

Briefing on Financial Statements for the Year Ended March 2010

May 13, 2010



TSUGAMI CORPORATION

(Securities Code: 6101)

<http://www.tsugami.co.jp>

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I. Business Conditions and Outlook

(1) Changes in Financial Results on a Semiannual Basis

Billion yen, (%)

	FY2008			FY2009				FY2010 (Projections)			
	1 st half	2 nd half	Full-year	1 st half	2 nd half	Full-year	Year-on year	1 st half	2 nd half	Full-year	Year-on year
Net sales	15.3	7.4	22.7	4.7	10.9	15.6	- 7.1	19.0	18.0	37.0	+ 21.4
Gross profit	3.3	1.4	4.6	0.7	2.3	3.1	- 1.5	-	-	-	-
(Gross profit margin)	(21.4)	(18.2)	(20.4)	(15.8)	(21.4)	(19.6)	(- 0.8)	-	-	-	-
Operating income	1.3	- 0.5	0.8	- 0.8	0.9	0.1	- 0.7	2.0	1.9	3.9	+ 3.8
Ordinary income	1.3	- 0.7	0.6	- 1.0	0.9	- 0.1	- 0.7	2.0	1.9	3.9	+ 4.0
(Ordinary income margin)	(8.7)	(- 9.5)	(2.8)	(- 21.5)	(8.1)	(- 0.8)	(- 3.6)	(10.5)	(10.5)	(10.5)	(+ 11.3)
Net income	- 0.2	- 0.7	- 0.9	- 1.1	0.8	- 0.2	+ 0.6	1.9	1.1	3.0	+ 3.2

Full-year operating results for FY2009

Net sales: Revenues increased in the second half but fell 31% year on year on a full-year basis. This was the lowest in recent years (level of 8 years ago).

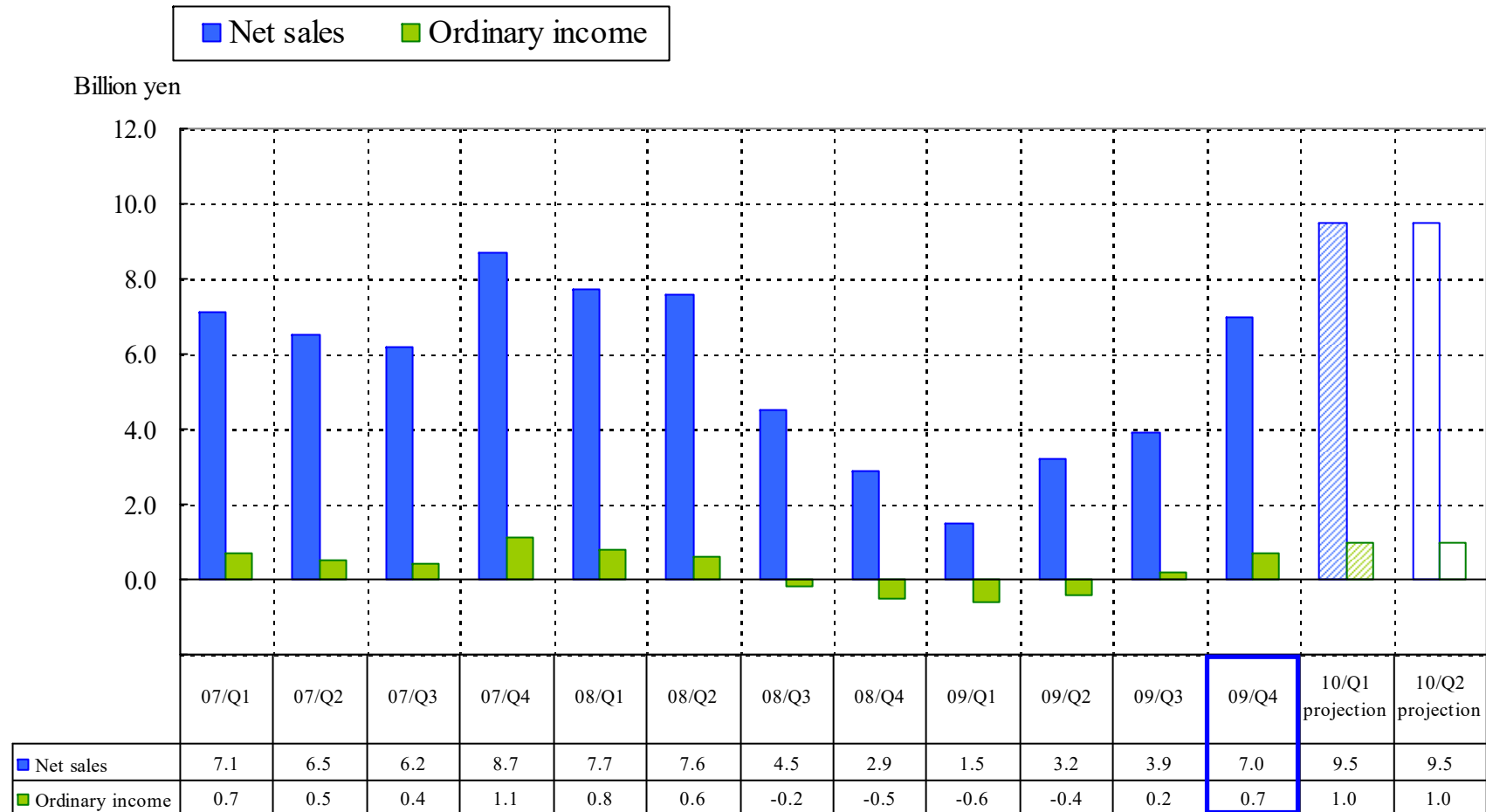
Income: A net loss of 200 million yen was recorded despite efforts to reduce fixed costs.

