	1.98
TSUGAMI Customers' Shareholding Association	1,229	1.64

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 2,510 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, 2013)

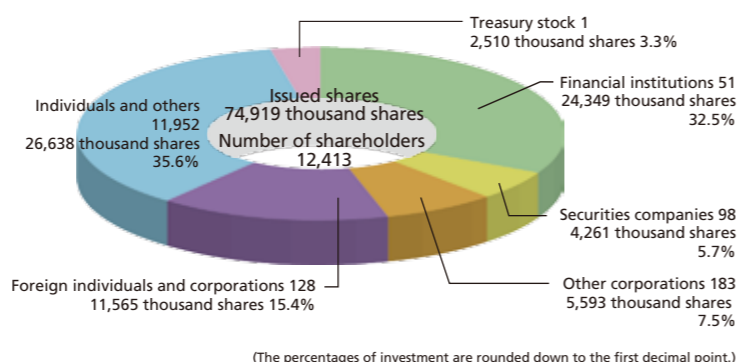
Corporate Name TSUGAMI CORPORATION
 Established March 15, 1937
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Paid-in Capital 12,345 million yen
 Number of Employees 456
 Directors and Auditors
 Representative Director, Chairman and CEO Takao Nishijima
 Representative Director and COO 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 Kenji Yamada
 Outside Statutory Auditor Yoshifumi Miyata
 Outside Statutory Auditor Hiroaki Tamai
 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 (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
 Shinagawa Precision Machinery (Zhejiang) Co., Ltd.
 TSUGAMI (THAI) CO., LTD.
 TSUGAMI GmbH (GERMANY)
 TSUGAMI KOREA CO., LTD.
 TSUGAMI PRECISION ENGINEERING INDIA PVT., LTD. (INDIA)
 TSUGAMII TECH SOLUTIONS INDIA PVT., LTD. (INDIA)
 TSUGAMI Universal Pte. Ltd. (SINGAPORE)

Shareholders composition by type



Shareholders Information

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

Notice

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

To Our Shareholders

Business Report for the First Half of Fiscal Year 2013
 (April 1, 2013 to September 30, 2013)

TSUGAMI CORPORATION

I am pleased to report our results for the first half of fiscal 2013, ending March 31, 2014.

During the period, the Japanese economy continued to recover moderately, backed by a recovery in exports associated with a weaker yen, public investments for reconstruction after the Great East Japan Earthquake, and the emergency economic stimulus package.

The machine tool industry remained out of sorts, dragged down by a downturn in the Chinese economy and sluggish growth in domestic demand, despite a correction to the strong yen, the robust North American market, and signs of a recovery in the European market.

In this environment, TSUGAMI Corporation (the "Company") and its affiliates (the "Group") launched new models and developed customers. Despite these efforts, however, both net sales and income declined year on year, primarily because of the tardiness of the recovery in China, the end of reconstruction demand after the Thai flooding, and a decline in demand for products for smartphones.

Consolidated net sales for the first half of the fiscal year under review came to 15,551 million yen, declining 54.8% year on year.

Consolidated operating income declined 85.9% year on year, to 792 million yen. Consolidated ordinary income decreased 72.0% year on year, to 1,397 million yen and consolidated net income fell 71.8% year on year, to 883 million yen.

