

Summary of Financial Results for the First half of the Fiscal Year Ending March 31, 2018

November 13, 2017

TSUGAMI CORPORATION

Stock code: 6101

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Scheduled quarterly report submission date: November 14, 2017

Scheduled date of commencement of dividend payments: November 30, 2017

Quarterly results supplementary briefing materials to be created: Yes

Quarterly results investors meeting to be held: Yes (for institutional investors and analysts)

1. Consolidated business performance for the first half of the fiscal year ending March 31, 2018

(From April 1, 2017 to September 30, 2017)

(Figures are rounded down to the nearest one million yen.)

(1) Consolidated operating results (cumulative totals)

(Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
H1 of the fiscal year ending March 31, 2018	27,376	48.8	3,347	130.5	2,966	180.4	2,296	214.6
H1 of the fiscal year ended March 31, 2017	18,401	-13.0	1,452	9.9	1,057	24.7	730	7.4

(Note): Comprehensive income: H1 of the fiscal year ending March 31, 2018: ¥3,272 million (-- %)

H1 of the fiscal year ended March 31, 2017: ¥-252 million (-- %)

	Net income per share	Net income per share after residual equity adjustment
	Yen	Yen
H1 of the fiscal year ending March 31, 2018	39.62	38.62
H1 of the fiscal year ended March 31, 2017	11.39	11.12

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
H1 of the fiscal year ending March 31, 2018	58,041	36,681	(Note) 54.7	572.40
Fiscal year ended March 31, 2017	50,127	31,462	61.1	510.43

(Reference): Shareholders' equity: H1 of the fiscal year ending March 31, 2018: ¥31,722 million

Fiscal year ended March 31, 2017: ¥30,620 million

(Note) Capital adequacy ratio before non-controlling interest (Precision Tsugami (China) Co., Ltd.) is 61.9%

2. State of dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	--	8.00	--	8.00	16.00
Fiscal year ending March 31, 2018	--	9.00			
Fiscal year ending March 31, 2018 (forecast)			--	9.00	18.00

(Note) Revision of dividend forecasts from the latest announcement: none

3. Consolidated business performance forecasts for the fiscal year ending March 31, 2018

(From April 1, 2017 to March 31, 2018)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	52,000	26.7	6,000	94.6	5,600	96.6	3,600	36.8	64.39

(Note) Revision of consolidated business performance forecasts from the latest announcement: yes

*Notes

(1) Important changes in subsidiaries during the first half under review

(changes in specified subsidiaries that caused the scope of consolidation to change): none

Companies added to the scope: -- companies (names)

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

(2) Application of peculiar accounting treatment for quarterly consolidated financial statements: none

(3) 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: none

(ii) Changes in accounting policy other than those stated in item (i) above: applied

(iii) Changes in accounting estimates: applied

(iv) Restatements: none

(Note) The depreciation method was changed effective from the fiscal year ending March 31, 2018, which is applied to “Changes in accounting policies which are difficult to distinguish from changes in accounting estimates.” For details, please refer to [2. Quarterly Consolidated Financial Statements and Significant Notes, (4) Notes relating to the Quarterly Consolidated Financial Statements (Changes in accounting policy)] on page 9 of the accompanying documents.

(4) Numbers of outstanding shares (common shares)

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

H1 of FY2017	64,919,379 shares	FY2016	64,919,379 shares
H1 of FY2017	9,498,197 shares	FY2016	4,930,207 shares
H1 of FY2017	57,970,721 shares	H1 of FY2016	64,102,304 shares

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

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

* This quarterly financial summary falls outside the scope of quarterly reviews.

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

The forward-looking statements, including business forecasts, included in this document are based on information available on the date of announcement and certain assumptions we consider reasonable. Actual performance may differ materially from the statements due to a range of factors. For assumptions for business forecasts and notes on the use of business forecasts, please refer to “Information Relating to Consolidated Business Performance Forecasts” on page 3 of the accompanying documents of this summary of financial results for the first half.

Accompanying Documents

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1. Qualitative Information Relating to Consolidated Quarterly Results, Etc.

