Summary of Financial Results for the Fiscal Year Ended March 31, 2013

May 10, 2013

TSUGAMI CORPORATION
Stock code: 6101
Representative: Takao Nishijima, Chairman and C.E.O
Contact: Yoshihiro Miura, Director, COO, Administration Division
Listings: Tokyo Stock Exchange
@URL: http://www.tsugami.co.jp
Tel: +81-3-3808-1711

Scheduled date of annual shareholders meeting: June 21, 2013
Scheduled date of commencement of dividend payments: May 29, 2013
Scheduled date of submission of securities report: June 24, 2013
Supplementary briefing materials to be created: Yes
Investors meeting to be held: Yes (for institutional investors and analysts)

1. Consolidated business performance for the fiscal year ended March 31, 2013
(From April 1, 2012 to March 31, 2013) (Figures are rounded down to the nearest one million yen.)

(1) Consolidated operating results (Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2013	52,812	47.8	8,447	106.7	6,800	75.5	4,207	84.5
Fiscal year ended March 31, 2012	35,739	-0.5	4,086	9.5	3,875	10.6	2,281	-19.6

(Note): Comprehensive income: Fiscal year ended March 31, 2013: 4,885 million yen (95.2 %)
Fiscal year ended March 31, 2012: 2,503 million yen (-25.9%)

	Net income per share	Net income per share after residual equity adjustment	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2013	57.16	56.28	14.3	14.1	16.0
Fiscal year ended March 31, 2012	33.88	33.43	9.3	8.9	11.4

(Reference): Investment gain or loss by equity method: Fiscal year ended March 31, 2013: -- million yen
Fiscal year ended March 31, 2012:-- million yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2013	45,919	31,998	68.6	427.86
Fiscal year ended March 31, 2012	50,757	27,717	53.9	372.21

(Reference): Shareholders' equity: Fiscal year ended March 31, 2013: ¥31,498 million
Fiscal year ended March 31, 2012: ¥27,371 million

(3)Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the term
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2013	1,914	-2,381	303	5,296
Fiscal year ended March 31, 2012	499	-1,915	2,608	5,264

2. State of dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends on equity (consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2012	--	5.00	--	5.00	10.00	699	29.5	2.8
Fiscal year ended March 31, 2013	--	6.00	--	6.00	12.00	883	21.0	3.0
Fiscal year ending March 31, 2014 (forecast)	--	6.00	--	6.00	12.00		27.6	

3. Consolidated business performance forecasts for the fiscal year ending March 31, 2014
(From April 1, 2013 to March 31, 2014)

(Percentage figures denote increases or decreases compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	19,000	-44.8	1,900	-66.3	1,800	-63.9	1,200	-61.7	16.29
Full-year	43,000	-18.6	5,200	-38.4	4,900	-27.9	3,200	-23.9	43.43

*Notes

(1) Important changes in subsidiaries during the fiscal year under review (changes in specified subsidiaries that caused the scope of consolidation to change): yes

Companies added to the scope: 2 companies (names TSUGAMI KOREA Co., Ltd, Shinagawa Precision Machinery (Zhejiang) Co., Ltd.)

Companies removed from the scope: -- companies (names)

(2) Changes in accounting policy and in accounting estimates, and restatements

(i) Changes in accounting policy due to the revision of accounting standards and the like: applied

(ii) Changes in accounting policy other than those stated in item (i) above: none

(iii) Changes in accounting estimates: yes

(iv) Restatements: none

(Note) Starting the first quarter of the fiscal year under review, the Company is applying a new depreciation method. A change in accounting policy can be difficult to distinguish from a change in accounting estimates. For details, please refer to (Changes in Accounting Policy), Changes in accounting policy and in accounting estimates, and restatements on page 16 of the accompanying documents.

(3) Numbers of outstanding shares (common shares)

(i) Numbers of outstanding shares at the end of the terms (including treasury shares):

(ii) Numbers of treasury shares at the end of the terms:

(iii) Average numbers of shares outstanding during the periods:

(i)	March 2013	74,919,379 shares	March 2012	74,919,379 shares
(ii)	March 2013	1,300,070 shares	March 2012	1,382,906 shares
(iii)	March 2013	73,603,377 shares	March 2012	67,323,542 shares

(Reference) Summary of non-consolidated business performance

Non-consolidated business performance for the fiscal year ended March 31, 2013(From April 1, 2012 to March 31, 2013)

(1) Non-consolidated operating results (Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2013	35,852	-4.1	2,461	-23.4	6,914	103.2	5,125	167.4
Fiscal year ended March 31, 2012	37,382	6.4	3,214	17.6	3,403	18.7	1,916	-21.0

	Net income per share	Net income per share after residual equity adjustment
	Yen	Yen
Fiscal year ended March 31, 2013	69.64	68.56
Fiscal year ended March 31, 2012	28.47	28.09

(2)Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 31, 2013	42,090	30,837	72.1	412.08
Fiscal year ended March 31, 2012	45,942	26,367	56.6	353.86

(Reference): Shareholders’ equity: Fiscal year ended March 31, 2013: 30,337 million yen
Fiscal year ended March 31, 2012: 26,021 million yen

* Statement relating to execution status for audit procedures

This summary of financial results falls outside the scope of audit procedures based on the stipulations of the Financial Instruments and Exchange Act. The audit procedures for financial statements based on the stipulations of the Act were not completed at the time this summary was disclosed.

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* Explanations for the appropriate use of business forecasts and other items warranting special mention

The business forecasts presented above are produced on the basis of information accessible on the date of their announcement. Actual performance may differ materially from these forecasts due to underlying uncertainties.

Accompanying Documents

Contents

1. Consolidated Operating Results

(1) Analysis relating to consolidated operating results

(i) Overview of the fiscal year under review

During the consolidated fiscal year under review, the Japanese economy was aided by reconstruction demand after the Great East Japan Earthquake, but uncertainty lingered mainly because of the stronger yen and the prolongation of the European debt crisis. Since the beginning of the year, however, Japan's economy has begun to show some brighter signs such as a correction to the strong yen and a rising stock prices on expectations of financial and economic policy measures.

The machine tool industry remained out of sorts, dragged down by sluggish growth in domestic demand, the slump in Europe and the tardiness of the recovery in China.

In this environment, both net sales and income rose year on year at Tsugami Corporation (the "Company") and its affiliates (the "Group"), thanks to orders associated with reconstruction demand after the Thai flooding and an aggressive approach to the smartphone market.

(ii) Consolidated operating results

Net sales for the fiscal year under review increased 47.8% year on year, to 52,812 million yen.

Net sales in Japan decreased 29.8% year on year, to 7,743 million yen. Exports increased 82.4% year on year, to 45,069 million yen. The export ratio increased from 69.1% for the previous fiscal year, to 85.3%.

A breakdown of net sales by machinery category shows that sales of mainstay automatic lathes increased 21.4% year on year, to 34,034 million yen, sales of grinding machines rose 33.8%, to 3,922 million yen, sales of machining centers fell 19.6%, to 835 million yen, and reflecting increased sales related to smartphones, sales of rolling machines and other specialized machines grew 358.2%, to 13,696 million yen.

Operating income increased 106.7% year on year, to 8,447 million yen. Ordinary income increased 75.5% year on year, to 6,800 million yen and net income increased 84.5% year on year, to 4,207 million yen for the fiscal year under review.

(iii) Forecasts for the next fiscal year

In Japan, business sentiment is expected to improve thanks to positive developments such as the correction to the strong yen and economic stimulus measures. Nonetheless, the outlook is unpredictable, given electricity rate hikes and rising prices of crude oil and raw materials due to a weaker yen. Meanwhile, overseas, the outlook is mixed. Although the North America is on the mend, Europe remains generally weak and China is unlikely to fully recover until the summer. The Group’s forecasts are as follows:

Consolidated business performance forecasts for the fiscal year ending March 31, 2014

(Million yen)

	First half	Full year
Net sales	19,000	43,000
Operating income	1,900	5,200
Ordinary income	1,800	4,900
Net income	1,200	3,200

(2) Analysis relating to the consolidated financial position

(i) State of assets, liabilities and net assets

Assets totaled 45,919 million yen at the end of the fiscal year under review, decreasing 4,837 million yen from the end of the previous fiscal year. The decrease resulted primarily from a decrease of 5,233 million yen in trade notes and accounts receivable.