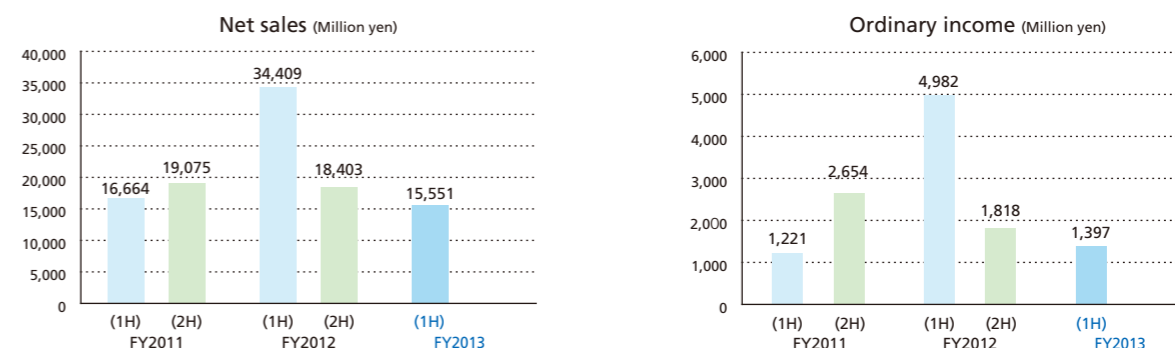
The Company decided to pay an interim dividend of 6 yen per share according the initial plan and plans to pay a year-end dividend of 6 yen per share (for an annual dividend of 12 yen per share) in the fiscal year ending March 31, 2014.

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 2013
 Takao Nishijima Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2011		FY2012		FY2013
	First half	Full year	First half	Full year	First half
Net sales (Million yen)	16,664	35,739	34,409	52,812	15,551
Ordinary income (Million yen)	1,221	3,875	4,982	6,800	1,397
Net income (Million yen)	873	2,281	3,136	4,207	883
Net income per share (Yen)	13.22	33.88	42.62	57.16	12.05
Total assets (Million yen)	38,384	50,757	46,446	45,919	45,976
Net assets (Million yen)	22,008	27,717	29,305	31,998	32,323
Net assets per share (Yen)	327.64	372.21	392.42	427.86	439.07

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

Consolidated Financial Statements

Consolidated balance sheets

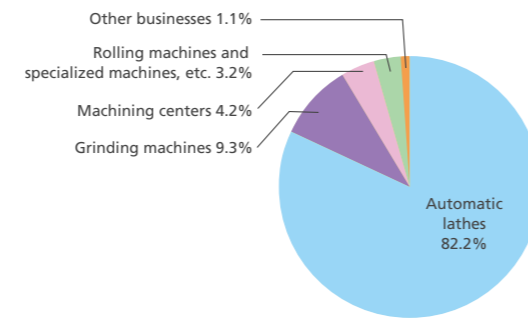
Item	(Million yen)	
	FY2013 First half (September 30, 2013)	FY2012 (March 31, 2013)
Assets		
Current assets	30,541	30,547
Cash and deposits	6,815	5,467
Trade notes and accounts receivable	5,389	5,303
Inventories	17,158	18,364
Other current assets	1,177	1,412
Fixed assets	15,424	15,353
Tangible fixed assets	10,102	9,322
Buildings, machinery, equipment and vehicles	8,547	8,434
Land	566	568
Other tangible fixed assets	988	319
Intangible fixed assets	328	320
Investments and other assets	4,993	5,710
Deferred assets	11	18
Total assets	45,976	45,919
Liabilities		
Current liabilities	12,498	12,808
Trade notes and accounts payable	6,724	6,759
Short-term borrowings	4,101	3,619
Corporate bonds due for redemption within one year	150	300
Accrued income tax	175	829
Other current liabilities	1,346	1,299
Long-term liabilities	1,154	1,112
Reserve for retirement benefits	735	737
Other long-term liabilities	418	374
Total liabilities	13,652	13,920
Net assets		
Shareholders' equity	29,598	29,714
Common stock	12,345	12,345
Capital surplus	5,884	5,884
Retained earnings	12,402	11,956
Treasury stock	- 1,032	- 471
Accumulated other comprehensive income	2,193	1,783
Unrealized gains on marketable securities	1,249	1,092
Translation adjustments	944	691
Subscription rights to shares	531	500
Total net assets	32,323	31,998
Total liabilities and net assets	45,976	45,919