(1) Information Relating to Consolidated Operating Results

During the first half under review, the Japanese economy remained on a path of gradual recovery amid improving corporate earnings and employment. In the machine tool industry, the domestic market, European and the U.S. markets and the Chinese market also remained generally steady.

In this environment, net sales in the first half under review increased 48.8% year on year, to ¥27,376 million, operating income increased 130.5% year on year, to ¥3,347 million, ordinary income rose 180.4% year on year, to ¥2,966 million and net income attributable to owners of parent increased 214.6% year on year, to ¥2,296 million.

(2) Information Relating to the Consolidated Financial Position

(i) State of assets, liabilities and net assets

Assets totaled ¥58,041 million at the end of the first half under review, increasing ¥7,913 million from the end of the previous fiscal year. The increase resulted primarily from increases of ¥5,770 million in cash and deposit, ¥337 million in trade notes and accounts receivable, ¥954 million in inventories, ¥499 million in property, plant and equipment and ¥646 million in investment securities, which offset decreases of ¥202 million in consumption taxes receivable and ¥213 million in investments in capital of subsidiaries and associates.

Liabilities came to ¥21,359 million, up ¥2,694 million from the end of the previous fiscal year. The result was mainly attributable to an increase of ¥2,756 million in trade notes and accounts payable.

Net assets stood at ¥36,681 million at the end of the first half under review, increasing ¥5,219 million from the end of the previous fiscal year. The increase mainly reflected increases of ¥2,296 million in retained earnings resulting from net income attributable to owners of the parent and ¥769 million in other comprehensive income, as well as increases of ¥2,487 million in capital surplus and ¥4,184 million in non-controlling interests as a result of the issuance of new shares associated with the listing of a consolidated subsidiary on the Stock Exchange of Hong Kong Limited and the secondary offering of some of its shares owned by the parent company, which offset decreases of ¥479 million in retained earnings due to the payment of dividends and ¥3,948 million mainly due to the purchase of treasury stock.

As a result of the changes stated above, the capital adequacy ratio came to 54.7%, declining 6.4 percentage points from the end of the previous fiscal year due to the effect of excluding non-controlling interests of ¥4,184 million from the calculation of shareholders' equity, although net assets increased from the end of the previous fiscal year. Including the non-controlling interests in shareholders' equity, the capital adequacy ratio improves to 61.9%.

(ii) State of cash flows during the half under review

Cash and cash equivalents amounted to ¥10,333 million at the end of the first half under review, increasing ¥5,772 million from the end of the previous fiscal year. A description of each cash flow during the first half was as follows:

(Cash flows from operating activities)

Cash generated by operating activities was ¥5,286 million.

The result principally reflected increases in cash, including a net income before taxes and other adjustments of ¥3,112 million, depreciation and amortization expenses of ¥466 million, ¥202 million decrease in consumption taxes receivable, ¥2,511 million increase in trade notes and accounts payable which offset decrease in cash, such as a ¥692 million increase in inventories and ¥803 million in corporate and other taxes paid.

(Cash flows from investing activities)

Cash generated by investing activities was ¥75 million.

The cash inflow was primarily attributable to increase in cash, ¥183 million from sale of investment securities and ¥152 million from collection of investments in capital offsetting ¥251 million outlay for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash generated by financing activities was ¥339 million.

The cash inflow resulted mainly from an increase in cash due to the issuance of new shares of ¥4,530 million associated with the listing of a consolidated subsidiary on the Stock Exchange of Hong Kong and the secondary offering of some of its shares worth ¥2,288 million owned by the parent company, as well as a decrease in cash due to the repayment of short-term loans payable of ¥1,763 million, the purchase of treasury stock of ¥4,270 million and cash dividends paid of ¥479 million.

(3) Information Relating to Consolidated Business Performance Forecasts

The consolidated business performance forecasts for the fiscal year ending March 31, 2018 have been revised based on the results in the first half under review. For details, please refer to the Notice of Revisions to Business Performance Forecasts published on November 13, 2017.

