

Stock Information (as of March 31, 2015)

Authorized shares 320,000,000 shares
 Issued shares 74,919,379 shares
 Number of shareholders 9,602

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)	3,812	5.08
The Master Trust Bank of Japan, Ltd. (Trust account)	2,579	3.44
The Dai-ichi Life Insurance Company, Limited	2,100	2.80
DMG MORI SEIKI Co., Ltd.	2,000	2.66
JP Morgan Chase Bank 385632	1,528	2.04
Sumitomo Mitsui Banking Corporation	1,516	2.02
The Bank of New York Jscdec Treaty Account	1,508	2.01
The Hokuetsu Bank, Ltd.	1,484	1.98
Tsugami Customers' Shareholding Association	1,268	1.69

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 5,285 thousand shares of treasury stock listed in the shareholders' register other than the shares listed in the table above.

Corporate Data (as of March 31, 2015)

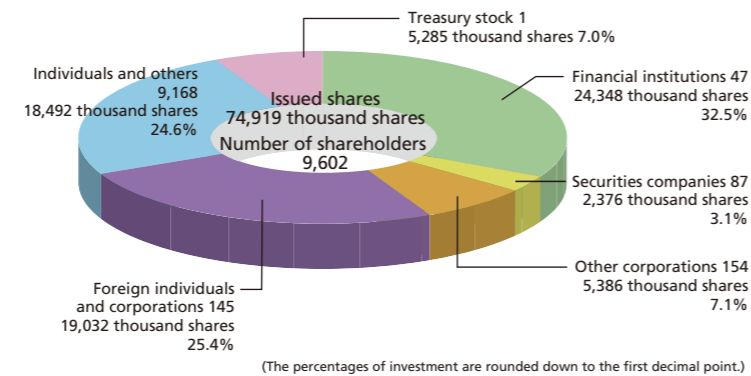
Corporate Name TSUGAMI CORPORATION
 Established March 15, 1937
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Paid-in Capital 12,345 million yen
 Number of Employees 430
 Directors and Auditors (as of June 18, 2015)
 Representative Director, Chairman and CEO Takao Nishijima
 Representative Director and COO Toshio Honma
 Representative Director and COO Toshiharu Nijijima
 Director Byun Jae-Hyun
 Director Donglei TANG
 Outside Director Takeo Nakagawa
 Outside Director Shigeru Nishiyama
 Outside Director Kunio Shimada
 Standing Statutory Auditor Keiji Hayasaki
 Statutory Auditor Kenji Yamada
 Outside Statutory Auditor Morikuni Uchigasaki
 Outside Statutory Auditor Hideo Teramoto
 Outside Statutory Auditor Hitoshi Yoshida

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 EUROPE GmbH (GERMANY)
 TSUGAMI KOREA CO., LTD.
 TSUGAMI PRECISION ENGINEERING INDIA PVT., LTD.
 TSUGAMII TECH SOLUTIONS INDIA PVT., LTD.
 TSUGAMI Universal Pte. Ltd. (SINGAPORE)

Shareholders composition by type



Shareholders Information

Business Year From April 1 each year to March 31 of the following year
 Annual Shareholders Meeting June each year
 Surplus Dividends The record date for the year end dividend shall be March 31 each year. When paying interim dividends, the record date shall be September 30 each year.
 Administrator of Shareholders' Register Mitsubishi UFJ Trust Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
 Business Handling Office Mitsubishi UFJ Trust Banking Corporation Stock Transfer Agency Department
 Contact Office 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 Fiscal Year 2014
 (April 1, 2014 to March 31, 2015)

TSUGAMI CORPORATION

I am pleased to report our results for fiscal 2014, ended March 31, 2015.

During the consolidated fiscal year under review, the Japanese economy remained on a modest recovery path overall, despite the effects of the consumption tax hike in certain areas.

In the machine tool industry, the domestic market maintained the moderate upward momentum seen in the previous fiscal year. The U.S. and European markets both remained strong, and the Chinese market also generally staged a modest recovery, driven by EMS associated with smartphones.

In this environment, both net sales and income at TSUGAMI Corporation (the "Company") and its affiliates (the "Group") rose year on year, primarily reflecting sales of products for the IT products industry and the contribution of new products for automobiles.

Consolidated net sales for the fiscal year under review increased 68.0% year on year, to 54,132 million yen.

Consolidated net sales in Japan increased 32.0% year on year, to 9,712 million yen. Consolidated exports increased 78.6% year on year, to 44,419 million yen. The export ratio increased from 77.2% for the previous fiscal year, to 82.1%.

