

Stock Information (as of March 31, 2014)

Authorized shares 320,000,000 shares
 Issued shares 74,919,379 shares
 Number of shareholders 10,042

Major shareholders (Top 10)

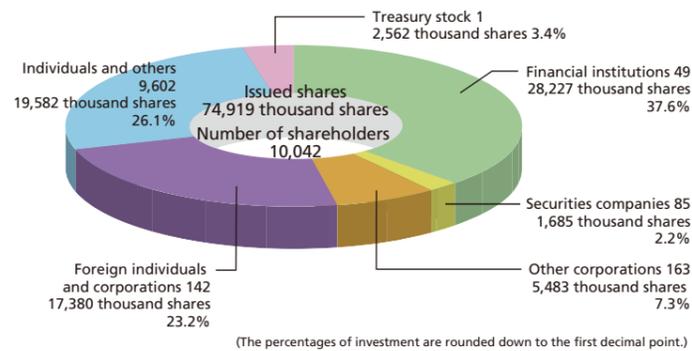
Shareholders	Investment in the Company	
	Number of shares held Thousands	Ownership ratio %
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	4,592	6.12
The Master Trust Bank of Japan, Ltd. (Trust account)	4,400	5.87
Japan Trustee Services Bank, Ltd. (Trust account)	4,099	5.47
Goldman Sachs International	2,480	3.31
The Dai-ichi Life Insurance Company, Limited	2,100	2.80
DMG MORI SEIKI Co., Ltd.	2,000	2.66
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	1,883	2.51
Sumitomo Mitsui Banking Corporation	1,516	2.02
The Hokuetsu Bank, Ltd.	1,484	1.98
The Bank of New York JASDEC Treaty Account	1,404	1.87

Notes: 1. The figures for ownership ratio are rounded to the second decimal place.
 2. The 4,592 thousand shares held by Mizuho Trust & Banking Co., Ltd. (employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.) are held in a pension trust account for Tokyo Seimitsu, which reserves the right to give instructions on how to exercise voting rights for these shares.
 3. There are 2,562 thousand shares of treasury stock listed in the shareholders' register other than the shares listed in the table above.

Corporate Data (as of March 31, 2014)

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 441
 Directors and Auditors (as of June 20, 2014)
 Representative Director, Chairman and CEO Takao Nishijima
 Representative Director and COO Toshio Honma
 Representative Director and COO Kiyoshi Tauchi
 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 Hideo Teramoto
 Outside Statutory Auditor Ryuichi Kimura
 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 GmbH (GERMANY)
 TSUGAMI KOREA CO., LTD.
 TSUGAMI PRECISION ENGINEERING INDIA PVT., LTD.
 TSUGAMII TECH SOLUTIONS INDIA PVT., LTD.
 TSUGAMI Universal Pte. Ltd. (SINGAPORE)

Shareholders composition by type



Shareholders Information

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

Notice

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

To Our Shareholders

Business Report for Fiscal Year 2013
 (April 1, 2013 to March 31, 2014)

TSUGAMI CORPORATION

I am pleased to report our results for fiscal 2013, ended March 31, 2014.

During the consolidated fiscal year under review, the Japanese economy began to show signs of recovery, primarily reflecting a weaker yen and economic and monetary policies by the government and the Bank of Japan.

The machine tool industry remained generally out of sorts given the slow recovery in the Chinese market, despite upward momentum in the Japanese market, although from a low level, and a moderate recovery trend in the United States and Europe.

In this environment, net sales declined year on year at TSUGAMI Corporation (the "Company") and its affiliates (the "Group"), mainly because of the absence of reconstruction demand from the flooding in Thailand and the postponement of information and technology-related demand to the next fiscal year, although the Group sought to develop customers by launching new products. In addition to smaller sales, income also decreased year on year, mainly attributable to rising costs of sales due to the weaker yen and a tax burden for the stock transfer associated with preparation for the listing of a local subsidiary in China.

Consolidated net sales for the fiscal year under review declined 39.0% year on year, to 32,225 million yen.

Domestic sales declined 4.9% year on year, to 7,360 million yen, and overseas sales decreased 44.8% year on year, to 24,865 million yen. As a result, the overseas sales ratio fell from 85.3% in the previous fiscal year, to 77.2%.

A breakdown of net sales by machinery category shows that sales of mainstay automatic lathes declined 24.1% year on year, to 25,819 million yen, sales of grinding machines fell 18.7%, to 3,187 million yen, sales of machining centers rose 80.4%, to 1,507 million yen, and reflecting the fall in information and technology-related sales, sales of rolling machines and other specialized machines declined 90.0%, to 1,376 million yen.

