

# Briefing on Financial Statements for the Year Ended March 2009

May 14, 2009

 **TSUGAMI CORPORATION**

(Securities Code: 6101)

<http://www.tsugami.co.jp>

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# **I. Business Conditions and Outlook ..... P1 - P11**

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# Summary of Financial Highlights (Full-year, on a consolidated basis)

(Billion yen; %)

	FY2007			FY2008			FY2009 (Projections)		
	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full-year	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full-year	1 <sup>st</sup> half	2 <sup>nd</sup> half	Full-year
Net sales	13.6	14.9	28.5	15.3	7.4	22.7	5.5	7.5	13.0
Gross profit	3.0	3.4	6.4	3.3	1.4	4.6	-	-	-
(Gross profit margin)	(22.0)	(22.6)	(22.3)	(21.4)	(18.2)	(20.4)	-	-	-
Operating income	1.3	1.5	2.8	1.3	- 0.5	0.8	- 0.5	0	- 0.5
Ordinary income	1.3	1.5	2.8	1.3	- 0.7	0.6	- 0.5	0	- 0.5
(Ordinary income margin)	(9.3)	(10.0)	(9.7)	(8.7)	(- 9.5)	(2.8)	(- 9.1)	-	(- 3.8)
Net income	0.7	0.9	1.6	- 0.2	- 0.7	- 0.9	- 0.5	0	- 0.5

## Full-year operating results for FY2008

- (1) Net sales Down ¥5.8 billion from FY2007 (domestic sales down ¥4.0 billion, overseas sales down ¥1.8 billion)
- The environment for orders worsened from autumn (deteriorated in all regions of the world since January)
- (2) Operating income Down ¥2.0 billion from FY2007
- Down ¥1.7 billion because of lower operating ratio
- (3) Net income Down ¥2.5 billion
- Extraordinary losses of ¥1.4 billion (¥1.16 billion loss on valuation of shares, ¥0.1 billion impairment loss and others)