A breakdown of consolidated net sales by machinery category shows that sales of mainstay automatic lathes increased 71.0% year on year, to 44,150 million yen, sales of grinding machines rose 1.1%, to 3,222 million yen, sales of machining centers rose 1.9%, to 1,536 million yen, and sales of rolling machines and other specialized machines rose 257.1%, to 4,914 million yen.

Consolidated operating income increased 512.4% year on year, to 7,253 million yen. Consolidated ordinary income increased 300.8% year on year, to 7,745 million yen, and consolidated net income increased 1,439.0% year on year, to 5,297 million yen, for the fiscal year under review.

Based on the Company's strong business performance and other factors, a meeting of the Board of Directors resolved to increase its year-end dividends for the fiscal year ended March 31, 2015 by 2 yen from its initial forecast of 6 yen per share and to pay a year-end dividend of 8 yen. Combined with the interim dividend of ¥6 per share already paid, this will take the total annual dividend to ¥14 per share.

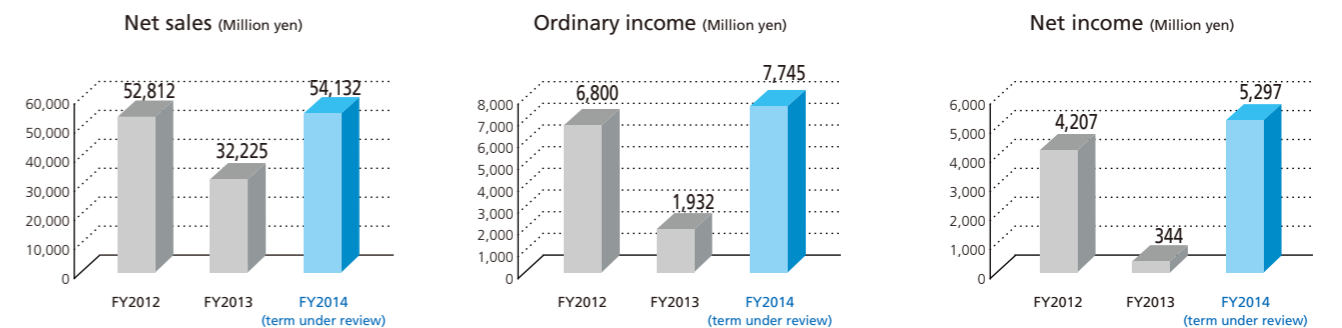
For the consolidated fiscal year ending March 31, 2016, the Company plans to pay an Tsugami Customers' Shareholding Association annual dividends of 16 yen per share, including interim dividends of 8 yen per share and year-end dividends of 8 yen per share.

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

June 2015
 Takao Nishijima Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2012		FY2013		FY2014	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales (Million yen)	52,812	35,852	32,225	29,491	54,132	34,992
Ordinary income (Million yen)	6,800	6,914	1,932	1,330	7,745	2,522
Net income (Million yen)	4,207	5,125	344	- 70	5,297	1,698
Net income per share (Yen)	57.16	69.64	4.72	- 0.97	74.37	23.85
Total assets (Million yen)	45,919	42,090	52,250	41,800	56,829	39,050
Net assets (Million yen)	31,998	30,837	31,587	29,692	37,279	30,494
Net assets per share (Yen)	427.86	412.08	428.18	401.99	522.94	427.60

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

Consolidated Financial Statements

Consolidated balance sheets

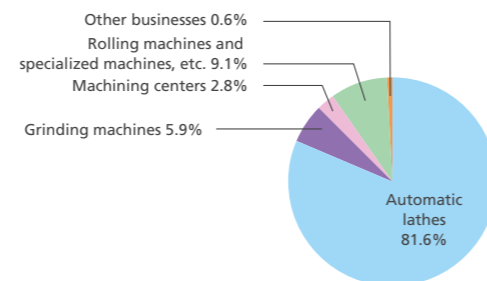
Item	(Million yen)	
	FY2014 (March 31, 2015)	FY2013 (March 31, 2014)
Assets		
Current assets	36,861	35,953
Cash and deposits	5,175	6,227
Trade notes and accounts receivable	7,054	6,686
Inventories	22,700	20,958
Other current assets	1,931	2,080
Fixed assets	19,967	16,290
Tangible fixed assets	11,451	10,420
Buildings, machinery, equipment and vehicles	10,596	9,074
Land	564	564
Other tangible fixed assets	290	781
Intangible fixed assets	756	328
Investments and other assets	7,759	5,541
Deferred assets	0	5
Total assets	56,829	52,250
Liabilities		
Current liabilities	17,851	19,316
Trade notes and accounts payable	8,276	10,630
Short-term borrowings	6,855	6,075
Accrued income tax	616	1,113
Other current liabilities	2,104	1,498
Long-term liabilities	1,698	1,346
Net defined benefit liability	535	946
Other long-term liabilities	1,162	400
Total liabilities	19,550	20,663
Net assets		
Shareholders' equity	31,460	28,579
Common stock	12,345	12,345
Capital surplus	5,889	5,889
Retained earnings	15,963	11,424
Treasury stock	-2,738	-1,079
Accumulated other comprehensive income	4,953	2,401
Unrealized gains on marketable securities	2,798	1,391
Translation adjustments	2,123	1,134
Remeasurements of defined benefit plans	32	-123
Subscription rights to shares	865	605
Total net assets	37,279	31,587
Total liabilities and net assets	56,829	52,250