We plan to pay annual dividends of ¥18 per share, consisting of interim dividends of ¥9 per share and year-end dividends of ¥9 per share, for the fiscal year ending March 31, 2018, given that orders and sales have been generally increasing both in Japan and overseas and that a business foundation unaffected by special demand has been built, thanks to the contribution of new products the Company has been launching for the machining of automobile parts.

2. Quarterly Consolidated Financial Statements and Significant Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2017)	Figures at the end of the consolidated first half under review (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	4,666	10,437
Trade notes and accounts receivable	9,846	10,183
Merchandise and finished goods	7,108	8,009
Work in process	3,756	4,479
Raw materials and supplies	5,249	4,580
Consumption taxes receivable	718	515
Deferred tax assets	488	535
Other	676	611
Allowance for doubtful accounts	-41	-59
Total current assets	32,468	39,292
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,636	4,970
Machinery, equipment and vehicles, net	2,874	3,021
Land	450	451
Leased assets, net	17	13
Construction in progress	0	2
Other, net	217	236
Total property, plant and equipment	8,196	8,695
Intangible assets	649	663
Investments and other assets		
Investment securities	7,157	7,804
Shares of subsidiaries and associates	11	11
Investments in capital of subsidiaries and associates	915	702
Long-term loans receivable	593	589
Deferred tax assets	2	6
Other	131	274
Total investments and other assets	8,813	9,389
Total non-current assets	17,659	18,748
Total assets	50,127	58,041

(Million yen)

	Figures at the end of the previous consolidated fiscal year (As of March 31, 2017)	Figures at the end of the consolidated first half under review (As of September 30, 2017)
Liabilities		
Current liabilities		
Trade notes and accounts payable	9,606	12,362
Short-term loans payable	4,183	2,600
Income taxes payable	525	885
Advances received	905	897
Provision for bonuses	232	304
Provision for product warranties	322	367
Other	986	1,752
Total current liabilities	16,762	19,170
Non-current liabilities		
Deferred tax liabilities	1,125	1,407
Provision for directors' retirement benefits	22	20
Net defined benefit liability	718	729
Other	36	31
Total non-current liabilities	1,902	2,188
Total liabilities	18,665	21,359
Net assets		
Shareholders' equity		
Capital stock	12,345	12,345
Capital surplus	478	2,943
Retained earnings	17,250	19,067
Treasury stock	-2,986	-6,935
Total shareholders' equity	27,087	27,420
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,308	3,827
Foreign currency translation adjustment	329	565
Remeasurements of defined benefit plans	-104	-90
Total accumulated other comprehensive income	3,533	4,302
Subscription rights to shares	842	774
Non-controlling interests	-	4,184
Total net assets	31,462	36,681
Total liabilities and net assets	50,127	58,041

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

(Million yen)

	Consolidated first half previous year (From April 1, 2016 to September 30, 2016)	Consolidated first half under review (From April 1, 2017 to September 30, 2017)
Net sales	18,401	27,376
Cost of sales	13,836	20,246
Gross profit	4,565	7,129
Selling, general and administrative expenses		
Salaries and allowances	765	864
Provision of allowance for doubtful accounts	--	18
Provision for bonuses	48	108
Retirement benefit expenses	25	28
Provision for directors' retirement benefits	2	1
Research and development expenses	655	733
Insurance expenses	79	84
Provision for product warranties	182	261
Other	1,353	1,682
Total selling, general and administrative expenses	3,112	3,782
Operating income	1,452	3,347
Non-operating income		
Interest income	10	19
Dividend income	74	77
Rent income	24	6
Foreign exchange gains	--	23
Reversal of allowance for doubtful accounts	7	--
Other	32	27
Total non-operating income	149	154
Non-operating expenses		
Interest expenses	87	103
Foreign exchange losses	284	--
Loss on sales of notes payable	48	106
Commission fee	--	272
Share of loss of entities accounted for using equity method	60	4
Other	63	47
Total non-operating expenses	544	535
Ordinary income	1,057	2,966
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	--	97
Gain on sales of investments in capital of affiliate	--	81
Gain on reversal of subscription rights to shares	35	2
Subsidy income	0	--
Total extraordinary income	36	183
Extraordinary losses		
Loss on retirement of non-current assets	18	6
Loss on sales of non-current assets	0	0
Loss on valuation of golf club membership	9	--
Loss from performance of warranty against defects	--	30
Total extraordinary losses	28	37
Income before taxes and other adjustments	1,065	3,112
Corporate, inhabitant and enterprise taxes	301	786
Deferred taxes	34	28
Total corporate and other taxes	335	815
Net income	730	2,296
Net income attributable to non-controlling interests	--	--
Net income attributable to owners of parent	730	2,296