Consolidated statements of income

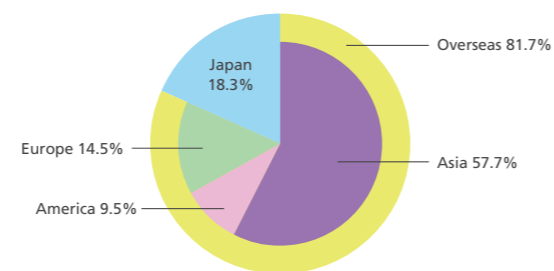
Item	(Million yen)	
	FY2013 First half April 1, 2013 to September 30, 2013	FY2012 First half April 1, 2012 to September 30, 2012
Net sales	15,551	34,409
Cost of sales	11,831	25,723
Gross profit	3,720	8,686
Selling, general and administrative expenses	2,927	3,049
Operating income	792	5,636
Non-operating income	794	56
Non-operating expenses	190	711
Ordinary income	1,397	4,982
Extraordinary income	72	0
Extraordinary expenses	292	110
Income before taxes and other adjustments	1,177	4,872
Corporate, inhabitant and enterprise taxes	242	1,601
Deferred taxes	51	133
Net income	883	3,136

Sales breakdown (Consolidated)

Sales breakdown by product (FY2013 First half)



Sales breakdown by region (FY2013 First half)



Releasing New Products to the Market

CNC Lathe M06J/M08J

CNC Lathe M06J/M08J was launched as a basic machine for turning, drilling, and boring.

- Realizing heavy-duty cutting by rigid basic structure.
- Realizing high-accuracy machining by the thermal displacement compensation.
- Safety set up by interference prevention function at debug mode.
- Minimize the damage to the machine with the retraction function by an abnormal load detection.



CNC Lathe M06SY/M08SY

CNC Lathe M06SY/M08SY was launched as a turning center with back spindle and Y axis.

- Enable machining of complicated workpiece by Y-axis control.
- Cutting-off side can be machined with back spindle, and secondary machining is unnecessary.
- Milling tools can be mounted on all the 12-station turret.
- High accuracy machining by using built-in motor for main spindle and back spindle.



High-Speed Vertical Machining Center VA3

High-Speed Vertical Machining Center VA3, which is best for high-speed and high-precision machining, was launched.

- High rapid traverse speed of X, Y and Z axes with 48 m/min, 20,000 min-1 max. spindle speed. The machining center is optimum for high-speed and high-efficiency machining.
- High speed ATC is realized by simultaneous tool changing with swiveling arm.
- 20 tools can be stored in the tool magazine as standard. (Maximum mountable tool number: 21 tools)
- Wide tooling zone corresponding various applications. (Axis stroke for X, Y, and Z axes: 500 x 400 x 350 mm)



CNC Precision Cylindrical Grinding Machine G350S-750/G350A-750

CNC Precision Cylindrical Grinding Machine G350S-750/G350A-750 was added to the G350 series, which is best for higher efficiency and higher productivity. The distance between centers is 750 mm.

- The expansion of the series and extensive options enable the series to handle various workpiece grinding.
- Suitable for automation from mass production to medium production of similar parts of automobile industry.
- You can choose between two types of grinding wheel head according to types of work: straight grinding and angular grinding.
- TSUGAMI's outstanding high precision & high rigidity hydrodynamic bearing for the wheel spindle. V-Flat guide ways of the side assure accurate, consistent and smooth movement.



Participated Exhibitions

We actively developed new business partners.

We set up booth at the 13th China International Machine Tool Show held in Beijing for six days from April 22, 2013.

We set up booth at the 15th Shanghai International Machine Tool Fair held in Shanghai for four days from July 2, 2013.

We held the TSUGAMI Technical Fair 2013 at the TSUGAMI Nagaoka Factory for two days from July 11, 2013.

We set up booth at EMO Hannover 2013 held in Hannover, Germany for six days from September 16, 2013.

Many users and dealers from Japan and overseas visited the fairs, and we were able to hold productive discussions.



TSUGAMI Technical Fair 2013