Liabilities came to 13,920 million yen, down 9,119 million yen from the end of the previous fiscal year. The decline resulted mainly from a fall of 9,744 million yen in trade notes and accounts payable.

Net assets stood at 31,998 million yen at the end of the fiscal year under review, increasing 4,281 million yen from the end of the previous fiscal year. The growth mainly reflected a 3,421 million yen increase in retained earnings.

As a result of the changes stated above, the capital adequacy ratio came to 68.6%, rising 14.7 percentage points from the end of the previous fiscal year.

(ii) State of cash flows

Cash and cash equivalents rose by 31 million yen from the end of the previous fiscal year, to 5,296 million yen at the end of the consolidated fiscal year under review.

(Cash flows from operating activities)

Cash generated through operating activities was 1,914 million yen.

The result principally reflected increases in cash, mainly attributable to income before taxes and other adjustments of 6,671 million yen, 5,866 million yen decrease in trade notes and accounts receivable, 2,006 million yen decrease in inventories and depreciation and amortization expenses of 981 million yen, which offset decrease in cash, a 11,712 million yen decrease in trade notes and accounts payable and 3,151 million yen in corporate and other taxes paid.

(Cash flows from investing activities)

Cash used for investing activities was 2,381 million yen.

The cash outflow was primarily attributable to a decrease in cash that resulted from a 2,238 million yen outlay for the acquisition of tangible fixed assets.

(Cash flows from financing activities)

Cash generated by financing activities was 303 million yen.

The cash inflow resulted mainly from 1,414 million yen increase in short-term borrowings, which offset cash decreases from factors redemptions of corporate bonds of 300 million yen and dividends paid of 809 million yen.

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Capital adequacy ratio	76.0	63.2	60.9	53.9	68.6
Capital adequacy ratio on a market value basis (%)	38.1	129.9	106.6	136.6	86.9
Cash flow/interest-bearing debt ratio (annual)	4.6	1.0	1.3	5.4	2.0
Interest coverage ratio (times)	14.1	109.5	29.6	6.4	24.2

(Notes) Capital adequacy ratio: shareholders' equity/ total assets; capital adequacy ratio on a market value basis: aggregate market value of shares/ total assets; cash flow/interest-bearing debt ratio: interest-bearing debt/ cash flows; interest coverage ratio: cash flows/ interest paid

* Each of these indicators is calculated on the basis of consolidated financial figures.

* Aggregate market value of shares is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares issued at the end of the fiscal year (after treasury stock deduction).

* Cash flows used are cash flows from operating activities stated in the consolidated statements of cash flows. Interest-bearing debt covers all liabilities stated in the consolidated balance sheets for which interest has been paid. Interest paid stated in the consolidated statements of cash flows is used as interest paid.

(3) Basic policy relating to profit distribution, and dividends for the fiscal year under review and the following fiscal year

The Group adopts a basic policy of increasing its collective capabilities and returning profits to shareholders by sustaining aggressive investment in development projects in response to changing social demands and continuing its efforts to enhance competitiveness and streamline management.

Based on this policy, the Group is united in its commitment to strengthening its business structure and achieving stable dividends.

The Group will also deal appropriately with the acquisition of treasury stock for the flexible enforcement of capital policies and other purposes as part of its measures for returning profits to shareholders, based on a comprehensive assessment of factors, including the need, financial conditions and share price trends.

For the consolidated fiscal year ended March 31, 2013, the Company has decided to pay annual dividends of 12 yen per share according to its initial plan, including interim dividends of 6 yen per share and year-end dividends of 6 yen per share.

For the consolidated fiscal year ending March 31, 2014, the Company plans to pay annual dividends of 12 yen per share, including interim dividends of 6 yen per share and year-end dividends of 6 yen per share.

(4) Business and other risks

Risks that may adversely affect the operating results, share prices, financial situation and other aspects of the Group include the following:

(i) Effects of business fluctuations

The machine tool industry is an industry that is susceptible to the effects of business fluctuations. The Group is continuing its efforts to minimize the effects that unexpected market downsizing can have on its performance, by reducing fixed costs and taking other steps in an attempt to maximize management efficiency. Sudden and unexpected changes, however, may affect the Group's production, business performance and financial situation.

(ii) Effects of changes in prices of raw materials

The prices of cast metals and iron and steel products, the main raw materials of products of the Group, are influenced by movements of exchange rates and the international supply-demand situation. Increases in prices of raw materials for those reasons may affect the Group's production, business performance, and financial situation.

(iii) Effects of fluctuations in exchange rates

Each year, overseas sales are accounting for a greater percentage of total sales of the Group's products. Exports by the Group are denominated in yen, and they are not directly influenced by exchange rate fluctuations in principle. A sharp appreciation of the yen, however, prompts agents and users overseas to ask the Group to lower its selling prices for its products. In addition, the risk of an exchange loss attributable to fluctuations in the Chinese Yuan is rising in proportion to the growing weight of production at manufacturing factories in China.

(iv) Effects of overseas operations

A subsidiary in China manufactures and sells machine tools, and the Group sells products and provides after-the-sale services through subsidiaries in Thailand, Germany, and South Korea. Deterioration in political situations and changes in laws and regulations in those countries may affect the Group's production, business performance and financial standing.

(v) Effects of matters relating to quality

The Group is united in its commitment to improving quality, in addition to proactively developing new products and introducing them to markets. Nonetheless, unexpected issues, such as accidents and poor service, may affect the Group's production, business performance and financial conditions should they arise.

(vi) Effects relating to intellectual property rights

To protect its technologies, the Group applies for patents for them and acquires intellectual property rights. However, if other companies infringe on the intellectual property rights of the Group, if the invalidation of intellectual property rights of the Group is sought, or if injunctions against the manufacture and sale of products are filed against the Group in association with infringements of intellectual property rights, then this may affect the Group's production, business performance and financial conditions.

(vii) Effects of the situation

The Group deals with range of industries, including the electronics, information and telecommunications, and automobile industries. The Group pays close attention to the environment and credit risk. However, if the situation of customer, especially those with which the Group conducts large transactions, changes because of amendments to contracts, changes in the business environment, business downturns, or other factors, this may could the Group's production, business performance, and financial situation.

