

Stock Information (as of March 31, 2013)

Authorized shares 320,000,000 shares
 Issued shares 74,919,379 shares
 Number of shareholders 13,239

Major shareholders (Top 10)

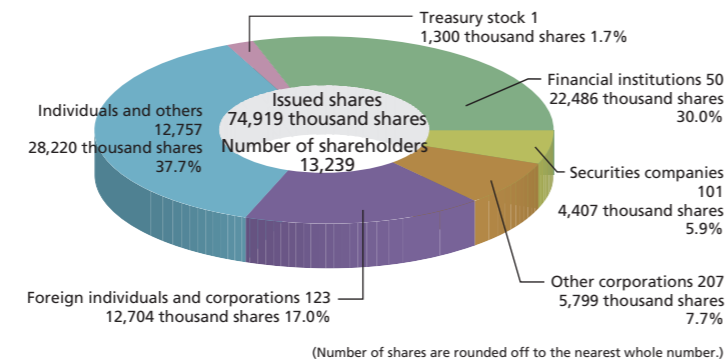
Shareholders	Investment in the Company	
	Number of shares held	Ownership ratio
	Thousands	%
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	4,592	6.12
Chase Manhattan Bank GTS Clients Account Escrow	3,339	4.45
Goldman Sachs International	2,315	3.09
The Dai-ichi Life Insurance Company, Limited	2,100	2.80
Mori Seiki Co., Ltd.	2,000	2.66
Sumitomo Mitsui Banking Corporation	1,516	2.02
The Hokuetsu Bank, Ltd.	1,484	1.98
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,443	1.92
Japan Trustee Services Bank, Ltd. (Trust account)	1,375	1.83
TSUGAMI Customers' Shareholding Association	1,221	1.62

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 1,300 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, 2013)

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	452
Directors and Auditors	(as of June 21, 2013)
	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 Kenji Yamada
	Outside Statutory Auditor Yoshifumi Miyata
	Outside Statutory Auditor Hiroaki Tamai
	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 (Tokyo) Central Japan Marketing Division (Nagoya) West Japan Marketing Division (Osaka)
Group Companies	TSUGAMI MACHINERY CO., LTD. TSUGAMI GENERAL SERVICE CO., LTD. TSUGAMI PRECISION CO., LTD. PRECISION TSUGAMI (CHINA) CORPORATION Shinagawa Precision Machinery (Zhejiang) Co., Ltd. TSUGAMI (THAI) CO., LTD. TSUGAMI GmbH (GERMANY) TSUGAMI KOREA CO., LTD. TSUGAMI PRECISION ENGINEERING INDIA PVT., LTD. (INDIA) TSUGAMII TECH SOLUTIONS INDIA PVT., LTD. (INDIA) 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.

* TSUGAMI PRECISION CO., LTD. was merged by absorption by TSUGAMI GENERAL SERVICE CO., LTD. on April 1, 2013.

To Our Shareholders

Business Report for Fiscal Year 2012
 (April 1, 2012 to March 31, 2013)

TSUGAMI CORPORATION

I am pleased to report our results for fiscal 2012, ended March 31, 2013.

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.

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

While domestic sales declined 29.8% year on year, to 7,743 million yen, overseas sales increased 82.4%, to 45,069 million yen. As a result, the overseas sales ratio rose from 69.1% in 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.

As a result of the changes described above, consolidated operating income increased 106.7% year on year, to 8,447 million yen. Consolidated ordinary income increased 75.5% year on year, to 6,800 million yen and consolidated net income rose 84.5% year on year, to 4,207 million yen for the fiscal year under review.

For the consolidated fiscal year ended March 31, 2013, 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.

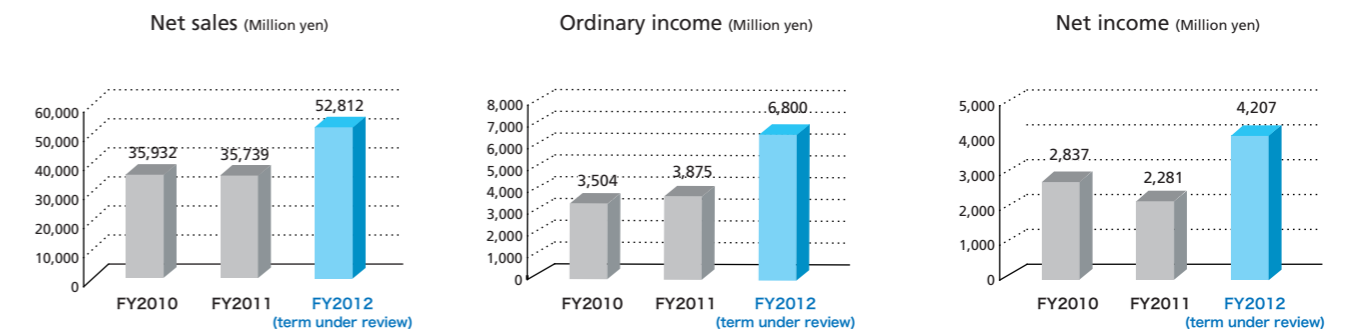
For the consolidated fiscal year ending March 31, 2014, the Company plans to pay annual dividends of 12 yen per share, including interim dividends of 6 yen per share and year-end dividends of 6 yen per share.