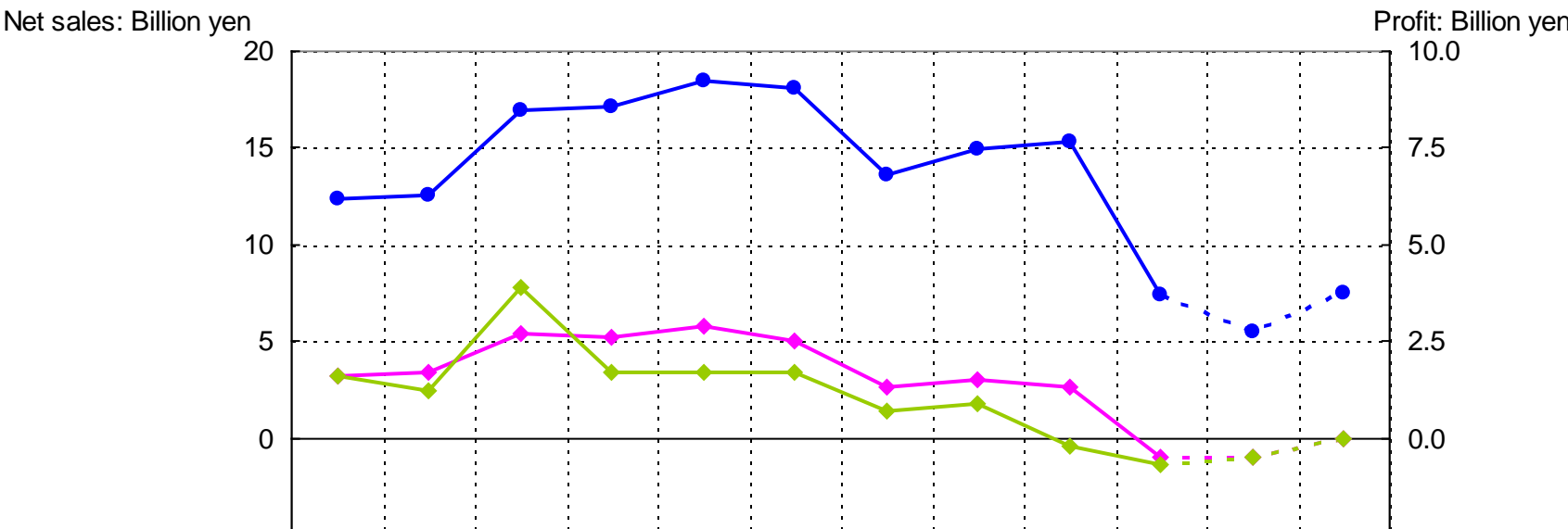
## Full-year projections for FY2009

- (1) Net sales
- Orders declined sharply from the end of last year. Net sales are expected to fall further in the first half, since delivery dates for some orders significantly postponed.
  - Although orders have been recovering in some areas (China) since spring, overall orders remained at a low level.
  - Inquiries are increasing, reflecting a rise in operating capacity in the HDD and semiconductor industries
  - There has been no marked recovery in Japan, the United States or Europe

# Change in Financial Indicators on a Semiannual Basis

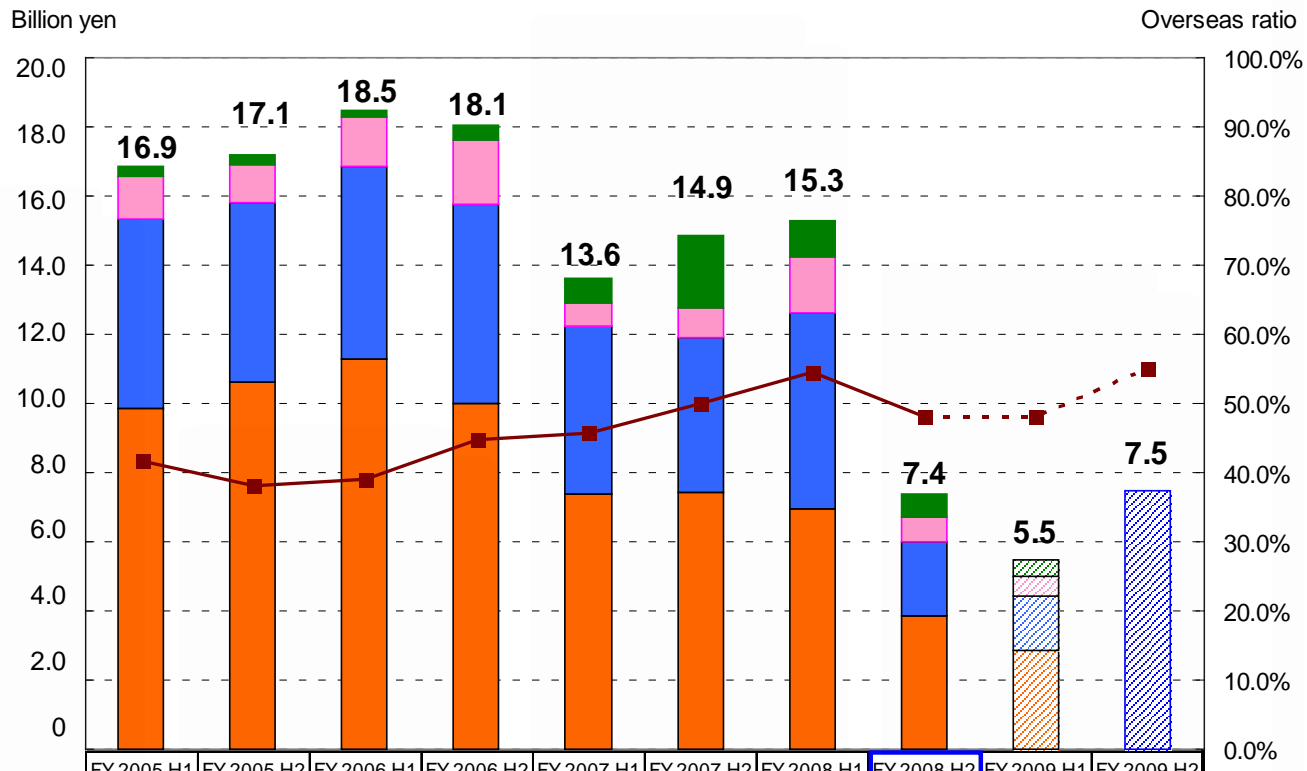
## Net sales / profit

● Net sales    ◆ Operating income    ◆ Net income



	FY 2004 H1	FY 2004 H2	FY 2005 H1	FY 2005 H2	FY 2006 H1	FY 2006 H2	FY 2007 H1	FY 2007 H2	FY 2008 H1	FY 2008 H2	FY 2009 H1	FY 2009 H2
● Net sales	12.4	12.6	16.9	17.1	18.5	18.1	13.6	14.9	15.3	7.4	5.5	7.5
◆ Operating income	1.6	1.7	2.7	2.6	2.9	2.5	1.3	1.5	1.3	-0.5	-0.5	0.0
◆ Net income	1.6	1.2	3.9	1.7	1.7	1.7	0.7	0.9	-0.2	-0.7	-0.5	0.0