Full-year projections for FY2010

Net sales: Orders have recovered strongly from the end of last year, and sales are expected to match record levels.

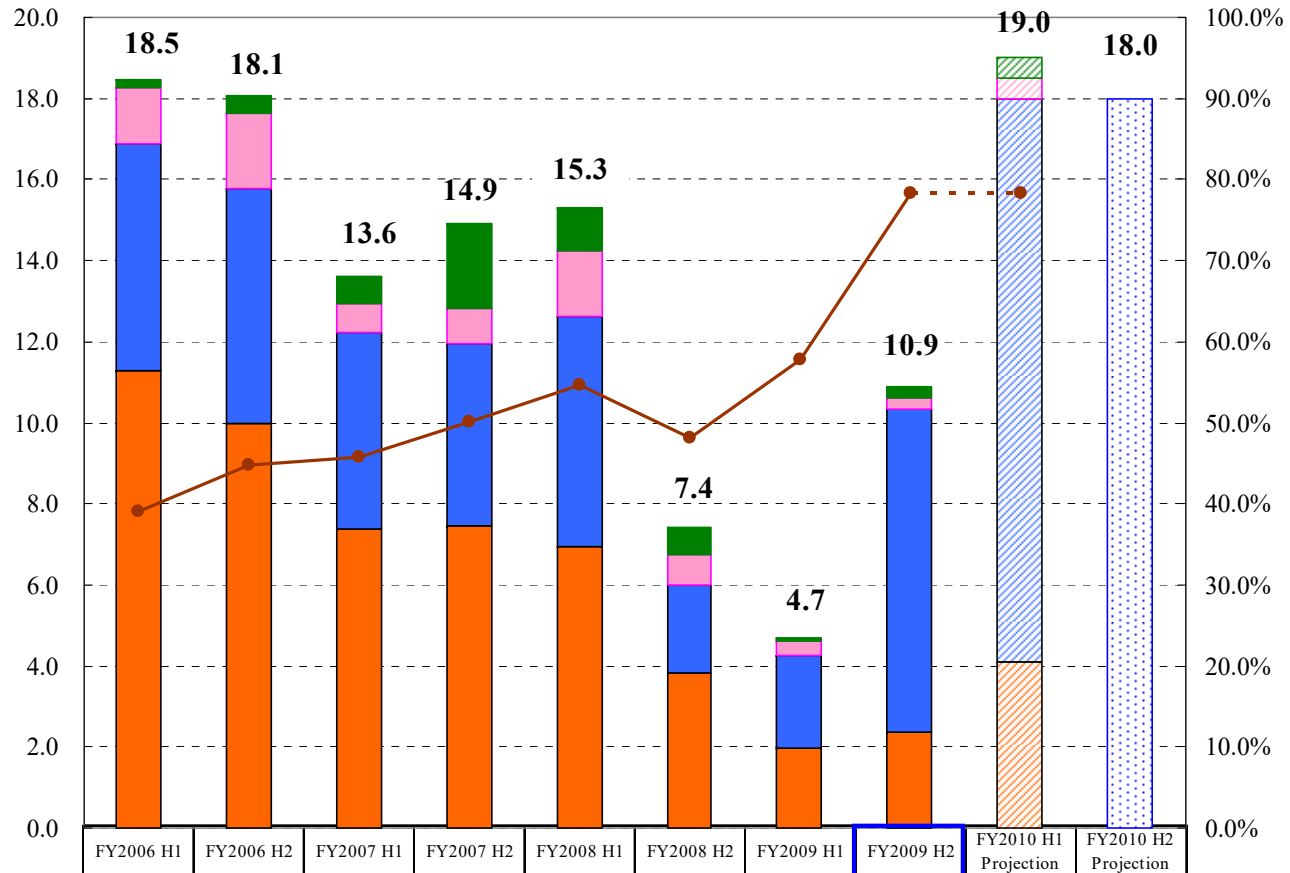
Income: A change in business structure (rising overseas production, increased sales of volume-zone products) may lead to a slight contraction of the profit margin.