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 2013
 Takao Nishijima Chairman and CEO

Business Performance (Consolidated)



Financial highlights

Item	FY2010		FY2011		FY2012	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Net sales (Million yen)	35,932	35,146	35,739	37,382	52,812	35,852
Ordinary income (Million yen)	3,504	2,867	3,875	3,403	6,800	6,914
Net income (Million yen)	2,837	2,426	2,281	1,916	4,207	5,125
Net income per share (Yen)	42.72	36.53	33.88	28.47	57.16	69.64
Total assets (Million yen)	35,860	34,091	50,757	45,942	45,919	42,090
Net assets (Million yen)	22,122	21,241	27,717	26,367	31,998	30,837
Net assets per share (Yen)	331.39	318.02	372.21	353.86	427.86	412.08

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

Consolidated Financial Statements

Consolidated balance sheets

(Million yen)

Item	FY2012 (March 31, 2013)	FY2011 (March 31, 2012)
Assets		
Current assets	30,547	37,108
Cash and deposits	5,467	5,314
Trade notes and accounts receivable	5,303	10,536
Inventories	18,364	18,808
Other current assets	1,412	2,449
Fixed assets	15,353	13,616
Tangible fixed assets	9,322	7,234
Buildings, machinery, equipment and vehicles	8,443	5,690
Land	568	581
Other tangible fixed assets	311	962
Intangible fixed assets	320	149
Investments and other assets	5,710	6,233
Deferred assets	18	32
Total assets	45,919	50,757
Liabilities		
Current liabilities	12,808	21,476
Trade notes and accounts payable	6,759	16,503
Short-term borrowings	3,619	2,107
Corporate bonds due for redemption within one year	300	300
Accrued income tax	829	1,413
Other current liabilities	1,299	1,151
Long-term liabilities	1,112	1,563
Corporate bonds	-	300
Other long-term liabilities	1,112	1,263
Total liabilities	13,920	23,040
Net assets		
Shareholders' equity	29,714	26,264
Common stock	12,345	12,345
Capital surplus	5,884	5,884
Retained earnings	11,956	8,535
Treasury stock	- 471	- 499
Accumulated other comprehensive income	1,783	1,106
Unrealized gains on marketable securities	1,092	1,114
Deferred gains (losses) on hedges	-	1
Translation adjustments	691	- 9
Subscription rights to shares	500	345
Total net assets	31,998	27,717
Total liabilities and net assets	45,919	50,757

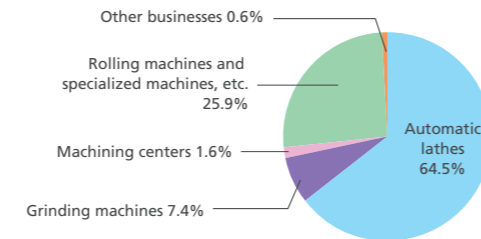
Consolidated statements of income

(Million yen)

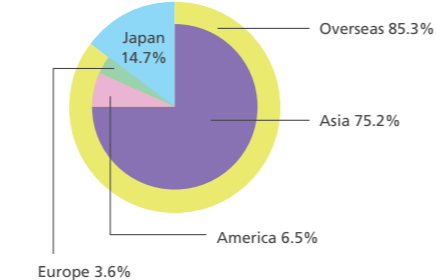
Item	FY2012 Year ended March 31, 2013	FY2011 Year ended March 31, 2012
Net sales	52,812	35,739
Cost of sales	38,113	27,388
Gross profit	14,699	8,350
Selling, general and administrative expenses	6,251	4,264
Operating income	8,447	4,086
Non-operating income	146	162
Non-operating expenses	1,793	373
Ordinary income	6,800	3,875
Extraordinary income	51	1
Extraordinary expenses	180	138
Income before taxes and other adjustments	6,671	3,738
Corporate, inhabitant and enterprise taxes	2,572	1,692
Deferred taxes	- 108	- 234
Net income	4,207	2,281