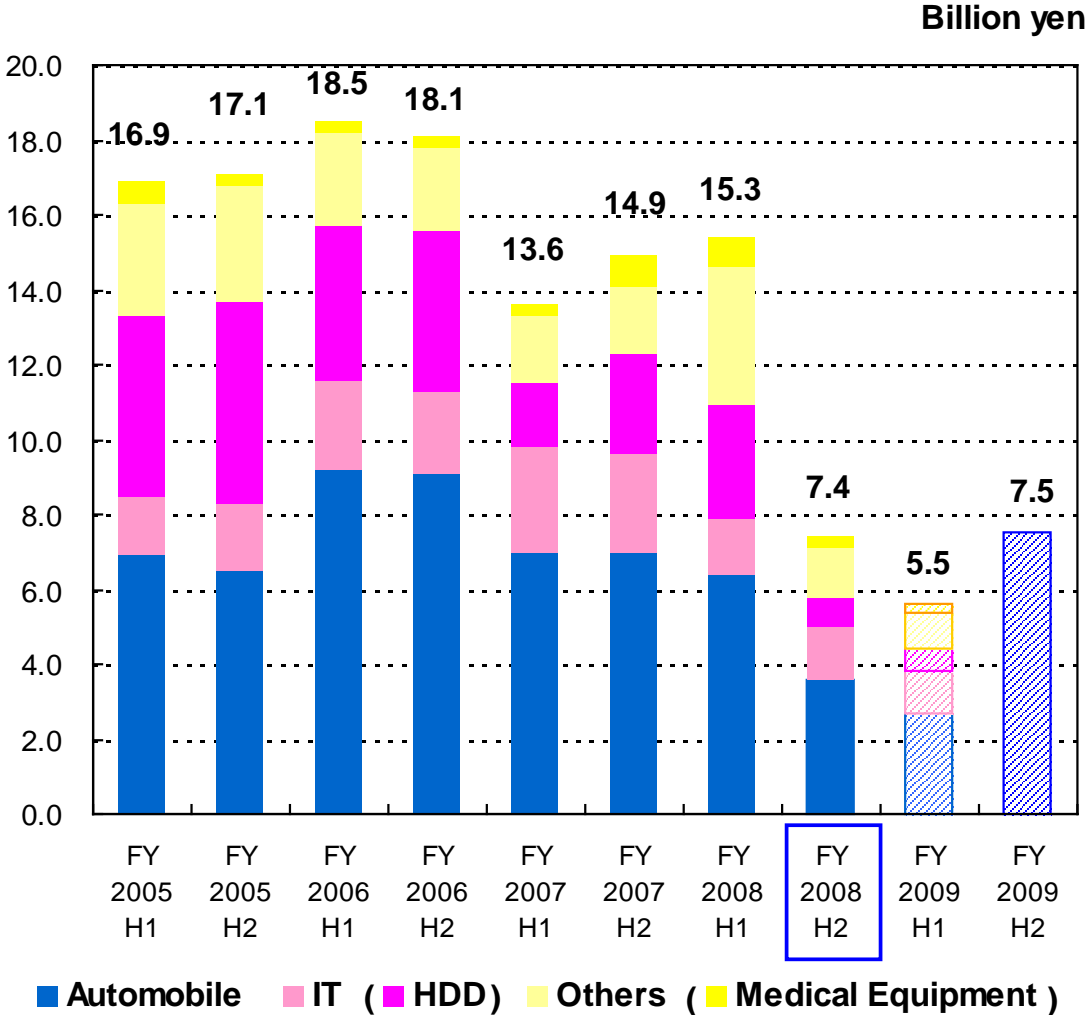
# Net Sales by Geographic Segment



	FY 2005 H1	FY 2005 H2	FY 2006 H1	FY 2006 H2	FY 2007 H1	FY 2007 H2	FY 2008 H1	FY 2008 H2	FY 2009 H1	FY 2009 H2
Europe	0.3	0.3	0.2	0.4	0.7	2.1	1.0	0.7	0.5	7.5
U.S.A.	1.2	1.1	1.4	1.9	0.7	0.9	1.6	0.7	0.6	
Asia	5.5	5.2	5.6	5.8	4.9	4.5	5.7	2.1	1.6	
Total foreign demand	7.0	6.6	7.2	8.1	6.2	7.5	8.4	3.6	2.6	
Total domestic demand	9.9	10.6	11.3	10.0	7.4	7.4	6.9	3.8	2.9	
overseas ratio	41.6%	38.1%	39.0%	44.7%	45.7%	50.1%	54.6%	48.1%	54.6%	—

# Net Sales by Business Segment

Net Sales by Business Segment  
(on a semiannual basis)