(Quarterly Consolidated Statements of Comprehensive Income)

(Million yen)

	Consolidated first half previous year (From April 1, 2016 to September 30, 2016)	Consolidated first half under review (From April 1, 2017 to September 30, 2017)
Net income	730	2,296
Other comprehensive income		
Valuation difference on available-for-sale securities	323	518
Foreign currency translation adjustment	-1,252	442
Share of other comprehensive income of entities accounted for using equity method	-69	0
Remeasurements of defined benefit plans, net of tax	16	14
Total other comprehensive income	-982	976
Comprehensive income	-252	3,272
(Breakdown)		
Comprehensive income attributable to owners of parent	-252	3,272
Comprehensive income attributable to non-controlling interests	--	--

(3) Consolidated Statements of Cash Flows

	(Million yen)	
	Consolidated first half previous year (From April 1, 2016 to September 30, 2016)	Consolidated first half under review (From April 1, 2017 to September 30, 2017)
Cash flows from operating activities		
Net income before taxes and other adjustments	1,065	3,112
Depreciation and amortization	471	466
Gain on reversal of subscription rights to shares	-35	-2
Share-based compensation expenses	56	60
Subsidy income	-0	--
Increase (decrease) in allowance for doubtful accounts	-7	18
Increase (decrease) in provision for bonuses	22	72
Increase (decrease) in provision for product warranties	-30	39
Increase (decrease) in net defined benefit liability	1	10
Interest and dividend income	-85	-97
Commission fee	--	272
Interest expenses	87	103
Loss on retirement of non-current assets	18	6
Share of (profit) loss of entities accounted for using equity method	60	4
Loss (gain) on sales of non-current assets	-0	-1
Loss (gain) on sales of investment securities	--	-97
Gain on sales of investments in capital of affiliate	--	-81
Loss from performance of warranty against defects	--	30
Foreign exchange losses (gains)	135	-4
Decrease (increase) in trade notes and accounts receivable	-1,019	-61
Decrease (increase) in inventories	560	-692
Decrease (increase) in advance payments	-75	64
Increase (decrease) in trade notes and accounts payable	3,559	2,511
Increase (decrease) in advances received	97	-41
Decrease (increase) in consumption taxes refund receivable	377	202
Other	522	216
Subtotal	5,783	6,112
Interest and dividend income received	73	84
Interest expenses paid	-125	-102
Proceeds from subsidy income	0	--
Payments for performance of warranty against defects	--	-4
Corporate and other taxes paid	-359	-803
Cash flows from operating activities	5,371	5,286
Cash flows from investing activities		
Payments into time deposits	-20	-20
Proceeds from withdrawal of time deposits	20	20
Purchase of property, plant and equipment	-95	-251
Proceeds from sales of property, plant and equipment	1	6
Proceeds from deposits upon sales of property, plant and equipment	137	--
Payments for retirement of property, plant and equipment	--	-2
Purchase of intangible assets	-9	-10
Expenditure for acquisition of investment securities	-1	-1
Proceeds from sales of investment securities	--	183
Collection of investments in capital	--	152
Other	2	-1
Cash flows from investing activities	35	75
Cash flows from financing activities		
Decrease in short-term loans payable	-1,515	-1,763
Proceeds from sales of Treasury stock	0	168
Purchase of Treasury stock	-1,955	-4,270
Cash dividends paid	-535	-479
Repayments of lease obligations	-4	-4
Payment for commission fee	--	-129
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	--	2,288
Proceeds from share issuance to non-controlling shareholders	--	4,530
Cash flows from financing activities	-4,010	339
Effect of exchange rate change on cash and cash equivalents	-164	70
Net increase (decrease) in cash and cash equivalents	1,232	5,772
Cash and cash equivalents at the beginning of the term	4,589	4,561
Cash and cash equivalents at the end of the term	5,821	10,333

(4) Notes relating to the Quarterly Consolidated Financial Statements

(Notes relating to the going concern assumption)

No corresponding item exists.