(2) Changes in Financial Results on a Quarterly Basis



(3) Net Sales by Geographic Segment

Billion yen

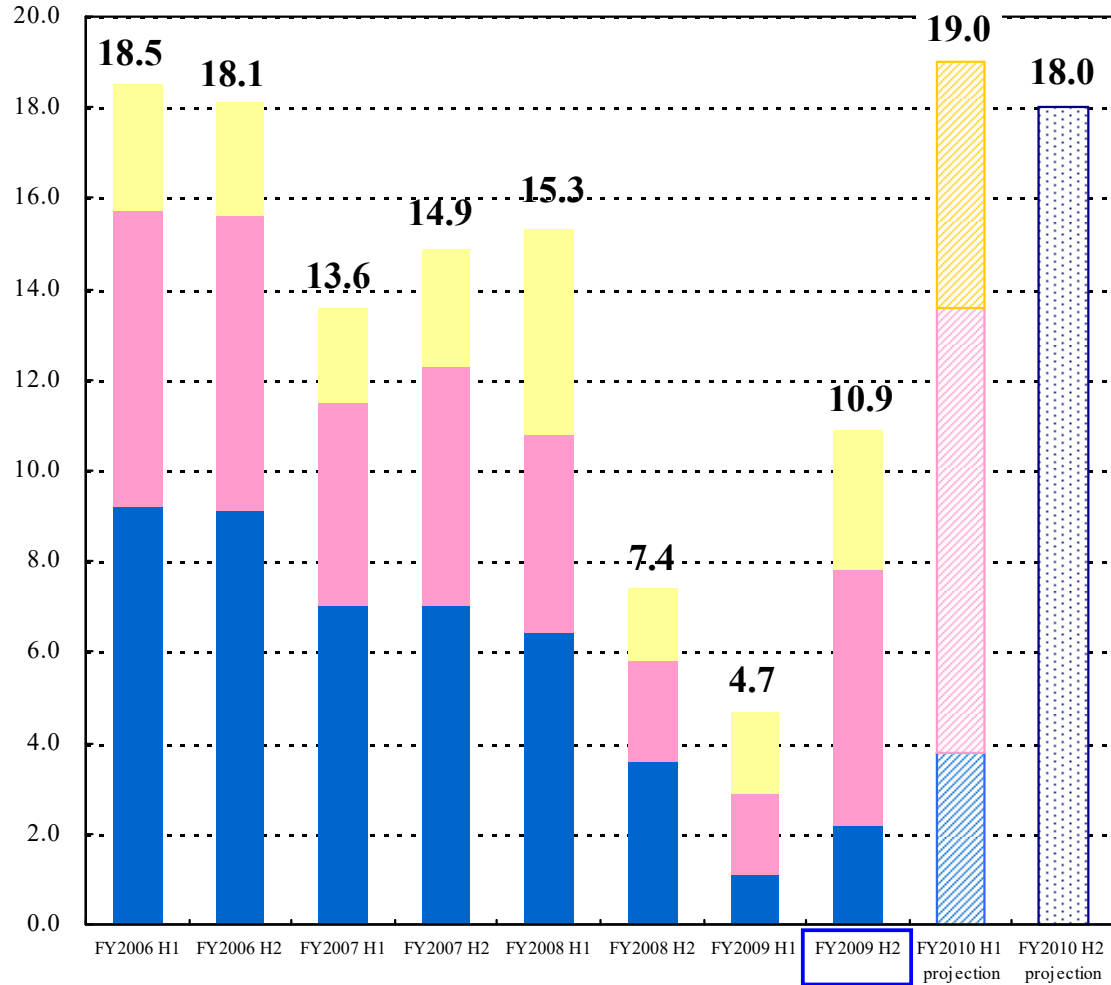


<Most recent status>

- Strong recovery in developing Asian economies, including China
- Signs of recovery in Japan, the United States and Europe