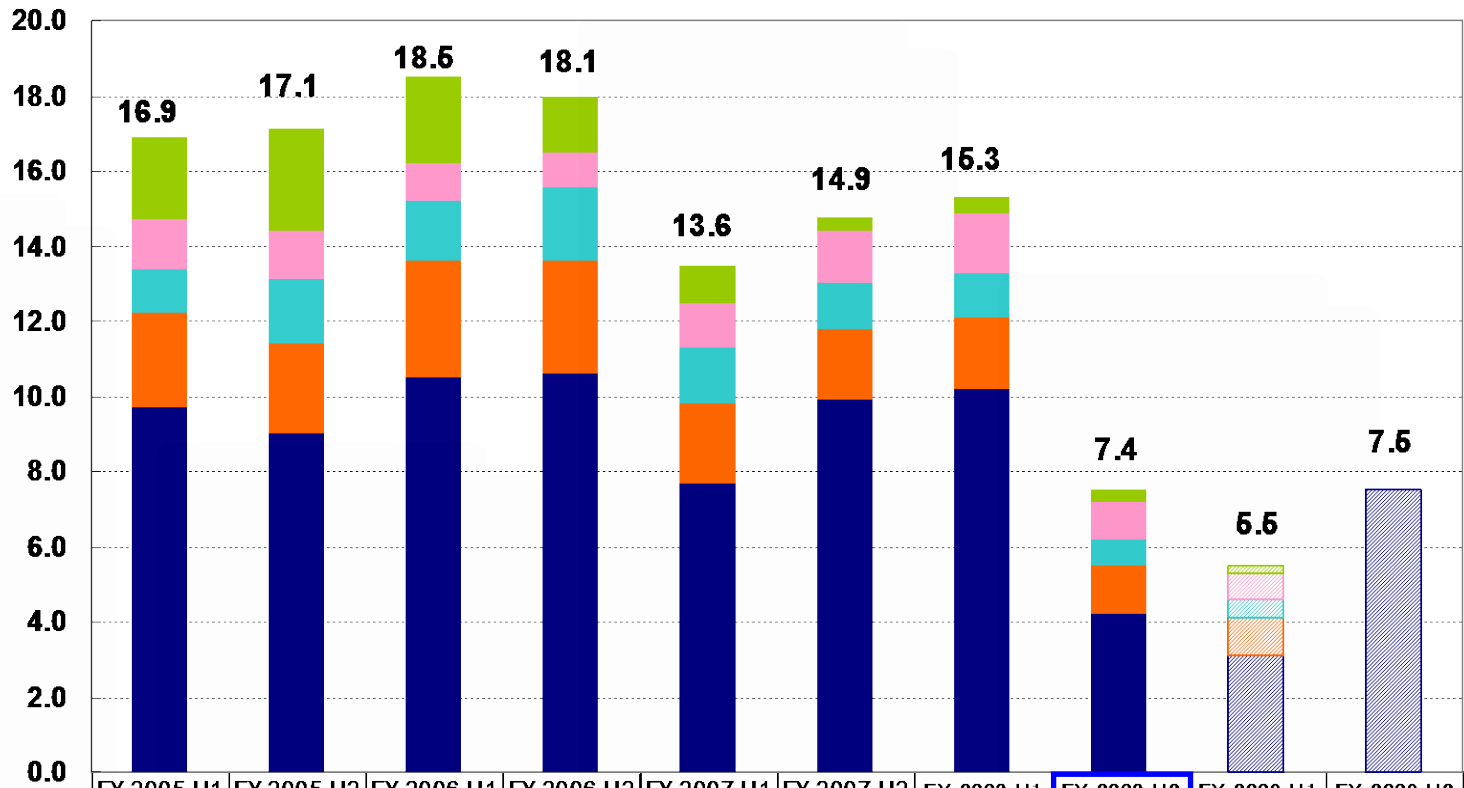


**FY2009**

- The recovery in IT related businesses is likely to proceed, given the current market conditions (number of inquiries)
- The recovery in automobile related businesses will proceed in China, India and South Korea but will be delayed in Japan, the United States and Europe
- Net sales for medical equipment remains relatively solid