As a result of the changes described above, consolidated operating income declined 86.0% year on year, to 1,184 million yen. Consolidated ordinary income fell 71.6% year on year, to 1,932 million yen and consolidated net income was down 91.8% year on year, to 344 million yen.

For the consolidated fiscal year ended March 31, 2014, the Company has decided 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.

For the consolidated fiscal year ending March 31, 2015, 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.

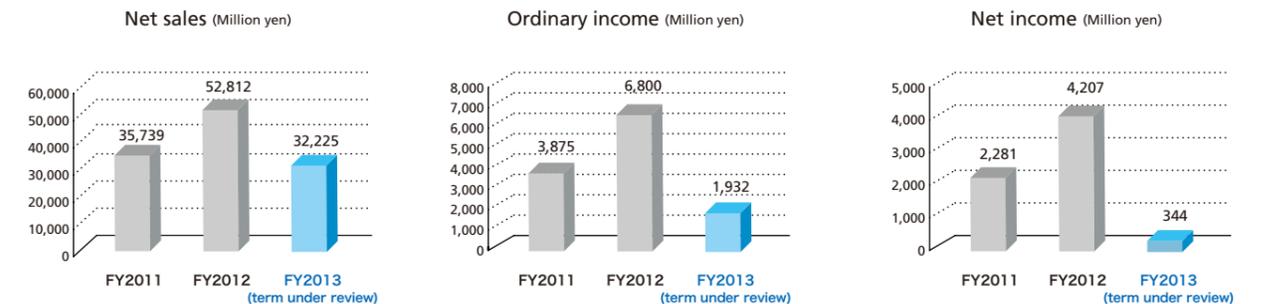
The Group remains committed to consistently enhancing its business performance through higher sales, improved production efficiency and cost cutting, and offering new products that fully meet customer requirements, while enriching the services it provides. Aiming to enhance customer satisfaction, we will devote all of our efforts to management, which can be trusted by our customers.

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

June 2014

Takao Nishijima Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2011		FY2012		FY2013	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales (Million yen)	35,739	37,382	52,812	35,852	32,225	29,491
Ordinary income (Million yen)	3,875	3,403	6,800	6,914	1,932	1,330
Net income (Million yen)	2,281	1,916	4,207	5,125	344	- 70
Net income per share (Yen)	33.88	28.47	57.16	69.64	4.72	- 0.97
Total assets (Million yen)	50,757	45,942	45,919	42,090	52,250	41,800
Net assets (Million yen)	27,717	26,367	31,998	30,837	31,587	29,692
Net assets per share (Yen)	372.21	353.86	427.86	412.08	428.18	401.99

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

Consolidated Financial Statements

Consolidated balance sheets

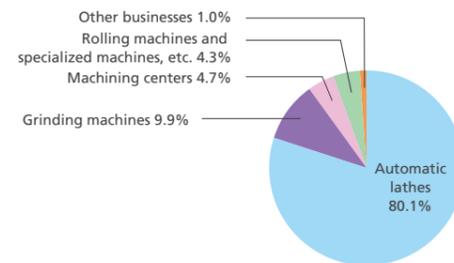
Item	(Million yen)	
	FY2013 (March 31, 2014)	FY2012 (March 31, 2013)
Assets		
Current assets	35,953	30,547
Cash and deposits	6,227	5,467
Trade notes and accounts receivable	6,686	5,303
Inventories	20,958	18,364
Other current assets	2,080	1,412
Fixed assets	16,290	15,353
Tangible fixed assets	10,420	9,322
Buildings, machinery, equipment and vehicles	9,074	8,443
Land	564	568
Other tangible fixed assets	781	311
Intangible fixed assets	328	320
Investments and other assets	5,541	5,710
Deferred assets	5	18
Total assets	52,250	45,919
Liabilities		
Current liabilities	19,316	12,808
Trade notes and accounts payable	10,630	6,759
Short-term borrowings	6,075	3,619
Corporate bonds due for redemption within one year	-	300
Accrued income tax	1,113	829
Other current liabilities	1,498	1,299
Long-term liabilities	1,346	1,112
Net defined benefit liability	946	-
Other long-term liabilities	400	1,112
Total liabilities	20,663	13,920
Net assets		
Shareholders' equity	28,579	29,714
Common stock	12,345	12,345
Capital surplus	5,889	5,884
Retained earnings	11,424	11,956
Treasury stock	-1,079	-471
Accumulated other comprehensive income	2,401	1,783
Unrealized gains on marketable securities	1,391	1,092
Translation adjustments	1,134	691
Remeasurements of defined benefit plans	-123	-
Subscription rights to shares	605	500
Total net assets	31,587	31,998
Total liabilities and net assets	52,250	45,919

