

Stock Information (as of September 30, 2016)

Authorized shares 320,000,000 shares
 Issued shares 64,919,379 shares
 Number of shareholders 9,803

Major shareholders (Top 10)

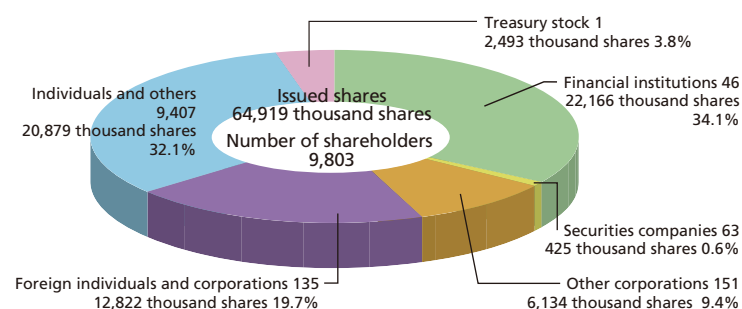
Shareholders	Investment in the Company	
	Number of shares held	Ownership ratio
	Thousands	%
The Master Trust Bank of Japan, Ltd. (Trust account)	3,754	5.78
Japan Trustee Services Bank, Ltd. (Trust account)	3,106	4.78
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	2,592	3.99
The Dai-ichi Life Insurance Company, Limited	2,100	3.23
DMG MORI SEIKI Co., Ltd.	2,000	3.08
Sumitomo Mitsui Banking Corporation	1,516	2.33
The Hokuetsu Bank, Ltd.	1,484	2.28
JP Morgan Chase Bank 385632	1,414	2.17
The Bank of New York - Jasdec Treaty Account	1,183	1.82
TSUGAMI Customers' Shareholding Association	1,167	1.79

Notes: 1. The figures for ownership ratio are rounded to the second decimal place.
 2. The 2,592 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 2,493 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, 2016)

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	464
Directors and Auditors (as of October 1, 2016)	
Representative Director, Chairman and CEO	Takao Nishijima
Representative Director and COO	Toshio Honma
Representative Director and COO	Toshiharu Niijima
Director	Byun Jae-Hyun
Director	Donglei TANG
Outside Director	Takeo Nakagawa
Outside Director	Shigeru Nishiyama
Outside Director	Kunio Shimada
Standing Statutory Auditor	Keiji Hayazaki
Statutory Auditor	Kenji Yamada
Outside Statutory Auditor	Morikuni Uchigasaki
Outside Statutory Auditor	Hitoshi Yoshida
Outside Statutory Auditor	Hideo Teramoto
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



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

Shareholders Information

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

Notice

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

To Our Shareholders

Business Report for the First Half of Fiscal Year 2016
 (April 1, 2016 to September 30, 2016)



I am pleased to report our results for the first half of fiscal 2016, ending March 31, 2017.

During the first half of the consolidated fiscal year under review, the Japanese economy had an uncertain outlook, with stagnation in corporate earnings and capital expenditure given the continued appreciation of the yen.

In the machine tool industry, the domestic market was rather weak as a whole, although it reflected some positive effect from the subsidies for manufacturing. In overseas markets, the European and U.S. economies both began to slow, although they had been on an upward trend. The Chinese market is still sluggish, although it is showing some partial signs of recovery.

