



September 29, 2016

For Immediate Release

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Notice of Transfer of Non-current Assets

TSUGAMI CORPORATION (“TSUGAMI”) announced today that the transfer of non-current assets was resolved at a meeting of the Board of Directors held today. Details are as follows:

1. Reasons for transfer

The idle non-current assets will be transferred to improve the asset efficiency and reinforce the financial structure.

2. Description of the assets to be transferred

Name and address of the assets	Capital gain	Current state
(Shinshu Factory) 3400-1, Aza, Nishiosegitemae, Oaza, Nakagomi, Saku, Nagano and others Land: 64,685.98 m ² , building: 18,645.41 m ²	892 million yen	Nonoperating

The capital gain indicates the amount after the book value is deducted from the transfer price.

The transfer price will not be announced because of the agreement held with the transferee.

3. Outline of the transferee

Trade Name:	CITIZEN MACHINERY CO., LTD. (“CITIZEN MACHINERY”)
Location of Office:	4107-6 Miyota, Miyota-machi, Kitasaku-gun, Nagano
Capital Amount:	2,651 million yen
Business Description:	Development, manufacturing and sales of CNC lathes
Relationship between TSUGAMI and the transferee:	No capital or personal relationships exist between TSUGAMI and CITIZEN MACHINERY. In addition, CITIZEN MACHINERY is not a related party of TSUGAMI.

4. Schedule for transfer

Resolution of the Board of Directors: September 29, 2016

Date of execution of the agreement: September 30, 2016 (scheduled)

Date of delivery of the assets: December 15, 2016 (scheduled)

5. Future outlook

Following the transfer of the non-current assets described above, extraordinary income will be recorded for the third quarter of the fiscal year ending March 2017. For the business performance forecasts for the fiscal year ending March 2017 (on a full-year basis) announced on May 12, 2016, a thorough examination of the business performance estimates for the current second quarter (for the first six months) and the impact of other factors is currently being conducted. If there is a need to revise the business performance forecasts, notice regarding the revision will be issued promptly.