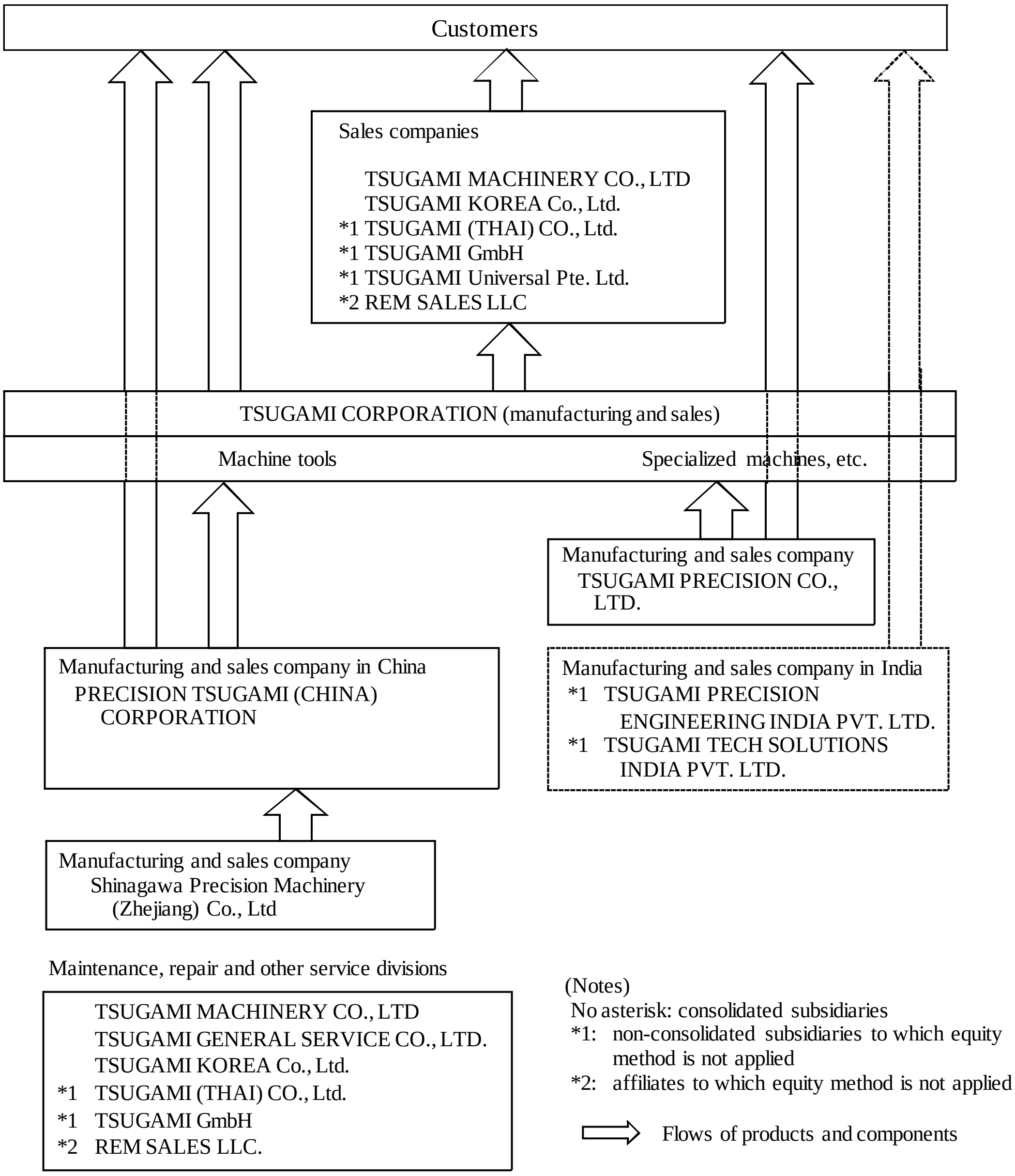
(viii) Effects of natural disasters

The Group has production, selling, and service bases worldwide, and may therefore be affected by disasters that might be caused by a range of phenomena, including natural disasters, computer viruses, and terrorism.

The Group has production bases in Niigata and in China. If large natural disasters, such as earthquakes and floods, should occur, and if as a result the supply of products should become impossible or be delayed, then this may affect the Group's production, business performance and financial situation.

2. Status of the Group

The TSUGAMI Group engages primarily in the manufacture and sales of machine tools and other products, including Automatic lathes, Grinding machines, Machining centers and Rolling machines. The Group undertakes additional business activities, including research on individual companies and other services.
Businesses operated by the Group (the key companies in the Group) are as presented in the following figure.



Note) Manufacturing and sales company, TSUGAMI PRECISION CO., LTD. was taken over by TSUGAMI GENERAL SERVICE CO., LTD. on April 1, 2013.

3. Management Policy

(1) Basic management policy

The Group believes that the basis for its management is anticipating market needs and contributing to society by generating new value through the precision technologies it has accumulated since its foundation. Guided by this basic policy, the Group is striving to offer high-precision, high-speed and high-rigidity products that satisfy the needs of its customers.

(2) Medium- and long-term management strategies

The Group is addressing the following priority issues proactively as its medium- and long-term strategies.

(i) Introduction of new products targeting growth fields

The Group is focused on developing new products that respond fully to customer demands, targeting markets where future growth is expected, including auto parts, which require that ecological and energy-saving needs are met, and small high-precision parts processing in the fields of IT, including sophisticating HDDs and smart phones, telecommunications and medical care.

(ii) Business strategies targeting growth regions

The Group will make further efforts to build up production, sales and after-sales service organizations in markets where investor confidence is high, such as China, Southeast Asia and India, over the medium and long terms.

(iii) Management streamlining and customer satisfaction enhancement

The Group is seeking to unify sales, production and administrative organizations, including those of affiliates, and to streamline management in an attempt to increase its collective capabilities as a corporate group.

The Group will continue to make every effort to offer new products that satisfy customer demands, to expand and upgrade its services, to improve customer satisfaction on a constant basis, and to maintain the trust of its customers.

4. Consolidated financial statements

(1) Consolidated Balance Sheets

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2012)	Figures at the end of the consolidated fiscal year under review (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	5,314	5,467
Trade notes and accounts receivable	*4 10,536	*4 5,303
Products and other commodities	4,275	7,320
Goods in process	6,926	3,471
Raw materials and supplies	7,606	7,572
Deferred tax assets	535	588
Other	1,973	901
Allowance for doubtful accounts	-59	-77
Total current assets	37,108	30,547
Fixed assets		
Tangible fixed assets		
Buildings and structures	7,792	9,303
Accumulated depreciation	-4,236	-4,386
Buildings and structures (net)	3,555	4,917
Machinery, equipment and vehicles	8,563	9,845
Accumulated depreciation	-6,429	-6,327
Machinery, equipment and vehicles (net)	2,134	3,517
Land	581	568
Leased assets	36	36
Accumulated depreciation	-20	-27
Leased assets (net)	15	8
Construction in progress	684	5
Other	914	999
Accumulated depreciation	-651	-693
Other (net)	262	306
Total tangible fixed assets	7,234	9,322
Intangible fixed assets	149	320
Investments and other assets		
Investment securities	*1 4,967	*1 4,787
Investments in affiliates	1,141	755
Long-term loans receivable	1	8
Deferred tax assets	1	1
Other	*3 121	*3 158
Total investments and other assets	6,233	5,710
Total fixed assets	13,616	15,353
Deferred assets		
Stock issuance cost	20	13
Corporate bonds issuance expenses	11	5
Total deferred assets	32	18
Total assets	50,757	45,919

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2012)	Figures at the end of the consolidated fiscal year under review (As of March 31, 2013)
Liabilities		
Current liabilities		
Trade notes and accounts payable	16,503	6,759
Short-term borrowings	2,107	3,619
Corporate bonds due for redemption within one year	300	300
Accrued income tax	1,413	829
Reserve for bonus payment	272	220
Reserve for product warranties	148	292
Other	730	786
Total current liabilities	21,476	12,808
Long-term liabilities		
Corporate bonds	300	--
Deferred tax liabilities	420	316
Reserve for retirement benefits	774	737
Reserve for directors' retirement benefits	12	16
Other	56	41
Total long-term liabilities	1,563	1,112
Total liabilities	23,040	13,920
Net assets		
Shareholders' equity		
Common stock	12,345	12,345
Capital surplus	5,884	5,884
Retained earnings	8,535	11,956
Treasury stock	-499	-471
Total shareholders' equity	26,264	29,714
Accumulated other comprehensive income		
Unrealized gains on marketable securities	1,114	1,092
Deferred gains (losses) on hedges	1	--
Translation adjustments	-9	691
Total accumulated other comprehensive income	1,106	1,783
Subscription rights to shares	345	500
Total net assets	27,717	31,998
Total liabilities and net assets	50,757	45,919

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Million yen)