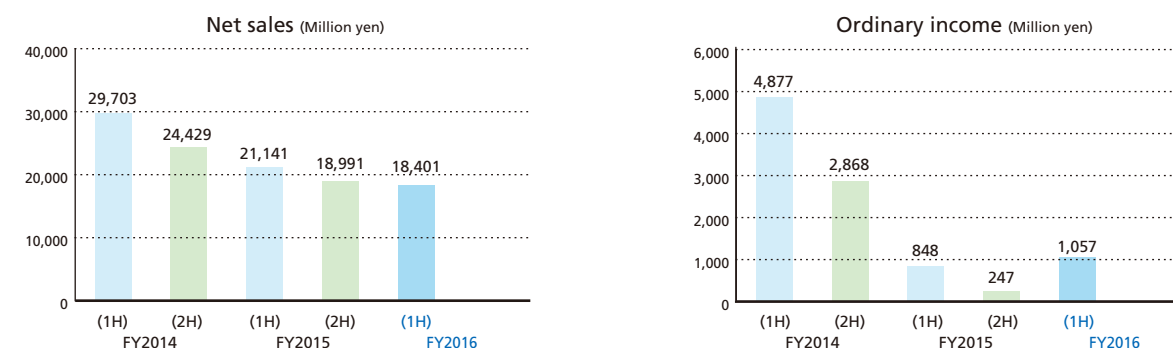
In this environment, consolidated net sales of TSUGAMI Corporation (the "Company") and its affiliates (the "Group") for the first half under review stood at 18,401 million yen, down 13% year on year. Despite this, consolidated operating income increased 9.9% year on year, to 1,452 million yen. Consolidated ordinary income increased 24.7% year on year, to 1,057 million yen. Net income attributable to owners of the parent also increased 7.4% year on year, to 730 million yen.

The Company decided to pay an interim dividend of 8 yen per share according the initial plan and plans to pay a year-end dividend of 8 yen per share (for an annual dividend of 16 yen per share) in the fiscal year ending March 31, 2017.

We respectfully ask for the continued support and encouragement of our shareholders.

November 2016
 Takao Nishijima Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2014		FY2015		FY2016
	First half	Full year	First half	Full year	First half
Net sales (Million yen)	29,703	54,132	21,141	40,132	18,401
Ordinary income (Million yen)	4,877	7,745	848	1,095	1,057
Net income attributable to owners of the parent (Million yen)	3,405	5,297	679	877	730
Net income per share (Yen)	47.21	74.37	10.05	13.04	11.39
Total assets (Million yen)	60,942	56,829	56,682	47,859	46,498
Net assets (Million yen)	35,252	37,279	34,145	32,594	29,858
Net assets per share (Yen)	479.56	522.94	498.15	473.78	464.48

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

Consolidated Financial Statements

Consolidated balance sheets

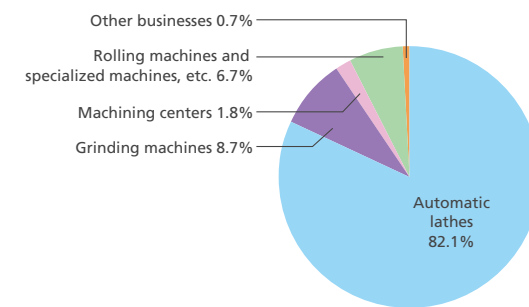
Item	(Million yen)	
	FY2016 First half (September 30, 2016)	FY2015 (March 31, 2016)
Assets		
Current assets	30,298	30,639
Cash and deposits	5,966	4,744
Trade notes and accounts receivable	6,655	5,862
Inventories	16,516	18,299
Other current assets	1,159	1,733
Fixed assets	16,200	17,219
Tangible fixed assets	8,737	9,906
Buildings, machinery, equipment and vehicles	8,023	9,192
Land	473	473
Other tangible fixed assets	240	240
Intangible fixed assets	607	698
Investments and other assets	6,856	6,614
Total assets	46,498	47,859
Liabilities		
Current liabilities	15,279	13,983
Trade notes and accounts payable	9,117	5,857
Short-term borrowings	3,890	6,127
Accrued income tax	303	267
Other current liabilities	1,967	1,730
Long-term liabilities	1,361	1,281
Net defined benefit liability	704	703
Other long-term liabilities	656	578
Total liabilities	16,640	15,265
Net assets		
Shareholders' equity	27,330	29,045
Common stock	12,345	12,345
Capital surplus	485	5,884
Retained earnings	15,848	15,653
Treasury stock	- 1,348	- 4,837
Accumulated other comprehensive income	1,665	2,647
Unrealized gains on marketable securities	2,103	1,779
Translation adjustments	- 330	991
Remeasurements of defined benefit plans	- 107	- 123
Subscription rights to shares	862	900
Total net assets	29,858	32,594
Total liabilities and net assets	46,498	47,859