Consolidated statements of income

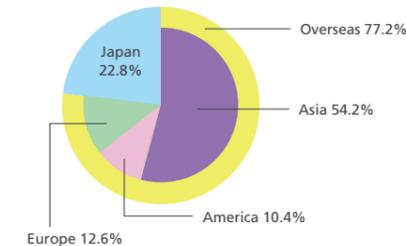
Item	(Million yen)	
	FY2013 Year ended March 31, 2014	FY2012 Year ended March 31, 2013
Net sales	32,225	52,812
Cost of sales	25,122	38,113
Gross profit	7,102	14,699
Selling, general and administrative expenses	5,918	6,251
Operating income	1,184	8,447
Non-operating income	1,131	146
Non-operating expenses	383	1,793
Ordinary income	1,932	6,800
Extraordinary income	232	51
Extraordinary expenses	320	180
Income before taxes and other adjustments	1,845	6,671
Corporate, inhabitant and enterprise taxes	1,462	2,572
Deferred taxes	38	-108
Net income	344	4,207

Sales breakdown (Consolidated)

Sales breakdown by product (FY2013)



Sales breakdown by region (FY2013)



Consolidated statements of changes in net assets

	(Million yen)										
	Shareholders' equity					Accumulated other comprehensive income				Subscription rights to shares	Total net assets
Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity	Unrealized gains on marketable securities	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2013	12,345	5,884	11,956	-471	29,714	1,092	691	-	1,783	500	31,998
Changes during the period											
Cash dividends paid			-876		-876						-876
Net income			344		344						344
Purchase of treasury stock				-697	-697						-697
Disposal of treasury stock		5		88	94						94
Changes in items other than shareholders' equity						299	442	-123	618	105	723
Total changes during the period	-	5	-531	-608	-1,134	299	442	-123	618	105	-411
Balance as of March 31, 2014	12,345	5,889	11,424	-1,079	28,579	1,391	1,134	-123	2,401	605	31,587

Releasing New Products to the Market

CNC Lathe M06JC

CNC Lathe M06JC was launched as a space-saving basic machine for turning, drilling and boring.

- Compact machine width 1,165 mm. Improve productivity by arranging plural machines adjacently
- Height 1,400 mm. Easy supervision of factory by the low height machine
- Realizes heavy-duty machining by a rigid basic structure.
- Realizes high-accuracy machining by the thermal displacement compensation
- Safety set up by interference prevention function at debug mode.
- Minimizes the damage to the machine with the retraction function by an abnormal load detection.



CNC Lathe M06D/M08D

CNC Lathe M06D/M08D enabling complex machining with live tools was launched.

- Milling tools can be mounted in all the positions of the 12-station turret.
- Enables complex machining such as turning, drilling, boring, cross-drilling and milling.
- High accuracy machining by using built-in motor on main spindle.
- Realizes heavy-duty machining by rigid basic structure.
- Realizes high-accuracy machining by the thermal displacement compensation.
- Safety set up by interference prevention function at debug mode.
- Minimize the damage to the machine with the retraction function by an abnormal load detection.



CNC Lathe M06SD/M08SD

CNC Lathe M06SD/M08SD enabling complex machining with back spindle and live tools was launched.

- Cutting-off side can be machined with back spindle, and secondary machining is unnecessary.
- Enables complex machining such as turning, drilling, boring, cross-drilling and milling.
- Milling tools can be mounted in all the positions of the 12-station turret.
- High accuracy machining by using built-in motor on main spindle and back spindle.
- Realizes heavy-duty machining by rigid basic structure.
- Realizes high-accuracy machining by the thermal displacement compensation.
- Safety set up by interference prevention function at debug mode.
- Minimizes the damage to the machine with the retraction function by an abnormal load detection.



Participated Exhibitions

We actively developed new business partners.

We set up a booth at the Mechatronics Technology Japan 2013 held in Nagoya (Port Messe Nagoya) for four days from October 23, 2013.

Many users and dealers visited the fair, and we were able to hold productive discussions to expand our market further in the Chubu area.



Mechatronics Technology Japan 2013