(4) Net Sales by Business Segment

Billion yen



■ Automobile ■ IT ■ Other (hydraulic and pneumatic equipment, medical equipment and others)

< Most recent status >

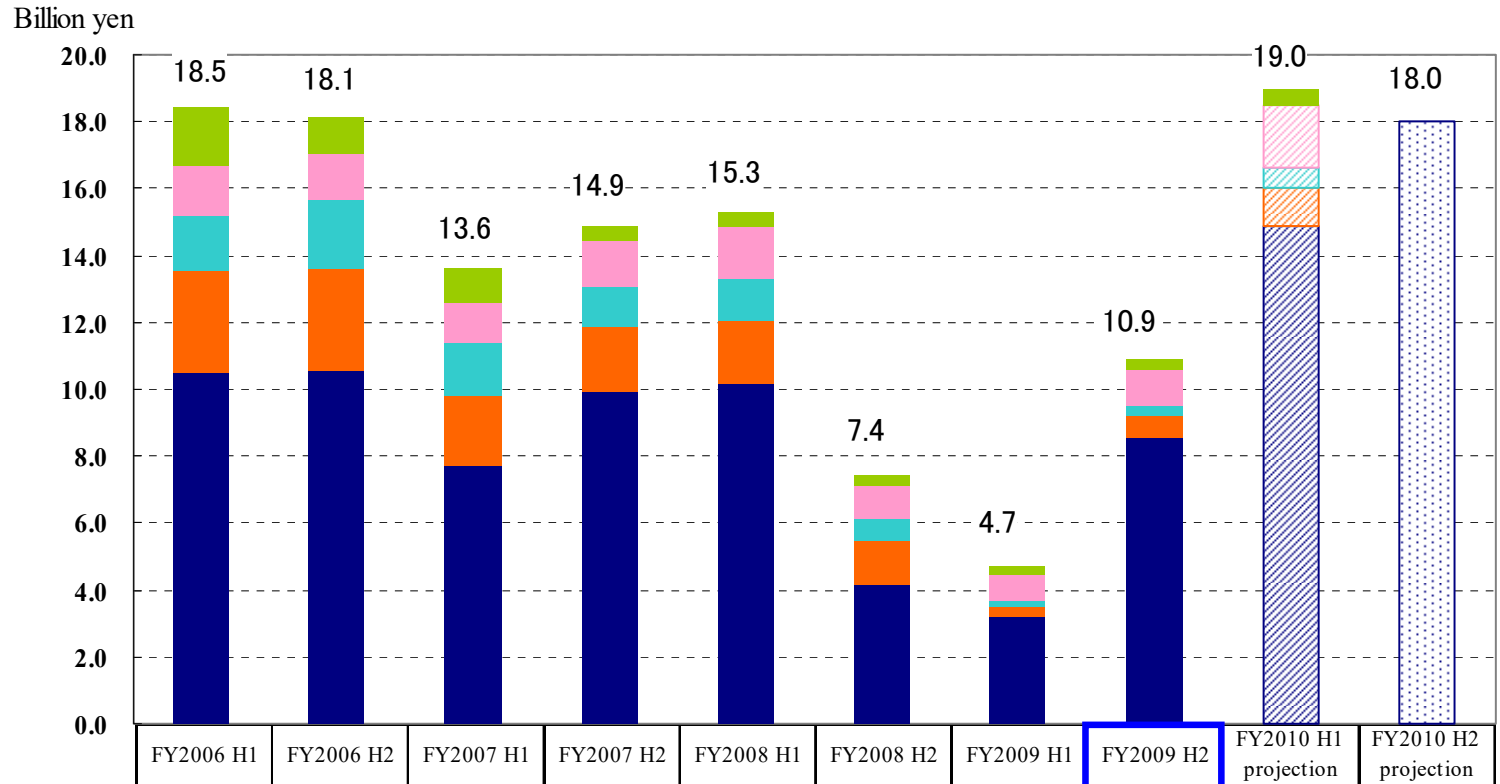
IT: Strong recovery mainly in HDD and mobile phone components