# Net Sales by Machinery Category

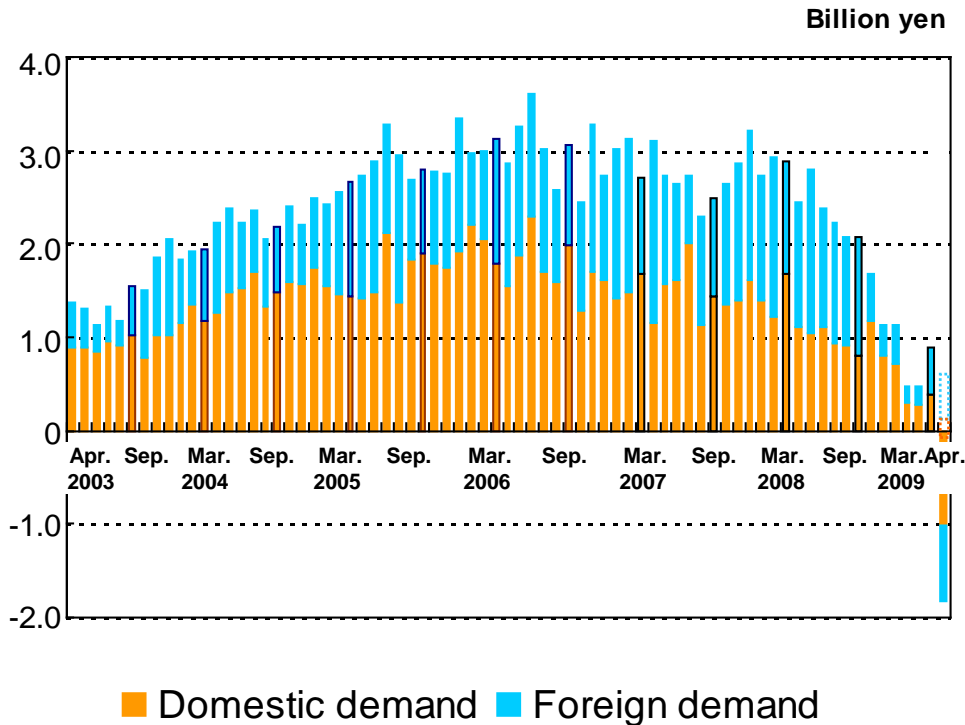
Billion yen



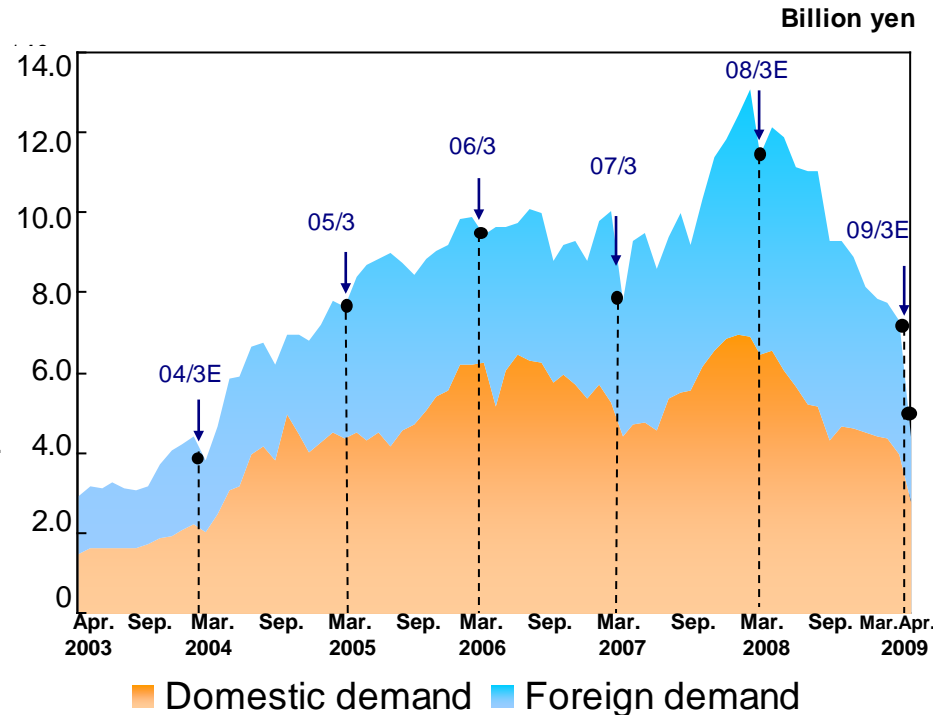
	FY 2005 H1	FY 2005 H2	FY 2006 H1	FY 2006 H2	FY 2007 H1	FY 2007 H2	FY 2008 H1	FY 2008 H2	FY 2009 H1	FY 2009 H2
Automatic lathes	9.7	9.0	10.5	10.6	7.7	9.9	10.2	4.2	3.1	7.5
Grinding machines	2.5	2.4	3.1	3.0	2.1	1.9	1.9	1.3	1.0	
Machining centers	1.2	1.7	1.6	2.0	1.5	1.2	1.2	0.7	0.5	
Rolling machines, etc.	1.3	1.3	1.0	0.9	1.2	1.4	1.6	1.0	0.7	
Other businesses	2.2	2.7	2.3	1.5	1.0	0.4	0.4	0.3	0.2	
<b>Total net sales</b>	<b>16.9</b>	<b>17.1</b>	<b>18.5</b>	<b>18.1</b>	<b>13.6</b>	<b>14.9</b>	<b>15.3</b>	<b>7.4</b>	<b>5.5</b>	

# Orders

## Orders Received



## Order Backlogs



**Order backlogs:** Order backlogs whose delivery dates had been postponed were fixed with orders received in April



# Consolidated Balance Sheets

Billion yen

	07/3	08/3	09/3		07/3	08/3	09/3
<b>Current Assets</b>	25.9	22.7	16.5	<b>Current Liabilities</b>	11.3	9.9	3.9
