

Stock Information (as of September 30, 2018)

Authorized shares 320,000,000 shares
 Issued shares 55,000,000 shares
 Number of shareholders 7,864

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.)	2,592	4.92
Japan Trustee Services Bank, Ltd. (Trust account)	2,106	4.00
The Dai-ichi Life Insurance Company, Limited	2,100	3.99
The Master Trust Bank of Japan, Ltd. (Trust account)	1,952	3.71
Sumitomo Mitsui Banking Corporation	1,516	2.88
The Hokuetsu Bank, Ltd.	1,484	2.82
TSUGAMI Customers' Shareholding Association	1,117	2.12
GOLDMAN SACHS INTERNATIONAL	976	1.85
Japan Trustee Services Bank, Ltd. (Trust account 5)	942	1.79
NATIXIS	863	1.64

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 2,399 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, 2018)

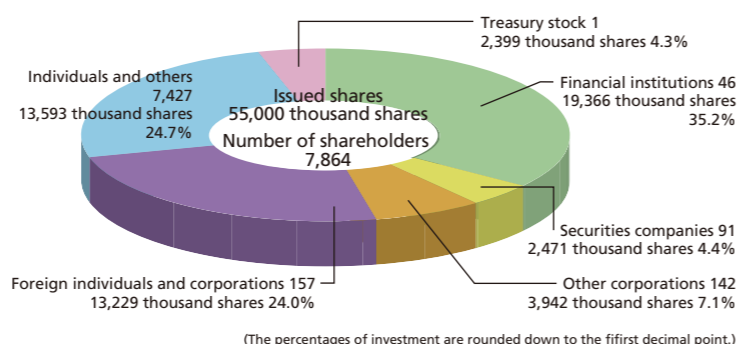
Corporate Name TSUGAMI CORPORATION
 Established March 15, 1937
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Paid-in Capital 12,345 million yen
 Number of Employees 2,432 (Consolidated)
 Directors and Auditors (as of October 1, 2018)
 Representative Director, Chairman and CEO Takao Nishijima
 Representative Director and CFO Nobuaki Takahashi
 Director Byun Jae-Hyun
 Director Kameswaran Balasubramanian
 Director Donglei Tang
 Outside Director Shigeru Nishiyama
 Outside Director Hitoshi Yoshida
 Director (Audit & Supervisory Board Member) Kenji Yoneyama
 Outside Director (Audit & Supervisory Board Member) Takeo Nakagawa
 Outside Director (Audit & Supervisory Board Member) Koichi Maruno
 Outside Director (Audit & Supervisory Board Member) Kunio Shimada

Head Office and Factories
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo
 Nagaoka Factory 1-1, Higashizao 1-chome, Nagaoka-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 1-1, Nikko-cho, Fuchu-shi, Tokyo Telephone: 0120-232-711 (toll free number) (Postal address) New Tokyo P. O. Box No.29, Tokyo, 137-8081 Mitsubishi UFJ Trust Banking Corporation Stock Transfer Agency Department
 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 2018
 (April 1, 2018 to September 30, 2018)

TSUGAMI CORPORATION

I am pleased to report our results for the first half of the fiscal year ending March 31, 2019.

During the first half of the consolidated fiscal year under review, the Japanese and overseas markets remained firm.

In this situation, for the first half of the consolidated fiscal year under review, TUSGAMI Corporation (the "Company") and its affiliates (the "Group") recorded an increase in both sales and income with net sales of 35,123 million yen (up 28.3% year on year), operating income of 5,519 million yen (up 64.9% year on year), ordinary income of 5,482 million yen (up 84.8% year on year) and net income attributable to owners of the parent of 3,091 million yen (up 34.6% year on year).