Automobile: Performing well in China and Korea

Signs of recovery in Japan and Europe as well

Other: Robust sales of hydraulic and pneumatic equipment and medical equipment

(5) Net Sales by Machinery Category

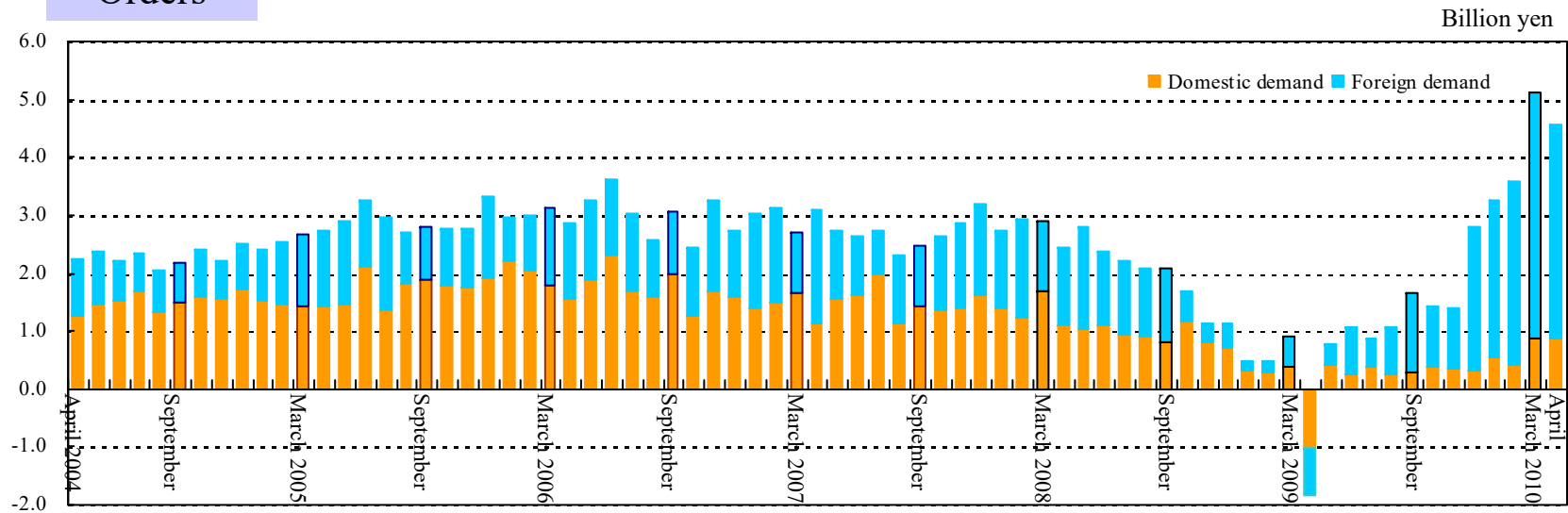


■ Automatic lathes	10.5	10.6	7.7	9.9	10.2	4.2	3.2	8.5	14.9	18.0
■ Grinding machines	3.1	3.0	2.1	1.9	1.9	1.3	0.4	0.6	1.1	
■ Machining centers	1.6	2.0	1.5	1.2	1.2	0.7	0.2	0.4	0.6	
■ Rolling machines, etc.	1.5	1.4	1.2	1.4	1.6	1.0	0.8	1.1	1.9	
■ Other businesses	1.8	1.1	1.0	0.4	0.4	0.3	0.2	0.3	0.5	
Total net sales	18.5	18.1	13.6	14.9	15.3	7.4	4.7	10.9	19.0	