		Previous consolidated fiscal year (From April 1, 2011 to March 31, 2012)		Consolidated fiscal year under review (From April 1, 2012 to March 31, 2013)
Net sales		35,739		52,812
Cost of sales	*1	27,388	*1	38,113
Gross profit		8,350		14,699
Selling, general and administrative expenses				
Salaries and allowances		1,017		1,203
Provision for reserve for bonus payments		73		60
Retirement benefit expenses		75		75
Provision for reserve for directors' retirement benefits		5		4
Research and development expenses	*2	847	*2	1,502
Insurance premiums		116		149
Provision for allowance for doubtful accounts		--		6
Provision for reserve for product warranties		134		274
Other		1,994		2,975
Total selling, general and administrative expenses		4,264		6,251
Operating income		4,086		8,447
Non-operating income				
Interest received		2		16
Dividends received		47		54
Rent received		4		14
Insurance benefits received		40		38
Other		67		22
Total non-operating income		162		146
Non-operating expenses				
Interest paid		70		81
Loss on sale of trade notes		119		74
Foreign exchange losses		125		1,443
Other		57		194
Total non-operating expenses		373		1,793
Ordinary income		3,875		6,800
Extraordinary income				
Gain on sales of fixed assets	*3	1	*3	1
Gain on sales of investment securities		--		0
Subsidy income		--		50
Total extraordinary income		1		51
Extraordinary expenses				
Loss on retirement of fixed assets	*4	40	*4	77
Loss on sales of fixed assets	*5	2		--
Loss on devaluation of investment securities		10		34
Loss on sales of investment securities		--		4
Impairment loss	*6	10	*6	63
Loss on devaluation of inventories	*1	40		--
Loss on sales of affiliates' stock		4		--
Loss on devaluation of subsidiaries' stock		9		--
Loss on disaster		21		--
Other		0		--
Total extraordinary expenses		138		180
Income before taxes and other adjustments		3,738		6,671
Corporate, inhabitant and enterprise taxes		1,692		2,572
Deferred taxes		-234		-108
Total corporate and other taxes		1,457		2,464
Income before minority interests		2,281		4,207
Minority interests in income		--		--
Net income		2,281		4,207

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Previous consolidated fiscal year (From April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (From April 1, 2012 to March 31, 2013)
Income before minority interests	2,281	4,207
Other comprehensive income		
Unrealized gains on marketable securities	120	-21
Deferred gains (losses) on hedges	-3	-1
Translation adjustments	104	701
Total other comprehensive income	*1 222	*1 677
Comprehensive Income	2,503	4,885
(Breakdown)		
Comprehensive income attributable to the shareholders of the parent company	2,503	4,885
Comprehensive income attributable to minority shareholders	--	--

(3) Consolidated Statements of Changes in Net Assets

(Million yen)

	Previous consolidated fiscal year (From April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
Common stock		
Balance at beginning of the fiscal year	10,599	12,345
Change during the fiscal year		
Issuance of new shares	1,745	--
Total change during the fiscal year	1,745	--
Balance at end of the fiscal year	12,345	12,345
Capital surplus		
Balance at beginning of the fiscal year	4,157	5,884
Change during the fiscal year		
Disposal of treasury stock	-18	--
Issuance of new shares	1,745	--
Total change during the fiscal year	1,726	--
Balance at end of the fiscal year	5,884	5,884
Retained earnings		
Balance at beginning of the fiscal year	6,962	8,535
Change during the fiscal year		
Cash dividends paid	-661	-809
Net income	2,281	4,207
Change of scope of consolidation	--	29
Disposal of treasury stock	-47	-5
Total change during the fiscal year	1,572	3,421
Balance at end of the fiscal year	8,535	11,956
Treasury stock		
Balance at beginning of the fiscal year	-771	-499
Change during the fiscal year		
Purchase of treasury stock	-2	-3
Disposal of treasury stock	274	31
Total change during the fiscal year	272	28
Balance at end of the fiscal year	-499	-471
Total shareholders' equity		
Balance at beginning of the fiscal year	20,947	26,264
Change during the fiscal year		
Issuance of new shares	3,491	--
Cash dividends paid	-661	-809
Net income	2,281	4,207
Change of scope of consolidation	--	29
Purchase of treasury stock	-2	-3
Disposal of treasury stock	208	25
Total change during the fiscal year	5,317	3,449
Balance at end of the fiscal year	26,264	29,714

(Million yen)

	Previous consolidated fiscal year (From April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (From April 1, 2012 to March 31, 2013)
Accumulated other comprehensive income		
Unrealized gains on marketable securities		
Balance at beginning of the fiscal year	993	1,114
Change during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	120	-21
Total change during the fiscal year	120	-21
Balance at end of the fiscal year	1,114	1,092
Deferred gains (losses) on hedges		
Balance at beginning of the fiscal year	5	1
Change during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	-3	-1
Total change during the fiscal year	-3	-1
Balance at end of the fiscal year	1	--
Translation adjustments		
Balance at beginning of the fiscal year	-114	-9
Change during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	104	701
Total change during the fiscal year	104	701
Balance at end of the fiscal year	-9	691
Total accumulated other comprehensive income		
Balance at beginning of the fiscal year	884	1,106
Change during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	222	677
Total change during the fiscal year	222	677
Balance at end of the fiscal year	1,106	1,783
Subscription rights to shares		
Balance at beginning of the fiscal year	290	345
Change during the fiscal year		
Changes in items other than shareholders' equity during the fiscal year (net)	55	154
Total change during the fiscal year	55	154
Balance at end of the fiscal year	345	500
Total net assets		
Balance at beginning of the fiscal year	22,122	27,717
Change during the fiscal year		
Issuance of new shares	3,491	--
Cash dividends paid	-661	-809
Net income	2,281	4,207
Change of scope of consolidation	--	29
Purchase of treasury stock	-2	-3
Disposal of treasury stock	208	25
Changes in items other than shareholders' equity during the fiscal year (net)	277	831
Total change during the fiscal year	5,594	4,281
Balance at end of the fiscal year	27,717	31,998

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated fiscal year (From April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (From April 1, 2012 to March 31, 2013)
Cash flows from operating activities		
Income before taxes and other adjustments	3,738	6,671
Depreciation and amortization expenses	760	981
Loss (gain) on devaluation of investment securities	10	34
Impairment loss	10	63
Subsidy income	--	-50
Increase (decrease) in allowance for doubtful accounts	3	17
Increase (decrease) in reserve for retirement benefits	-18	-37
Increase (decrease) in reserve for product warranties	41	144
Interest and dividends received	-49	-70
Interest paid	70	81
Loss (gain) on sales of investment securities	--	4
Loss on retirement of fixed assets	40	77
Loss (gain) on sales of fixed assets	0	-1
Foreign exchange losses (gains)	8	-447
Decrease (increase) in trade notes and accounts receivable	-2,745	5,866
Loss on devaluation of inventories	40	--
Decrease (increase) in inventories	-8,123	2,006
Decrease (increase) in advance payments	-421	480
Increase (decrease) in trade notes and accounts payable	8,410	-11,712
Decrease (increase) in consumption taxes refund receivable	-683	749
Other	82	163
Sub total	1,175	5,023
Interest and dividends received	49	70
Interest paid	-77	-79
Proceeds from subsidy	--	50
Corporate and other taxes paid	-647	-3,151
Cash flows from operating activities	499	1,914
Cash flows from investing activities		
Payments into time deposits	-60	-387
Refund of time deposits	60	356
Expenditure for acquisition of tangible fixed assets	-1,450	-2,238
Income from disposal of tangible fixed assets	38	10
Expenditure for acquisition of intangible fixed assets	-35	-141
Expenditure for acquisition of investment securities	-1	-1
Income from disposal of investments securities	--	68
Proceeds from transfer of business	--	65
Payment for investment in affiliates	-467	-75
Other	1	-37
Cash flows from investing activities	-1,915	-2,381
Cash flows from financing activities		
Short-term borrowings	3,406	10,919
Repayment of short-term borrowings	-3,406	-9,504
Redemption of corporate bonds	-300	-300
Proceeds from issuance of common stocks	3,469	--
Income from disposal of treasury stock	113	11
Expenditure for acquisition of treasury stock	-2	-3
Dividends paid	-661	-809
Repayments of lease obligations	-10	-10
Cash flows from financing activities	2,608	303
Translation differences for cash and cash equivalents	10	167
Net increase (decrease) in cash and cash equivalents	1,203	3
Cash and cash equivalents at the beginning of the term	4,061	5,264
Increase in cash and cash equivalents from newly consolidated subsidiary	--	27
Cash and cash equivalents at the end of the term	* 5,264	* 5,296

(5) Notes concerning the Consolidated Financial Statements

(Notes relating to the Going Concern Assumption)
No corresponding item exists.