Sales breakdown (Consolidated)

Sales breakdown by product (FY2012)



Sales breakdown by region (FY2012)



Consolidated statements of changes in net assets

(Million yen)

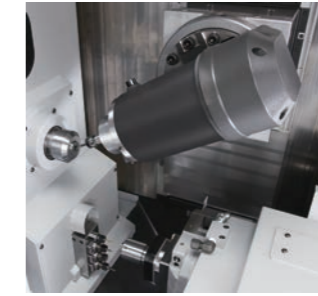
	Shareholders' equity				Total Shareholders' equity	Accumulated other comprehensive income				Subscription rights to shares	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock		Unrealized gains on marketable securities	Deferred gains (losses) on hedges	Translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2012	12,345	5,884	8,535	- 499	26,264	1,114	1	- 9	1,106	345	27,717
Changes during the period											
Cash dividends paid			- 809		- 809						- 809
Net income			4,207		4,207						4,207
Change of scope of consolidation			29		29						29
Purchase of treasury stock				- 3	- 3						- 3
Disposal of treasury stock				31	25						25
Changes in items other than shareholders' equity						- 21	- 1	701	677	154	831
Total changes during the period			3,421	28	3,449	- 21	- 1	701	677	154	4,281
Balance as of April 1, 2013	12,345	5,884	11,956	- 471	29,714	1,092	-	691	1,783	500	31,998

Releasing New Products to the Market

CNC Precision Automatic Lathe SS20M-5AX

CNC Precision Automatic Lathe SS20M-5AX, a perfect integration of the Vertical Machining Center and Automatic Lathe, was launched. It completes products from bar stock into complex shaped components.

- Simultaneous 5-axis machining enables to machine more complex shaped components.
- Automatic Lathe equipping ATC (automatic tool changer) Processing from multiple directions are possible, and it performs complex machining more effectively than the Vertical Machining Center.
- The front and back overlapped machining and the variety of machining patterns improve productivity.
- 24 tool magazines and B-axis tool spindle enable various complex-machining.



CNC Precision Automatic Lathe B038T

CNC Precision Automatic Lathe B038T, which further improved complex-machining performance with Y-axis controls featuring a turret, front tool post, and back tool post, was launched.

- 8-station turret Mounting plural tools on one station, and achieving the quick tool change with Y-axis without turret indexing
- Back tool post equipping Y axis Milling with Y-axis can be performed by equipping live tools. Front milling with the tools on turret and back milling with the tools on back tool post can be simultaneously performed.
- 3-path control reduces the cycle time drastically.
- High rigidity double spindles unique to TSUGAMI enable powerful machining.



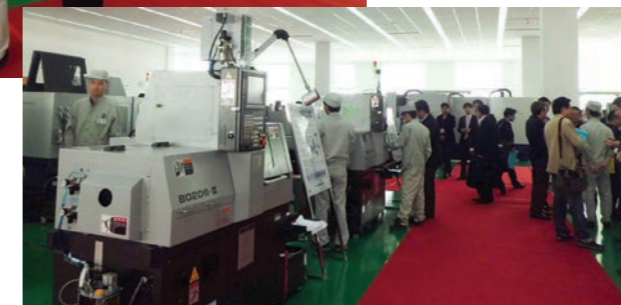
Participated Exhibitions

We actively developed new business partners.

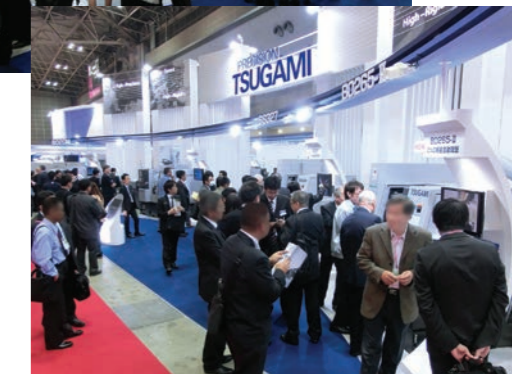
We set up booth at the 26th Japan International Machine Tool Fair (JIMTOF2012) held in the Tokyo Big Sight for six days from November 1, 2012.

We held the TSUGAMI CHINA TECHNICAL FAIR 2013, the first technical fair at TSUGAMI's plant in China, for two days from March 8, 2013.

Many users and dealers from Japan and overseas visited the fairs, and we were able to hold productive discussions.



TSUGAMI CHINA TECHNICAL FAIR 2013



JIMTOF2012