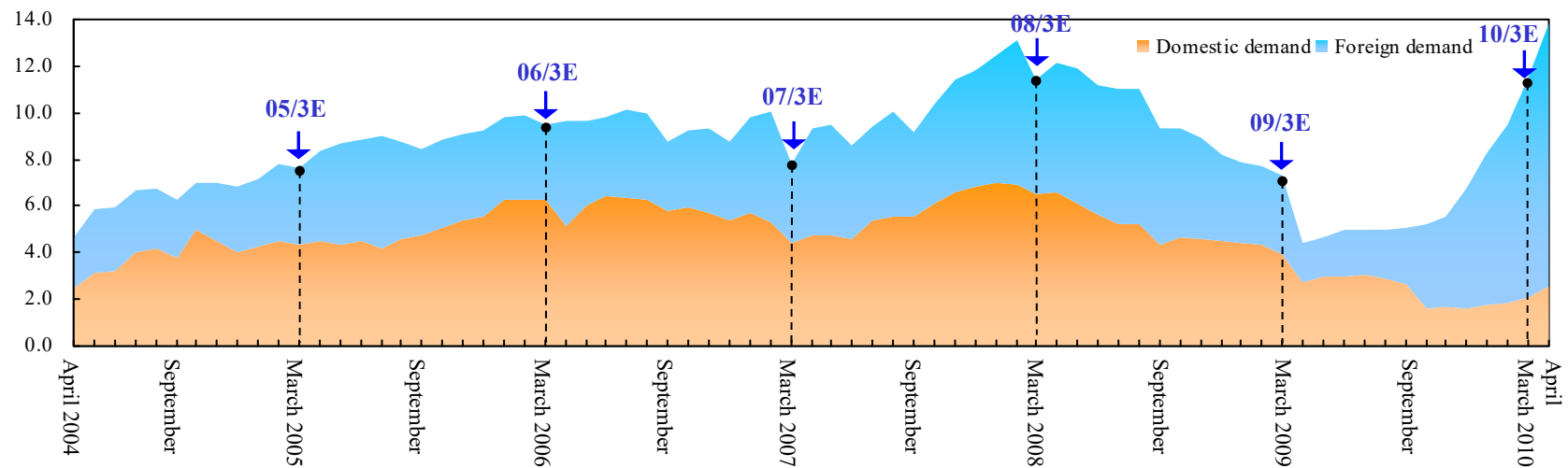
2. Orders

(1) Orders Received and Order Backlogs

Orders



Order Backlogs



3. Financial Position and Major Financial Indicators

(1) Balance Sheets

Billion yen

	08/3	09/3	10/3	Compared with 08/3	Compared with 09/3		08/3	09/3	10/3	Compared with 08/3	Compared with 09/3
Current assets	22.7	16.5	20.2	- 2.5	+ 3.7	Current liabilities	9.9	3.9	9.3	- 0.6	+ 5.4
Cash and deposits	3.4	3.2	3.9	+ 0.5	+ 0.7	Trade notes and accounts Payable	8.2	2.1	6.9	- 1.3	+ 4.8
Trade notes and accounts receivable	9.7	4.7	7.5	- 2.2	+ 2.8	Short-term borrowings	-	0.5	1.0	+ 1.0	+ 0.5
Inventories	9.0	8.2	8.2	- 0.8	0.0	Corporate bonds due for redemption within one year	-	0.3	0.3	+ 0.3	0.0
Other current assets	0.6	0.4	0.6	0.0	+ 0.2	Accrued income tax	0.7	0.1	0.1	- 0.6	0.0
Fixed assets	10.0	9.2	10.9	+ 0.9	+ 1.7	Other current liabilities	1.0	0.9	1.0	0.0	+ 0.1
Tangible fixed assets	7.0	6.6	6.2	- 0.8	- 0.4	Long-term liabilities	0.9	2.1	1.9	+ 1.0	- 0.2