(Important Matters that Become Basis of Presenting Consolidated Financial Statements)

1. Scope of consolidation
(1) Number of consolidated subsidiaries: 6
Names of consolidated subsidiaries
TSUGAMI MACHINERY CO., LTD.
TSUGAMI PRECISION CO., LTD.
TSUGAMI GENERAL SERVICE CO., LTD.
PRECISION TSUGAMI (CHINA) CORPORATION
Shinagawa Precision Machinery (Zhejiang) Co., Ltd.
TSUGAMI KOREA Co., Ltd.
(Important changes in subsidiaries during the fiscal year under review)
Starting the fiscal year under review, TSUGAMI KOREA Co., Ltd. and Shinagawa Precision Machinery (Zhejiang) Co., Ltd., subsidiaries of the Company, are included in the scope of consolidation, because their significance has increased.

(2) Names of non-consolidated subsidiaries:
Non-consolidated subsidiaries:
TSUGAMI (THAI) CO., LTD.
TSUGAMI GmbH
TSUGAMI PRECISION ENGINEERING INDIA PRIVATE LIMITED
TSUGAMI TECH SOLUTIONS INDIA PRIVATE LIMITED
TSUGAMI Universal Pte. Ltd.
(Reason for non-consolidation)
The non-consolidated subsidiaries are small in size, and their total assets, sales, net income or loss (amounts to equivalent to the equity holding) and retained earnings (amounts to equivalent to the equity holding) do not have significant material effect on the consolidated financial statements.

2. Application of equity method
(1) Non-consolidated subsidiaries or affiliates accounted for by the equity method : 0

(2) The non-consolidated subsidiaries (TSUGAMI (THAI) CO., LTD., Tsugami GmbH, TSUGAMI PRECISION ENGINEERING INDIA PRIVATE LIMITED, TSUGAMI TECH SOLUTIONS INDIA PRIVATE LIMITED and TSUGAMI Universal Pte. Ltd.) as well as the affiliate (REM SALES LLC), have little material effect on the consolidated net income or loss and the consolidated retained earnings, and further, have small significance in the Group as a whole. For the above reason, the equity method is not applied on these companies.

3. Matters Concerning Fiscal year of consolidated subsidiaries, etc.
Among the consolidated subsidiaries, the balance sheet date of Precision Tsugami (China) Corporation and Shinagawa Precision Machinery (Zhejiang) Co., Ltd. are December 31.
In preparing the consolidated financial statements, financial statements based on provisional calculations made as of the consolidated closing date were utilized in connection with this company.

4. Matters concerning significant accounting policies
(1) Valuation standard and valuation method of major assets
(i) Securities
Other securities
Securities with fair market value:
Market value method based on the quoted market value on the closing date of the fiscal year(Valuation differences are directly charged or credited to shareholders' equity, and the cost of securities sold is calculated using the moving-average method.)
Securities without fair market value:
Cost accounting method using the moving average method

(ii)Derivatives

Market value method

(iii)Inventories:

Primarily cost accounting method using the moving average method (The values in the consolidated balance sheet were calculated using the book-value write-down method based on the decline of profitability.).

(2) Depreciation and amortization methods used for material depreciable and amortizable assets

(i) Property, plant and equipment (excluding leased assets)

Depreciation is principally computed by the declining-balance method.

However, buildings acquired on or after April 1, 1998, excluding fittings, equipment, and foreign subsidiary, are depreciated on a straight-line basis.

The significant service lives are summarized as follows:

Buildings and structures: 15-38 years

Machinery and transportation vehicle: 9 year

(ii) Intangible fixed assets (excluding leased assets)

Intangible fixed assets are amortized using the straight-line method.

However, software for in-house use is amortized on a straight-line basis over the expected usable period, up to five years.

(iii) Leased assets

Depreciation for leased assets is computed using the straight-line method over the lease terms as service life, assuming no residual value.

Among finance lease transactions other than those that are deemed to transfer the ownership of leased assets to lessees, the lease transactions whose start dates are prior to March 31, 2008, are accounted for by the method for ordinary lease transactions.

(3) Accounting standards for major deferred assets

(i) Stock issuance cost

This is amortized using the straight-line method (3 years).

(ii) Corporate bonds issuance expenses

This is amortized using the straight-line method during the period required for maturity of corporate bonds (5 years).

(4) Accounting standards for significant allowances

(i) Allowance for doubtful accounts

To provide for a loss on doubtful accounts, general allowances are provided using a rate determined by past experience with bad debts. Specific allowances are provided for the estimated amounts considered to be uncollectible after reviewing the individual collectibility of certain doubtful accounts.

(ii) Allowance for employees' bonuses

To provide for the payment of employees' bonuses, the Company and its domestic subsidiaries provide accrued bonuses for employees based on the projected amount for the current consolidated fiscal year.

(iii) Allowance for retirement benefits

To prepare for the payment of employee retirement benefits, the Company and its domestic consolidated subsidiaries provide accrued retirement benefits based on projected benefits obligations and the fair value of pension assets at the current consolidated fiscal year-end.

In addition, any difference arising as a result of the change of accounting standards (2,180 million yen) is expensed equally, mainly over 15 years. Also, any actuarial difference is expensed equally from the fiscal year following its accrual over an average remaining service period (5 years) of employees at the time of the accrual using the straight-line method.

(iv) Allowance for directors' retirement benefits

Certain of the Company's consolidated subsidiaries recorded an allowance for retirement benefits for directors equivalent to the amount payable in accordance with their rules for directors' retirement benefits.

(v) Allowance for product warranties

To provide for expenses for repair cost that arise in the after-sales free-repair warranty period, the Company accrues repair expenses using an amount projected based on the past ratio of repairs.

(5) Accounting standards for translating significant assets or liabilities in foreign currencies into yen

Monetary assets and liabilities denominated in foreign currencies are translated into yen at spot exchange rates at the consolidated closing date. Translation adjustments are accounted for as gains or losses. Assets, liabilities, revenues, and expenses at overseas subsidiaries are translated into yen at spot exchange rates at the consolidated closing date. Translation adjustments are included in "Translation adjustments" in net assets.

(6) Significant hedge accounting method

(i) Hedge accounting method

Deferred hedge accounting was adopted. In addition, a method for translating foreign currency receivables and payables based on yen-value cash flows fixed by forward contracts was adopted for hedging the risk of exchange rate fluctuations in cases where requirements for using the method were fulfilled.

(ii) Hedging instrument and hedged item

Hedge accounting was applied to the following hedging instrument and hedged item during the consolidated fiscal year under review.

Hedging instrument: exchange contracts

Hedged item: foreign currency receivables

(iii) Hedging policy

Hedging was performed within the scope of subject receivables for avoiding the risk of exchange rate fluctuations and establishing profit/loss.

(iv) Method for assessing hedging effectiveness

An assessment of hedging effectiveness is omitted because the hedging instrument and an important requirement for the hedged item are the same and hedging is assumed to completely offset market fluctuations at the point of its launch and in the subsequent period.

(7) Scope of Funds in Consolidated Cash Flow Statements

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less at the date of acquisition that can easily be converted into cash and that have only minor risks of changes in value.