Consolidated statements of income

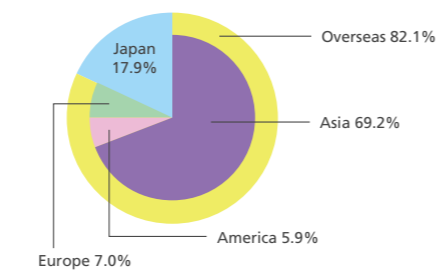
Item	(Million yen)	
	FY2014 Year ended March 31, 2015	FY2013 Year ended March 31, 2014
Net sales	54,132	32,225
Cost of sales	39,890	25,122
Gross profit	14,241	7,102
Selling, general and administrative expenses	6,988	5,918
Operating income	7,253	1,184
Non-operating income	1,360	1,131
Non-operating expenses	869	383
Ordinary income	7,745	1,932
Extraordinary income	65	232
Extraordinary expenses	129	320
Income before taxes and other adjustments	7,681	1,845
Corporate, inhabitant and enterprise taxes	2,126	1,462
Deferred taxes	258	38
Net income	5,297	344

Sales breakdown (Consolidated)

Sales breakdown by product (FY2014)



Sales breakdown by region (FY2014)



Consolidated statements of changes in net assets

	Shareholders' equity					Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity	Unrealized gains on marketable securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2014	12,345	5,889	11,424	-1,079	28,579	1,391	1,134	-123	2,401	605	31,587
Cumulative effects of changes in accounting policies			108		108						108
Restated balance	12,345	5,889	11,533	-1,079	28,688	1,391	1,134	-123	2,401	605	31,696
Changes during the period											
Cash dividends paid			-866		-866						-866
Net income			5,297		5,297						5,297
Purchase of treasury stock				-1,848	-1,848						-1,848
Disposal of treasury stock				189	189						189
Changes in items other than shareholders' equity						1,406	988	156	2,551	259	2,811
Total changes during the period	-	0	4,430	-1,658	2,771	1,406	988	156	2,551	259	5,583
Balance as of March 31, 2015	12,345	5,889	15,963	-2,738	31,460	2,798	2,123	32	4,953	865	37,279

Releasing New Products to the Market

CNC Precision Automatic Lathe B0128W/B0208W

We have developed the CNC Precision automatic lathe B0128W/B0208W in the B0 series with independent opposed gang-tool posts.

- By simultaneous 3-path control system, diverse simultaneous processing is possible with independent-controlled tool posts.
- Zero tool change time by 3-path control
- Mounting Y axis on three tool posts
- Highly value-added workpiece is also possible by the Y-axis of the back side.
- Overwhelming cost performance
- High accuracy machining by thermal displacement compensation software.



Turning Center TMA8H

We have developed the Turning Center TMA8H, a high-function, complex machine boasting high cost performance.

- Productive type complex machine integrated high speed, high precision turning center and powerful machining center.
- Tool spindle with standard Y-axis control and B-axis indexing.
- Ideal machine for wide variety products in small quantities of complicated shape part.
- Back work spindle (standard) achieves 6-face machining.
- By process integration, reduces the number of operators and machines, and shortens the lead time.
- The linear scale on the X-axis slide is provided as standard, it can satisfy your needs of high accuracy machining.



Participated Exhibitions

We actively developed new business partners.

We exhibited at the 27th Japan International Machine Tool Fair (JIMTOF2014), which was held in the Tokyo International Exhibition Center (Tokyo Big Sight) over six days starting October 30, 2014. A large number of users and dealers from Japan and overseas visited our booth, where we conducted proactive talks for further market expansion.



The 27th Japan International Machine Tool Fair (JIMTOF2014)