Investments and other assets	3.0	2.6	4.7	+ 1.7	+ 2.1	Total liabilities	10.8	6.0	11.2	+ 0.4	+ 5.2
Deferred assets	-	0.0	0.0	0.0	0.0	Common stock	10.6	10.6	10.6	0.0	0.0
Bond issuance expenses	-	0.0	0.0	0.0	0.0	Capital surplus	4.1	4.1	4.1	0.0	0.0
						Retained earnings	6.9	5.4	4.8	- 2.1	- 0.6
						Treasury stock	- 0.0	- 0.1	- 0.2	- 0.2	- 0.1
						Valuation and translation adjustments	0.1	- 0.5	0.4	+ 0.3	+ 0.9
						Subscription rights to shares	0.2	0.2	0.2	0.0	0.0
						Total net assets	21.9	19.7	19.9	- 2.0	+ 0.2
Total assets	32.7	25.7	31.1	- 1.6	+ 5.4	Total liabilities and net assets	32.7	25.7	31.1	- 1.6	+ 5.4

(Note) Interest-bearing debt: 2,200 million yen as at March 2010
 [Breakdown] Bank loans: Tsugami: 300 million yen PRECISION TSUGAMI(CHINA): 700 million yen
 Corporate bonds: 1,200 million yen (Corporate bonds due for redemption within one year: 300 million yen)

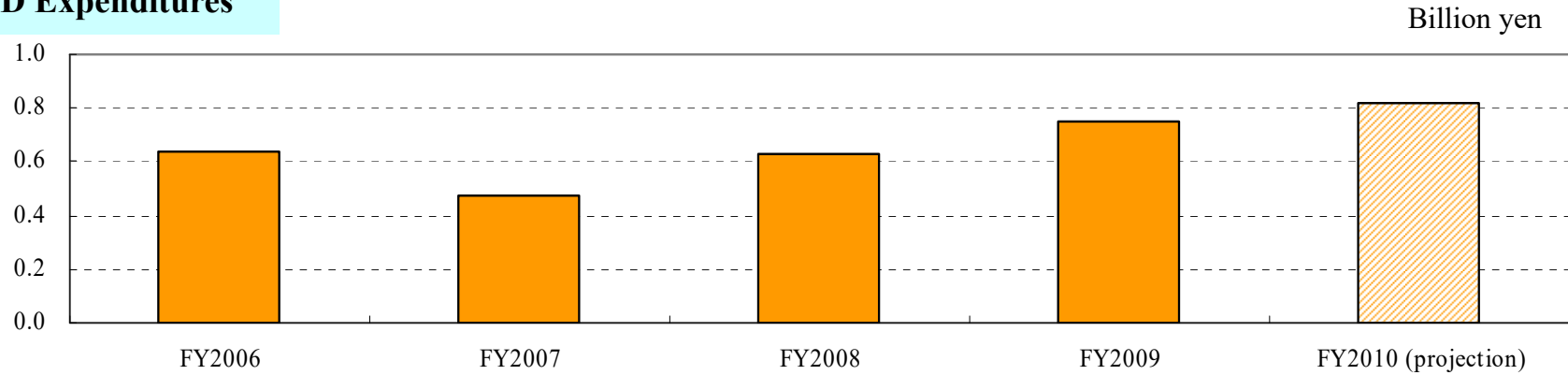
(2) Major Financial Indicators (on a year-end balance bases)