(8)Other important matters for the preparation of consolidated financial statements

Accounting method for consumption taxes

The tax-exclusion method is used for the calculation of consumption tax and local consumption tax.

(Changes in Accounting Policy)

Changes in accounting policy and in accounting estimates, and restatements

A change in accounting policy that is difficult to distinguish from a change in accounting estimates

(Change in depreciation method)

Starting the fiscal year under review, with the revision of the Corporation Tax Act, the Company and its domestic consolidated subsidiaries are depreciating tangible fixed assets acquired on or after April 1, 2012 under the revised Corporation Tax Act.

Because of the change, operating income, ordinary income, and income before taxes and other adjustments for the fiscal year under review each increased 25 million yen compared to the amount calculated by previous method.

(Changes in Method of Presentation)

(Consolidated Statements of Income)

"Rent received" which had been included in "Other " of the Non-operating income in the previous consolidated fiscal year, was posted as a separate item in the consolidated fiscal year under review because of an increase in its importance in terms of the amount. To reflect the change in the method of presentation, the Group changed the consolidated financial statements for the previous consolidated fiscal year.

As a result, "Other" of 72 million yen in the Non-operating income in the Consolidated statements of income for the previous consolidated fiscal year was divided into "Rent received" of 4 million yen and "Other" of 67 million yen.

(Consolidated Statements of Cash Flows)

"Increase (decrease) in reserve for product warranties", "Foreign exchange losses (gains)", "Decrease (increase) in advance payments" and "Decrease (increase) in consumption taxes refund receivable", which had been included in "Other" of the cash flows from operating activities in the previous consolidated fiscal year, were posted as a separate item in the consolidated fiscal year under review because of an increase in its importance in terms of the amount. To reflect the changes in the method of presentation, the Group changed the consolidated financial statements for the previous consolidated fiscal year.

As a result, "Other" of minus 973 million yen in the cash flows from operating activities in the consolidated statements of cash flows for the previous consolidated fiscal year was divided into "Increase (decrease) in reserve for product warranties" of 41 million yen, "Foreign exchange losses (gains)" of 8 million yen, "Decrease (increase) in advance payments" of minus 421 million yen, "Decrease (increase) in consumption taxes refund receivable" of minus 683 million yen and "Other" of 82 million yen.

(Consolidated Balance Sheet)

*1. Shares of non-consolidated subsidiaries and affiliates (Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Investment securities (stocks)	11	11

2. Amount of discount for bills receivable (Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Amount of discount for bills receivable	947	896
Amount of discount for export bills receivable	2,022	2,255

*3.Amount of allowance for doubtful accounts directly subtracted from assets (Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Investments and other assets	119	116

*4. Notes due at the end of the consolidated fiscal year

Notes due at the end of the consolidated fiscal year are settled on the date of clearing. Since the end of the consolidated fiscal year under review fell on a bank holiday, the following notes due at the end of the fiscal year are included in the balance at the end of the fiscal year.

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
Trade notes	11	11
Amount of discount for bills receivable:	49	78

(Consolidated Statement of Income)

*1. Reductions in book value associated with declines in the profitability of inventories owned for ordinary sales

(Million yen)

	Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
Cost of sales	73	-66
Extraordinary expenses	40	--

A loss on devaluation of inventories of 40 million yen posted in extraordinary expenses for the previous consolidated fiscal year was a loss expected to be incurred as a result of the downsizing of the Shinshu Factory and the withdrawal from business in association with an improvement in product efficiency and the concentration of production.

*2.R&D expenses included in selling, general and administrative expenses, and manufacturing cost for the term (Million yen)

Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
847	1,502

*3.Breakdown of gain on sales of fixed assets (Million yen)

	Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
Machinery and equipment	1	1

*4. Breakdown of loss on retirement of fixed assets (Million yen)

	Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
Buildings	29	44
Machinery and equipment	6	33
Others	4	--
Total	40	77

*5. Breakdown of the loss on sales of fixed assets (Million yen)

	Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
Machinery and equipment	2	--

*6. Impairment loss

The Group posted an impairment loss for the group of assets below.

Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)

Location	Use	Type
Saku-shi, Nagano	Idle asset	Land

The Group’s assets are grouped in accordance with the businesses with which the assets are associated.

Since the expected sale value of the assets above, which are planned to be sold, is lower than the book value, the Group reduced the book value to the recoverable amount and posted an impairment loss of 10 million yen in extraordinary expenses. The recoverable amount was measured by the net sale value and was calculated based on the expected sale value.

Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)

Location	Use	Type
Nagaoka-shi, Niigata	Idle asset (Assets planned to be sold)	Land and Building
Saku-shi, Nagano	Idle asset (Company house planned to be demolished)	Building

The Group ’s idle assets are grouped according to each individual asset.

The Group reduced the book value of the assets planned to be sold in Nagaoka-shi, Niigata to the recoverable amount and posted an impairment loss of 28 million yen in extraordinary expenses. The recoverable amount was measured by the net sale value and was calculated based on the assessed value of fixed assets.

Regarding the idle asset in Saku-shi, Nagano, the Group reduced the book value of the building that is planned to be demolished and posted an impairment loss of 35 million yen in extraordinary expenses.

(Consolidated Statements of Comprehensive Income)

*1. Recycling and tax effect relating to other comprehensive income (Million yen)

	Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
Unrealized gains on marketable securities		
Amount arising during fiscal year under review	42	-108
Recycling	10	38
Before tax effect adjustment	53	-69
Tax effect	67	47
Unrealized gains on marketable securities	120	-21
Deferred gains (losses) on hedges		
Amount arising during fiscal year under review	-6	-2
Before tax effect adjustment	-6	-2
Tax effect	2	0
Deferred gains or losses on hedges	-3	-1
Translation adjustments：		
Amount arising during fiscal year under review	104	701
Total other comprehensive income	222	677

(Consolidated Statements of Changes in Net Assets)
Previous consolidated fiscal year (From April 1, 2011 to March 31, 2012)

1. Matters relating to type and number of outstanding shares and treasury stock (Thousand shares)

	Number of shares at the beginning of the current consolidated fiscal year	Increase in shares in the current consolidated fiscal year	Decrease in shares in the current consolidated fiscal year	Number of shares at the end of the current consolidated fiscal year
Outstanding shares				
Common shares (Note)1	68,019	6,900	--	74,919
Total	68,019	6,900	--	74,919
Treasury stock				
Common shares (Note)1,2	2,140	5	763	1,382
Total	2,140	5	763	1,382

(Note) 1. The increase in common shares of outstanding shares of 6,900 thousand shares due to the Issuance of new shares.
2. The increase in common shares of treasury stock of 5 thousand shares due to the purchase of odd-lot shares.
3. The decrease in treasury stock of 763 thousand shares was due to the exercise of stock options.

2. Matters concerning subscription rights to shares and subscription right to shares for treasury stock

Category	Description of subscription rights to shares	Type of shares to be issued under subscription rights to shares	Number of shares to be issued under subscription rights to shares				Outstanding balance at the end of the current consolidated fiscal year (million yen)
			Number of shares at the beginning of the current consolidated fiscal year	Increase in shares in the current consolidated fiscal year	Decrease in shares in the current consolidated fiscal year	Number of shares at the end of the current consolidated fiscal year	
Submitting company (parent company)	Subscription rights to shares as stock options	--	--	--	--	--	345
Total		--	--	--	--	--	345

3. Matters relating to dividends
(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Board of directors meeting held on May 12, 2011	Common shares	329	5.00	March 31, 2011	May 31, 2011
Board of directors meeting held on November 14, 2011	Common shares	331	5.00	September 30, 2011	November 28, 2011

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividend (million yen)	Funds for dividends	Dividend per share (yen)	Record date	Effective date
Board of directors meeting held on May 10, 2012	Common shares	367	Retained earnings	5.00	March 31, 2012	May29, 2012

Consolidated fiscal year under review (From April 1, 2012 to March 31, 2013)

1. Matters relating to type and number of outstanding shares and treasury stock (Thousand shares)

	Number of shares at the beginning of the current consolidated fiscal year	Increase in shares in the current consolidated fiscal year	Decrease in shares in the current consolidated fiscal year	Number of shares at the end of the current consolidated fiscal year
Outstanding shares				
Common shares	74,919	--	--	74,919
Total	74,919	--	--	74,919
Treasury stock				
Common shares	1,382	5	88	1,300
Total	1,382	5	88	1,300

(Notes) 1. The increase in common shares of treasury stock of 5 thousand shares due to the purchase of odd-lot shares.
2. The decrease in treasury stock of 88 thousand shares was due to the exercise of stock options.