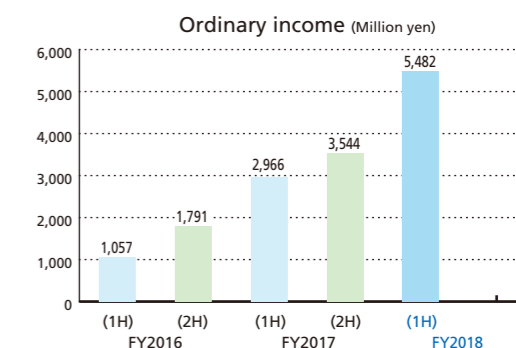
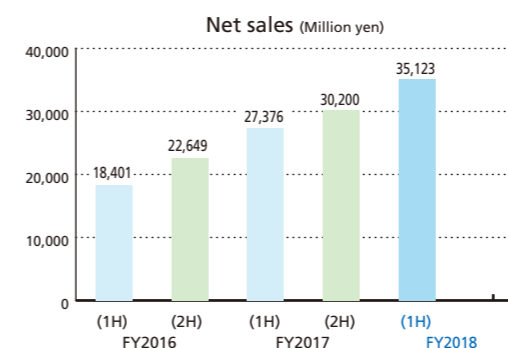
The Company decided to pay an interim dividend of 9 yen per share as initially planned. It also plans to pay a year-end dividend of 9 yen per share (for an annual dividend of 18 yen per share).

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

November 2018

Takao Nishijima Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2016		FY2017		FY2018
	First half	Full year	First half	Full year	First half
Net sales (Million yen)	18,401	41,050	27,376	57,576	35,123
Ordinary income (Million yen)	1,057	2,848	2,966	6,510	5,482
Net income attributable to owners of the parent (Million yen)	730	2,630	2,296	4,171	3,091
Net income per share (Yen)	11.39	41.91	39.62	74.71	58.56
Total assets (Million yen)	46,498	50,127	58,041	62,362	65,852
Net assets (Million yen)	29,858	31,462	36,681	37,516	38,411
Net assets per share (Yen)	464.48	510.43	572.40	585.58	599.50

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

Consolidated Financial Statements

Consolidated balance sheets

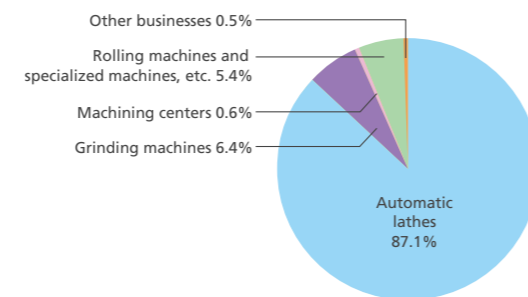
Item	(Million yen)	
	FY2018 First half (September 30, 2018)	FY2017 (March 31, 2018)
Assets		
Current assets	47,902	43,639
Cash and deposits	8,286	10,286
Trade notes and accounts receivable	16,047	14,482
Inventories	21,967	17,364
Other current assets	1,600	1,506
Fixed assets	17,950	18,722
Tangible fixed assets	9,404	9,145
Buildings, machinery, equipment and vehicles	7,679	8,025
Land	409	409
Construction in process and others	1,315	711
Intangible fixed assets	1,036	696
Investments and other assets	7,509	8,879
Total assets	65,852	62,362
Liabilities		
Current liabilities	25,707	22,821
Trade notes and accounts payable	16,745	14,035
Short-term borrowings	4,000	3,200
Accrued income tax	735	1,068
Other current liabilities	4,226	4,516
Long-term liabilities	1,733	2,024
Net defined benefit liability	721	716
Other long-term liabilities	1,012	1,308
Total liabilities	27,441	24,845
Net assets		
Shareholders' equity	28,265	26,594
Common stock	12,345	12,345
Capital surplus	2,806	2,806
Retained earnings	15,524	13,257
Treasury stock	- 2,410	- 1,814
Accumulated other comprehensive income	3,268	4,489
Unrealized gains on marketable securities	3,157	4,149
Translation adjustments	173	409
Remeasurements of defined benefit plans	- 61	- 69
Subscription rights to shares	482	656
Non-controlling interests	6,394	5,776
Total net assets	38,411	37,516
Total liabilities and net assets	65,852	62,362