Cash and bank deposits	3.6	3.4	3.2	Trade note & accounts payable	9.1	8.2	2.1
Trade note & accounts receivables	14.3	9.7	4.7	Short-term borrowings	-	-	0.5
Inventories	7.7	9.0	8.2	Corporate bonds due within one year	-	-	0.3
Other current assets	0.3	0.6	0.4	Income taxes payable	1.0	0.7	0.1
<b>Fixed Assets</b>	10.0	10.0	9.2	Other current liabilities	1.2	1.0	0.9
Tangible fixed assets	7.5	7.0	6.6	<b>Long-term Liabilities</b>	1.2	0.9	2.1
Investments and other assets	2.5	3.0	2.6	<b>Total Liabilities</b>	12.5	10.8	6.0
<b>Deferred assets</b>	-	-	0.0	<b>Common stock</b>	10.6	10.6	10.6
Corporate bond issue expenses	-	-	0.0	<b>Capital surplus</b>	4.2	4.1	4.1
				<b>Retained earnings</b>	10.6	6.9	5.4
				<b>Treasury stocks</b>	-2.7	-0.0	-0.1
				<b>Difference in valuation of securities</b>	0.6	0.1	-0.5
				<b>Subscription rights to share</b>	0.1	0.2	0.2
				<b>Total Net Assets</b>	23.4	21.9	19.7
<b>Total Assets</b>	35.9	32.7	25.7	<b>Total Liabilities and Net Assets</b>	35.9	32.7	25.7