(Notes for cases where shareholders' equity underwent a major change in value)

Precision Tsugami (China) Corporation Limited, a consolidated subsidiary of the Company, was listed on the Main Board of The Stock Exchange of Hong Kong Limited on September 25, 2017 and issued new shares and made a secondary offering of some of its shares owned by the parent company. As a result, capital surplus increased ¥2,487 million, to ¥2,943 million at the end of the first half under review.

(Changes in accounting policy)

(Change in method of depreciation for property, plant and equipment)

The Company and its domestic consolidated subsidiaries previously used the declining-balance method for depreciation and amortization of property, plant and equipment (excluding leased assets) (Please note that the straight-line method has been used for buildings (excluding building fixtures) purchased on or after April 1, 1998 and building fixtures and structures purchased on or after April 1, 2016). From the first quarter of the fiscal year under review, the depreciation method has been changed to the straight-line method.

The manufacturing bases of the Group are located at the Company and its subsidiaries in China. With the expansion of the Chinese market, the Company has been shifting manufacturing to its subsidiaries in China. In addition, in the previous fiscal year, the Company integrated the domestic manufacturing function to Nagaoka Factory, sold other plants and conducted a review of other domestic bases. In the current fiscal year and thereafter, Nagaoka Factory will play the role as headquarters for the Group's manufacture and development, and the Company expects stable operation that is resistant to order trends.

As a result, the Company changed the method of depreciation from the declining-balance method to the straight-line method in order to carry out a cost allocation for property, plant and equipment that reflects the actual conditions of the Company and its domestic consolidated subsidiaries.

Compared with the previous depreciation method, operating income, ordinary income and income before income taxes and other adjustments in the first half of the fiscal year under review each increased by ¥9 million.

(Segment information)

I. Consolidated first half previous year (From April 1, 2016 to September 30, 2016)

1. Information relating to net sales, income or loss by reportable segment. (Million yen)

	Reportable segment			
	Japan	China	South Korea	Total
Net sales				
Net sales to external customers	11,018	6,686	696	18,401
Intersegment net sales or transfer to other accounts	3,933	4,710	18	8,662
Total	14,952	11,396	714	27,064
Segment income	315	1,163	17	1,495

2. Total income or loss for reportable segments, its difference from the amount stated in quarterly consolidated statements of income, and major factors for the difference (Items relating to difference adjustment)

(Million yen)

Income	Amount
Total income for reportable segments	1,495
Elimination of unrealized income and others	-43
Operating income in quarterly consolidated statements of income	1,452

II. Consolidated first half under review (From April 1, 2017 to September 30, 2017)

1. Information relating to net sales, income or loss by reportable segment. (Million yen)

	Reportable segment			
	Japan	China	South Korea	Total
Net sales				
Net sales to external customers	12,291	14,352	732	27,376
Intersegment net sales or transfer to other accounts	3,607	5,880	11	9,499
Total	15,898	20,233	744	36,876
Segment income	676	2,610	65	3,352

2. Total income or loss for reportable segments, its difference from the amount stated in quarterly consolidated statements of income, and major factors for the difference (Items relating to difference adjustment)

(Million yen)

Income	Amount
Total income for reportable segments	3,352
Elimination of unrealized income and others	-5
Operating income in quarterly consolidated statements of income	3,347

3. Information relating to impairment loss on non-current assets or goodwill, etc.

(Changes in method of depreciation for property, plant and equipment)

As stated in [Changes to accounting policy], the Company and its domestic consolidated subsidiaries previously used the declining-balance method for the depreciation and amortization of property, plant and equipment (excluding leased assets) (Please note that the straight-line method has been used for buildings (excluding building fixtures) purchased on or after April 1, 1998 and building fixtures and structures purchased on or after April 1, 2016). From the first quarter of the fiscal year under review, the depreciation method has been changed to the straight-line method.