2. Matters concerning subscription rights to shares and subscription right to shares for treasury stock

Category	Description of subscription rights to shares	Type of shares to be issued under subscription rights to shares	Number of shares to be issued under subscription rights to shares				Outstanding balance at the end of the current consolidated fiscal year (million yen)
			Number of shares at the beginning of the current consolidated fiscal year	Increase in shares in the current consolidated fiscal year	Decrease in shares in the current consolidated fiscal year	Number of shares at the end of the current consolidated fiscal year	
Submitting company (parent company)	Subscription rights to shares as stock options	--	--	--	--	--	500
Total		--	--	--	--	--	500

3. Matters relating to dividends

(1) Dividends paid

(Resolution)	Type of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Board of directors meeting held on May 10, 2012	Common shares	367	5.00	March 31, 2012	May 29, 2012
Board of directors meeting held on November 14, 2012	Common shares	441	6.00	September 30, 2012	November 28, 2012

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividend (million yen)	Funds for dividends	Dividend per share (yen)	Record date	Effective date
Board of directors meeting held on May 10, 2013	Common shares	441	Retained earnings	6.00	March 31, 2013	May 29, 2013

(Consolidated Statements of Cash Flows)

*Relationship between the ending balance of cash and cash equivalents and the accounts and their amounts on the Consolidated Balance Sheet (Million yen)

	Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
Cash and cash accounts	5,314	5,467
Time deposits with maturity of more than 3 months	-50	-171
Cash and cash equivalents	5,264	5,296

(Segment information)

a. Segment Information

1. Summary of reportable segments

The Company's reportable segments are its constituent units that disclose financial information separately. They fall under the scope of periodic reviews the Company's Board of Directors performs to determine the distribution of its management resources and to assess its operating results.

The Group manufactures and sells machine tools in Japan and abroad. The Group consists of geographic segments based on its manufacturing and sales organizations. The Company's reportable segments are Japan, China and South Korea, which are the areas where Group companies are located.

2. Basis of calculating net sales, income or loss, assets, liabilities and other items by reportable segment

The accounting methods for the reportable segments are the same as those described in "Important Matters that Become Basis of Presenting Consolidated Financial Statements."

Segment income is based on operating income for each reportable segment.

Intersegment revenue and transfers are based on market prices.

3. Information relating to net sales income or loss, assets, liabilities and other items by reportable segment.

Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012) (Million yen)

	Reportable segment				Adjustment (Note) 1 (Note) 2 (Note) 3	Consolidated financial statement amount (Note) 4
	Japan	China	South Korea	Total		
Net sales						
Net sales to external customers	26,161	9,577	--	35,739	--	35,739
Intersegment net sales or transfers to other accounts	11,486	2,399	--	13,886	-13,886	--
Total	37,647	11,977	--	49,625	-13,886	35,739
Segment income	4,307	802	--	5,110	-1,023	4,086
Segment assets	33,436	18,390	--	51,826	-1,069	50,757
Other items Depreciation and amortization	602	158	--	760	0	760
Increases in tangible fixed assets and intangible fixed assets	262	1,340	--	1,602	-30	1,571

(Note)
1. "Adjustment" of segment income of minus 1,023 million yen is the elimination of unrealized income.
2. "Adjustment" of segment assets of minus 1,069 million yen includes Company-wide assets of 9,577 million yen and an effect of intersegment adjustments of minus 10,646 million yen.
   Company-wide assets are primarily assets that do not belong to any reportable segment (cash and deposits and investment securities).
3. "Adjustment" of increases in tangible fixed assets and intangible fixed assets of minus 30 million yen is the effect of intersegment adjustments.
4. Segment income is adjusted in accordance with operating income on the consolidated financial statements.

Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013) (Million yen)

	Reportable segment				Adjustment (Note) 1 (Note) 2 (Note) 3	Consolidated financial statement amount (Note) 4
	Japan	China	South Korea	Total		
Net sales						
Net sales to external customers	23,997	27,833	981	52,812	--	52,812
Intersegment net sales or transfers to other accounts	12,116	4,077	34	16,228	-16,228	--
Total	36,113	31,911	1,015	69,040	-16,228	52,812
Segment income	2,772	5,761	139	8,673	-226	8,447
Segment assets	28,689	20,374	653	49,717	-3,798	45,919
Other items Depreciation and amortization	595	389	4	989	-7	981
Increases in tangible fixed assets and intangible fixed assets	842	1,490	27	2,359	-37	2,322

(Note) 1. “Adjustment” of segment income of minus 226 million yen is the elimination of unrealized income.

2. “Adjustment” of segment assets of minus 3,798 million yen includes Company-wide assets of 6,966 million yen and an effect of intersegment adjustments of minus 10,764 million yen.
Company-wide assets are primarily assets that do not belong to any reportable segment (cash and deposits and investment securities).

3. “Adjustment” of increases in tangible fixed assets and intangible fixed assets of minus 37 million yen is the effect of intersegment adjustments.

4. Segment income is adjusted in accordance with operating income on the consolidated financial statements.

b. Related information

Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)

1. Information by product and service

Not stated because sales of machine tools to external customers exceeded 90% of net sales on the consolidated statements of income.

2. Information by area

(1) Net sales

Not stated because similar information is stated in the segment information.

(2) Tangible fixed assets

Not stated because similar information is stated in the segment information.

3. Information by major customer

Not stated because sales for specific customer less than 10% of net sales on the consolidated statements of income.

Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)

1. Information by product and service

Not stated because sales of machine tools to external customers exceeded 90% of net sales on the consolidated statements of income.

2. Information by area

(1) Net sales

Not stated because similar information is stated in the segment information.

(2) Tangible fixed assets

Not stated because similar information is stated in the segment information.

3. Information by major customer

Name	Net Sales (million yen)	Related Business Segment
Mega Precision Technology Limited	8,848	China

c. Information on impairment loss on fixed assets by reportable segment

Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012) (Million yen)

	Japan	China	South Korea	Corporate or elimination	Total
Impairment loss	10	--	--	--	10

Consolidated fiscal year under review (from April 1, 2012to March 31, 2013) (Million yen)

	Japan	China	South Korea	Corporate or elimination	Total
Impairment loss	63	--	--	--	63

(Related Party information)

Transaction with the Company's directors and major shareholders

Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)

The statement of transactions with related parties is omitted, since the amount did not reach the disclosure standard.

Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)

The statement of transactions with related parties is omitted, since the amount did not reach the disclosure standard.

(Securities)

1. Other securities

Previous consolidated fiscal year (As of March 31, 2012) (Million yen)

	Classification	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Carrying amounts on the consolidated balance sheet exceeding the acquisition cost	(1)Shares	4,685	2,916	1,769
	(2) Corporate bond	--	--	--
	(3)Others	--	--	--
	Subtotal	4,685	2,916	1,769
Carrying amounts on the consolidated balance sheet not exceeding the acquisition cost	(1)Shares	267	310	-42
	(2) Corporate bond	--	--	--
	(3)Others	--	--	--
	Subtotal	267	310	-42
Total		4,953	3,226	1,726

(Note) Since unlisted stocks (whose consolidated balance sheet amount is 2 million yen) have no market prices, and their fair values are very difficult to estimate, they are not included in other securities with market value.