Consolidated statements of income

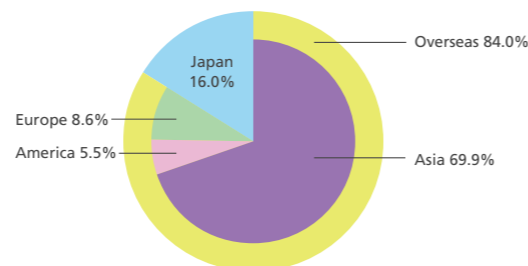
Item	(Million yen)	
	FY2018 First half April 1, 2018 to September 30, 2018	FY2017 First half April 1, 2017 to September 30, 2017
Net sales	35,123	27,376
Cost of sales	24,549	20,246
Gross profit	10,573	7,129
Selling, general and administrative expenses	5,054	3,782
Operating income	5,519	3,347
Non-operating income	199	154
Non-operating expenses	236	535
Ordinary income	5,482	2,966
Extraordinary income	4	183
Extraordinary expenses	6	37
Income before taxes and other adjustments	5,480	3,112
Corporate, inhabitant and enterprise taxes	1,363	786
Deferred taxes	62	28
Net income	4,054	2,296
Net income attributable to non-controlling interests	963	-
Profit attributable to owners of parent	3,091	2,296

Sales breakdown (Consolidated)

Sales breakdown by product (FY2018 First half)



Sales breakdown by region (FY2018 First half)



Releasing New Products to the Market

CNC Lathe M06JC-II

- We have developed the CNC Lathe M06JC-II featuring high rigidity, high productivity and a space-saving design.
- Features a space-saving design with the width of 1,165 mm and the height of 1,650 mm.
 - Overwhelming cost performance.
 - Moreover, Turnmate i, optional onboard-type interactive programming software, is available.
 - Thanks to thermal distortion compensation function, stable and long-hour machining is possible.



CNC Lathe M08JL8-II

- We have developed the CNC Lathe M08JL8-II featuring high rigidity, high productivity and a long stroke.
- Maximum machining length: 800 mm
 - Overwhelming cost performance.
 - An optional work steady rest is available to reduce the distortion of long workpieces during machining.
 - Moreover, Turnmate i, optional onboard-type interactive programming software, is available.
 - Thanks to thermal distortion compensation function, stable and long-hour machining is possible.



Vertical Machining Center VA4

- We have developed a BT40-based compact Vertical Machining Center VA4.
- Features a space-saving design.
 - Realizes fast and efficient machining.
 - Superb accessibility
With the main spindle and the table located close to the frontal guard, operational efficiency is improved due to superb accessibility.
 - Energy-saving
Thanks to the hydraulics-free and power-saving modes, the excessive consumption of power and air is controlled.

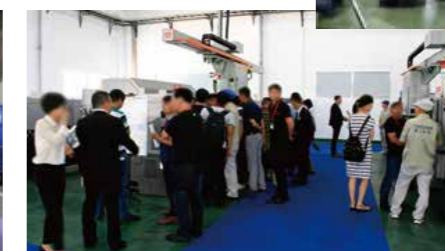


Participated Exhibitions

We actively developed new business partners.
We participated in SIMTOS2018 held in Korea for five days from April 3, 2018.
We held the TSUGAMI TECHNICAL FAIR 2018 at Nagaoka Factory for 2 days from June 21, 2018.
We held the TSUGAMI CHINA TECHNICAL FAIR 2018 at PRECISION TSUGAMI (CHINA) CORPORATION for 2 days from June 25, 2018.
We invited many users and dealers from Japan and abroad and engaged in active business talks to further expand the market.



SIMTOS2018



TSUGAMI CHINA TECHNICAL FAIR 2018



TSUGAMI TECHNICAL FAIR 2018