Yen

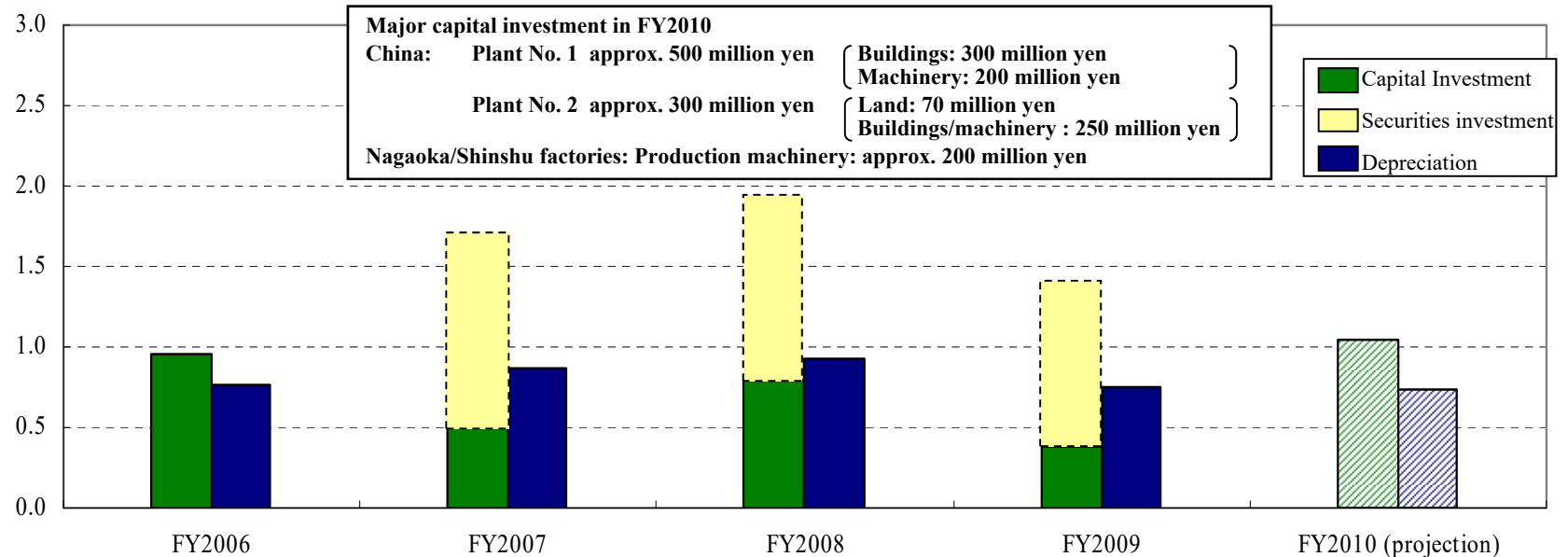
	08/3	09/3	10/3
Book-value per share (BPS)	318.9	287.2	289.3
Book-value per share (excluding treasury stock)	319.5	289.1	294.3
Earnings per share (EPS)	24.0	- 12.8	- 3.6
Earnings per share (excluding treasury stock)	24.0	- 12.9	- 3.7
Equity ratio	66.3%	76.0%	63.2%
Ratio of ordinary income to total assets	8.4%	2.4%	- 0.4%
Ratio of ordinary income to net sales	9.7%	2.8%	- 0.8%

(3) R&D Expenditures and Capital Investment

R&D Expenditures



Capital Investment, Equipment Finance and Depreciation



4. Major Issues

(1) Development of New Products

FY2009: Eight new models were released.		
	Manufactured in Japan	
IT	N8H MB25 C180 VA35H-5F	S205/206
Automobile-related and other industrial machinery	SS26 G300 G350	
FY2010: Five new models are scheduled for release.		
	Manufactured in Japan	Manufactured in China
IT	Two Models	
Automobile-related and other industrial machinery	Two Models	One Model

Notice

The content in this material is premised on various assumptions and does not ensure or guarantee the realization of the planned figures and/or future policies stated herein.

 **TSUGAMI CORPORATION**