Consolidated statements of income

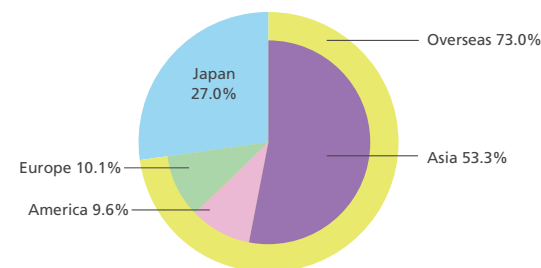
Item	(Million yen)	
	FY2016 First half April 1, 2016 to September 30, 2016	FY2015 First half April 1, 2015 to September 30, 2015
Net sales	18,401	21,141
Cost of sales	13,836	15,927
Gross profit	4,565	5,213
Selling, general and administrative expenses	3,112	3,892
Operating income	1,452	1,321
Non-operating income	149	138
Non-operating expenses	544	611
Ordinary income	1,057	848
Extraordinary income	36	61
Extraordinary expenses	28	21
Income before taxes and other adjustments	1,065	887
Corporate, inhabitant and enterprise taxes	301	342
Deferred taxes	34	- 134
Profit attributable to owners of parent	730	679

Sales breakdown (Consolidated)

Sales breakdown by product (FY2016 First half)



Sales breakdown by region (FY2016 First half)



Releasing New Products to the Market

CNC Lathe M08JL5-II

We have developed the CNC Lathe M08JL5-II as a variant of the M08-II featuring a longer stroke.

- Maximum processing length of 500 mm
- We can achieve high output with excellent cutting performance.
- The abnormal load detection and retraction function reduces damage to machinery at the time of interference.
- The function for preventing interference during debugging provides reassurance during setup.
- The thermal displacement correction function achieves high-accuracy machining.
- Overwhelming cost effectiveness is attained.
- Embedded-type conversational programming software powered by the Turn Mate i can be installed as an option.



CNC Precision Automatic Lathes SS38MH/SS38MH-5AX

We have developed the CNC Precision Automatic Lathes SS38MH and SS38MH-5AX as productive-type machines by integrating the sliding head stock type automatic lathe and the machining center.

- Front/back machining of bar materials and complex-shaped workpieces
- 5-axis simultaneously controlled processing (SS38MH-5AX)
- Guide-bush type or guide-bushless type is selectable according to workpieces.
- Long workpiece machining is possible by sliding headstock.
- High-speed tool spindle at a maximum speed of 20,000 min⁻¹ can achieve a variety of milling operations.
- Linear scales are provided on the X1, Y1 and Z1 axis slides as standard to perform high precision machining.
- Perfect overlapping of processes on the main spindle and back spindle thanks to the back tool post with Y-axis.
- The dual contact holder enables heavy-duty machining.
- Various software applications are provided as standard.



Held Exhibitions

We actively developed new business partners.

We held the TSUGAMI TECHNICAL FAIR 2016 at TSUGAMI Nagaoka Factory for two days from June 23, 2016.

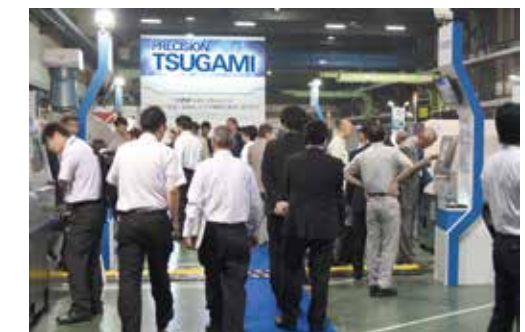
We also held the TSUGAMI CHINA TECHNICAL FAIR 2016 at PRECISION TSUGAMI (CHINA) CORPORATION for two days from June 27, 2016.

We exhibited at the International Manufacturing Technology Show 2016 (IMTS 2016) that was held in Chicago, the United States for six days from September 12, 2016.

Apart from these, we exhibited at many other exhibitions in Japan and abroad. A large number of users and dealers visited the venues, where we conducted proactive talks for further market expansion.



International Manufacturing Technology Show 2016 (IMTS 2016)



TSUGAMI TECHNICAL FAIR 2016



TSUGAMI CHINA TECHNICAL FAIR 2016