Major Turnover period (on a year-end balance basis)	FY2004	FY2005	FY2006	FY2007	FY2008
Trade receivables turnover period	5.0 months	5.1 months	4.7 months	4.1 months	2.5 months
Inventory turnover period	2.8 months	2.8 months	2.5 months	3.8 months	4.3 months
Trade payables turnover period	3.1 months	3.2 months	3.0 months	3.5 months	1.1 months

(Ending balance method)

Corporate bonds of ¥1.5 billion were issued in December 2008

Some ¥0.3 billion was recorded as current liabilities, and ¥1.2 billion was posted as long-term liabilities

# Consolidated Statements of Cash Flows

Billion yen

	08/3	09/3	Year-over-year increase/decrease
Cash flows from operating activities	3.94	(Note1) 0.44	- 3.51
Cash flows from investing activities	- 1.39	(Note2) - 1.80	- 0.41
Cash flows from financing activities	- 2.70	(Note3) 1.21	3.91
Exchange difference of cash and cash equivalents	-	- 0.01	-
Cash and cash equivalents at beginning of term	3.50	3.35	- 0.15
Cash and cash equivalents at end of term	3.35	3.19	- 0.16

## FY2008 (09/3) Notes

### Cash flows from operating activities (Note 1)

Income before income taxes	- 0.75
Depreciation and amortization	0.93
Loss on valuation of securities	1.16
Impairment loss	0.10
Other	0.07
(Subtotal)	( 1.51 )
Decrease in trade receivables	4.99
Increase in inventories	0.87
Decrease in trade payables	- 6.10
(Subtotal)	( - 0.24 )
Taxes paid	- 0.72
Other	- 0.12
(Subtotal)	( - 0.84 )

### Cash flows from investing activities (Note 2)

Sale of corporate housing	0.16
Purchase of machinery&equipment	- 0.38
Acquisition of land for Niigata Factory	- 0.05
Floor expansion at Chinese factory	- 0.17
Purchase of investment securities	- 1.15
Other	- 0.21
(Subtotal)	( - 1.96 )

### Cash flows from financing activities (Note 3)

Short-term borrowings	0.50
Corporate bonds	1.50
(Subtotal)	2.00
Cash dividends paid	- 0.68
Acquisition of treasury shares	- 0.08
Others	- 0.03
(Sub-total)	( - 0.79 )

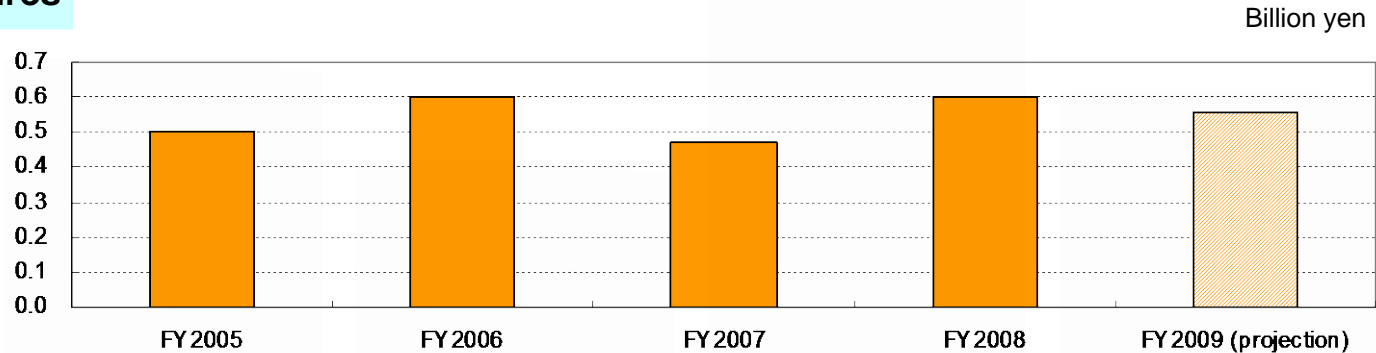
# Major Consolidated Financial Indicators (on a year-end balance bases)