Compared with the previous depreciation method, segment income in the first half of the fiscal year under review increased by ¥9 million in Japan, one of the Company's reportable segments.

(Business combination, etc.)

(Transaction under common control, etc.)

Precision Tsugami (China) Corporation Limited, a consolidated subsidiary of the Company, was listed on the Main Board of The Stock Exchange of Hong Kong Limited on September 25, 2017 and issued new shares and made a secondary offering of some of its shares owned by the parent company.

(i) Overview of the transaction

a. Name and business of the company involved in the business combination

Name of the company involved in business combination: Precision Tsugami (China) Corporation Limited

Business: Manufacture and sale of machine tools (the principal business corporation is a local subsidiary in China)

b. Date of business combination

September 25, 2017

c. Legal form of business combination

• Issuance of new shares by the subsidiary through public offering

• Secondary offering of the subsidiary's shares

d. Company name after combination

No change

e. Other matters related to the overview of the transaction

The consolidated subsidiary aims to raise funds for business through the issuance of new shares, and the Company aims to recover the amount of investment through a secondary offering of some of the subsidiary's shares.

As a result of the transaction, the percentage of voting rights of Precision Tsugami (China) Corporation Limited held by the Company declined to 75.00% at the end of the first half under review.

(ii) Overview of accounting

This transaction is treated as a transaction under common control based on the Accounting Standard for Business Combinations (Accounting Standard Board of Japan (ASBJ) Statement No.21 on September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 on September 13, 2013).

(Important post-balance sheet events)

(Retirement of treasury stock)

The Company retired its treasury stock according to a resolution of the meeting of the Board of Directors held on October 16, 2017 in accordance with Article 178 of the Companies Act. Details are as follows:

- | | |
|--|--|
| (i) Type of stock retired: | Common stock of the Company |
| (ii) Number of shares retired: | 9,919,379 shares
(representing 15.28% of issued shares before the retirement) |
| (iii) Date of retirement: | October 20, 2017 |
| (iv) Total number of issued shares after the retirement: | 55,000,000 shares |

(Transaction under common control, etc.)

Precision Tsugami (China) Corporation Limited, a consolidated subsidiary of the Company, increased capital through private placement in relation to the secondary offering by way of over-allotment on the Stock Exchange of Hong Kong Limited on which the company was listed, and the payment was completed on October 13, 2017.

(i) Name and business of the company involved in the business combination

Name of the company involved in business combination: Precision Tsugami (China) Corporation Limited

Business: Manufacture and sale of machine tools (the principal business corporation is a local subsidiary in China)

(ii) Date of business combination

October 13, 2017

(iii) Legal form of business combination

Issuance of new shares by the subsidiary through third-party allotment

(iv) Company name after combination

No change

(v) Other matters related to the overview of the transaction

As a result of this transaction, the percentage of voting rights of Precision Tsugami (China) Corporation Limited held by the Company changed from 75.00% to 72.29% at the end of the first half under review.

3. Supplementary Information

(1) Overseas net sales

Consolidated first half under review (From April 1, 2017 to September 30, 2017) (Million yen)

	Asia	America	Europe	Total
I Overseas net sales	18,209	1,571	1,844	21,625
II Consolidated net sales				27,376
III Ratio of overseas net sales to consolidated net sales (%)	66.5	5.8	6.7	79.0

(Note) 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.

(2) Net sales by machinery category

(Million yen)

	Consolidated first half previous year (From April 1, 2016 to September 30, 2016)		Consolidated first half under review (From April 1, 2017 to September 30, 2017)		Year-on-year change	
		%		%		%
Automatic lathes	15,097	82.1	22,315	81.5	7,218	47.8
Grinding machines	1,605	8.7	1,823	6.7	218	13.6
Machining centers	328	1.8	227	0.8	-100	-30.7
Rolling machines and specialized machines.	1,235	6.7	2,855	10.4	1,619	131.1
Other	135	0.7	154	0.6	19	14.1
Total	18,401	100.0	27,376	100.0	8,974	48.8
(Overseas net sales)	(13,426)	(73.0)	(21,625)	(79.0)	(8,198)	(61.1)