Consolidated fiscal year under review (As of March 31, 2013) (Million yen)

	Classification	Carrying amount on the consolidated balance sheet	Acquisition cost	Difference
Carrying amounts on the consolidated balance sheet exceeding the acquisition cost	(1)Shares	3,931	2,139	1,792
	(2) Corporate bond	--	--	--
	(3)Others	--	--	--
	Subtotal	3,931	2,139	1,792
Carrying amounts on the consolidated balance sheet not exceeding the acquisition cost	(1)Shares	841	976	-135
	(2) Corporate bond	--	--	--
	(3)Others	--	--	--
	Subtotal	841	976	-135
Total		4,773	3,116	1,656

(Note) Since unlisted stocks (whose consolidated balance sheet amount is 2 million yen) have no market prices, and their fair values are very difficult to estimate, they are not included in other securities with market value.

2. Other securities sold during the consolidated fiscal year

Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)

Not applicable.

Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)

Classification	Amount of sale (million yen)	Total profit on sale (million yen)	Total loss on sale (million yen)
Shares	73	0	4

3. Impairment loss of Securities

Impairment losses of 10 million yen are recorded for other securities with market value as of March 31, 2012.

Impairment losses of 34 million yen are recorded for other securities with market value as of March 31, 2013.

If the fair value at the end of the fiscal year declines 50% or more from the acquisition cost, impairment accounting is applied. If the fair value at the end of the fiscal year declines 30% to around 50%, the Company estimates the recoverability of each stock and determines whether impairment accounting is needed or not.

(Pension and Severance Cost)

1. Outline of retirement and severance benefits plans adopted by the companies

The retirement benefits systems of the Group consist of a retirement lump-sum grant system and a defined benefit corporate pension system. The Company and some of its domestic consolidated subsidiaries made a switch from a qualified pension system to a defined benefit corporate pension system with the enforcement of the Defined-Benefit Corporate Pension Act in January 2010.

2. Projected benefit obligations and their breakdowns (Million yen)

	Previous consolidated fiscal year (As of March 31, 2012)	Consolidated fiscal year under review (As of March 31, 2013)
(1) Projected benefit obligations	-2,193	-2,247
(2) Pension assets	944	1,108
(3) Unfunded obligations for retirement and severance benefits(1)＋(2)	-1,249	-1,138
(4) Unsettled difference at change of accounting principle	417	278
(5) Unrecognized actuarial gain or loss	56	123
(6) Unrecognized prior service cost	--	--
(7) Net accrued retirement benefits reflected in consolidated balance sheets(3)＋(4)＋(5)＋(6)	-774	-736
(8) Prepaid pension cost	--	--
(9) Allowance for retirement benefits (7)－(8)	-774	-737

(Note) Some of consolidated subsidiaries with retirement benefits systems use the simplified method to calculate projected benefit obligations.

3. Breakdown of retirement benefit expenses (Million yen)

	Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
Retirement benefit expenses	283	284
(1) Service cost	107	106
(2) Interest cost	32	32
(3) Expected return on pension assets	-16	-18
(4) Unsettled difference at change of accounting principle	139	139
(5) Recognized actuarial gain or loss	20	25
(6) Others	--	--

(Note) Net retirement benefit costs of consolidated subsidiaries using the simplified method are accounted for as (1) “Service costs.”

4. Matters relating to the basis of calculation for projected benefit obligations

(1) Periodic allocation method for projected benefits

Periodic straight-line base

(2) Discount rates(%)

Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
1.5	1.5

(3) Expected return on assets (%)

Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
2.0	2.0

(4) Method and years during which an actuarial gain or loss is amortized

5 years (any actuarial difference is expensed equally from the fiscal year following its accrual over an average remaining service period of employees at the time of the accrual using the straight-line method.

(5) Years during which unsettled differences at change of accounting principles were accounted for

15 years

(Per Share information)

	Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
Net assets per share	372.21 yen	427.86 yen
Net income per share	33.88 yen	57.16 yen
Net income per share after residual equity adjustment	33.43 yen	56.28 yen

(Note) The bases for the calculation of net income per share and net income per share after residual equity adjustment are as follows.

	Previous consolidated fiscal year (from April 1, 2011 to March 31, 2012)	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)
Net income per share		
Net income (million yen)	2,281	4,207
Net income that does not belong to common shareholders (million yen)	--	--
Net income on common shares (million yen)	2,281	4,207
Average number of shares during the period (thousand shares)	67,323	73,603
Net income per share after residual equity adjustment		
Adjustment in net income (million yen)	--	--
Increase in common shares (thousand shares)	909	1,163
(Stock option) (thousand shares)	(909)	(1,163)
Summary of residual shares not included in the calculation of net income per share after residual equity adjustment because of no dilutive effect	Stock options granted on the basis of a resolution at the annual shareholders meeting held on June 18, 2010 (Number of shares: 350,000)	
	Stock options granted on the basis of a resolution at the annual shareholders meeting held on June 17, 2011 (Number of shares: 350,000)	

(Important post-balance sheet events)

No corresponding event occurred.

Notes relating to lease transactions, financial instruments, tax effect accounting, derivatives trading, stock options, business combination, rental properties and asset retirement obligations- are omitted because the need to disclose such information with this summary of financial results is deemed to be small.

5. Other

(1) Supplementary Information

(i) Overseas net sales

Consolidated fiscal year under review(from April 1, 2012 to March 31, 2013) (Million yen)

	Asia	America	Europe	Total
I Overseas net sales	39,734	3,452	1,883	45,069
II Consolidated net sales				52,812
III Ratio of overseas net sales to consolidated net sales (%)	75.2	6.5	3.6	85.3

(Notes) 1. National or regional classifications are based on geographic proximity.

2. Major countries or regions in each classification

(1) Asia China, Thailand, South Korea, Singapore, the Philippines, and India

(2) America the United States and Mexico

(3) Europe Switzerland, Germany, France and Italy

3. Overseas net sales refer to net sales achieved by the Company and its consolidated subsidiaries in countries or regions other than Japan.

(ii) Net sales by machinery category (Million yen)

	Consolidated fiscal year under review (from April 1, 2012 to March 31, 2013)		Previous consolidated fiscal year (from April 1, 2011to March 31, 2012)		Year-on-year change	
Automatic lathes	34,034	% 64.5	28,030	% 78.4	6,004	% 21.4
Grinding machines	3,922	7.4	2,932	8.2	990	33.8
Machining centers	835	1.6	1,039	2.9	-203	-19.6
Rolling machines and specialized machines	13,696	25.9	2,989	8.4	10,707	358.2
Other	323	0.6	747	2.1	-424	-56.7
Total	52,812	100.0	35,739	100.0	17,073	47.8
(Overseas net sales)	(45,069)	(85.3)	(24,703)	(69.1)	(20,366)	(82.4)

(2) Changes in Directors (scheduled to take effect on June 21, 2013)

- New director candidate
  Director: Toshio Honma (currently Standing Auditor)
  (Note) Mr. Toshio Honma plans to become Representative director, COO
  Shigeru Nishiyama (former President and COO of HORAI Co., Ltd.)
  (Note) Mr. Shigeru Nishiyama is candidate for an outside director

- New statutory auditor candidate
  Statutory auditor: Kenji Yamada (currently Director)
  (Note) Mr. Kenji Yamada plans to become standing statutory auditor.

- Reserve statutory auditor candidate
  Reserve statutory auditor:
  Toshikazu Oyanagi (currently Senior Executive Officer, General Affairs)

- Director scheduled to retire from the post
  Director: Yoshihiro Miura (currently Director, COO, Administration Division)
  Kenji Yamada (currently Director)
  (Note) Mr. Kenji Yamada is an outside director.

- Auditors scheduled to retire from the post
  Auditor: Toshio Honma (currently Standing Auditor)