Yen

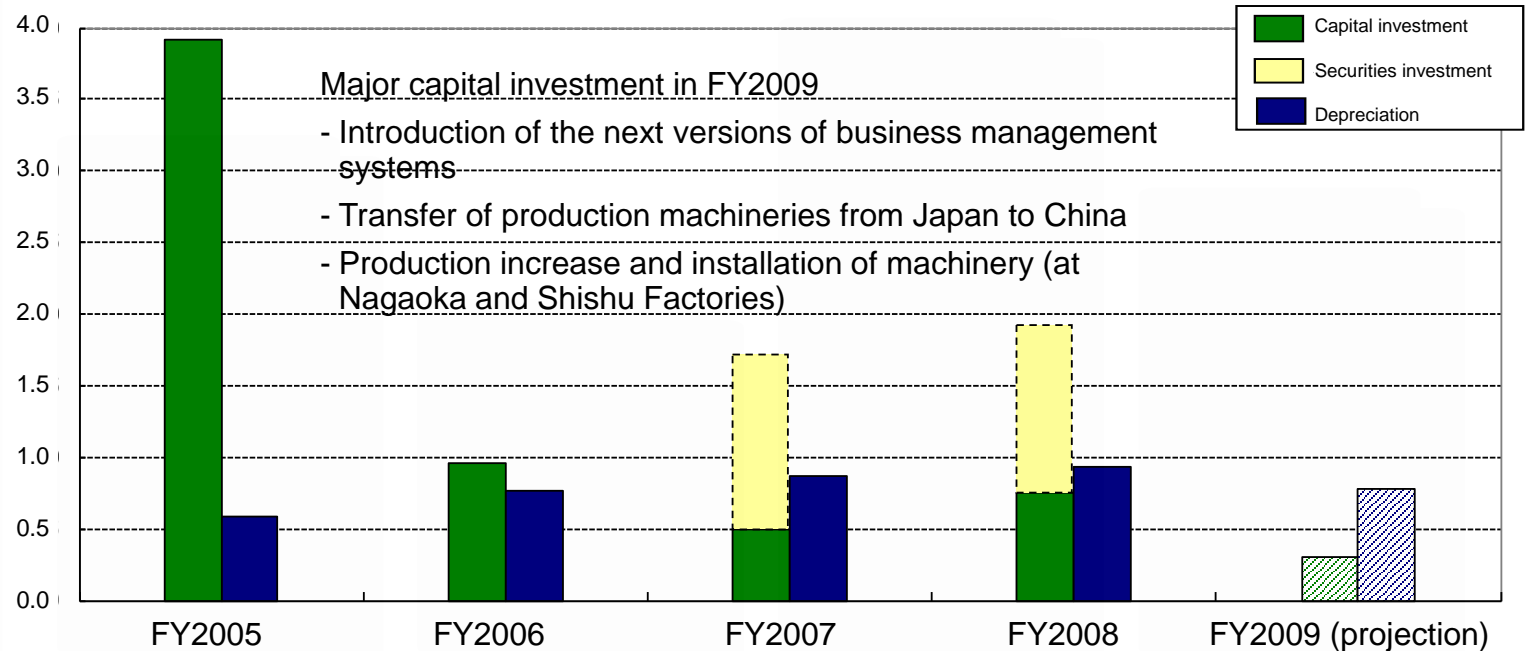
	07/3	08/3	09/3
Book-value per share (BPS)	296.8	318.9	287.2
Book-value per share (excluding treasury stock)	322.7	319.5	289.1
Earnings per share (EPS)	43.6	24.0	-12.8
Earnings per share (excluding treasury stock)	47.4	24.0	-12.9
Equity ratio	65.0%	66.3%	76.0%
Ratio of ordinary income to total assets (Semiannual basis)	15.4%	8.4%	2.4%
Ratio of ordinary income to net sales	15.1%	9.7%	2.8%

# R&D Expenditures and Capital Investment

## R&D Expenditures



## Capital Investment, Equipment Finance and Depreciation



## **II. Key Initiatives and Policies ..... P12 - P14**

- 1. Product Development**
- 2. Service Improvement**

# 1. Product Development: Release and Sales Expansion of New Products In Growth Areas

FY2008: Five new models were released.			
	IT	P034H	B0124/204/125/205
	Automobile-related and other industrial machinery	G30-II VA31H/35H	BS125H/126H/205H /206H
FY2009: Six new models are scheduled for release.			
	IT	N8H VA35H-5AX	S205/ S206
	Automobile-related and other industrial machinery	GP300 GH250 GP500	

## 2. Service Improvement



# Notice

The content in this material is premised on various assumptions and does not ensure or guarantee the realization of the planned figures and/or future policies stated herein.

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