

## Stock Information (as of September 30, 2011)

Authorized shares ..... 320,000,000 shares  
 Issued shares ..... 68,019,379 shares  
 Number of shareholders ..... 12,635

### 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	6.75
Goldman Sachs and Company Regular Account	3,813	5.60
Mori Seiki Co., Ltd.	2,200	3.23
The Dai-ichi Life Insurance Company, Limited	2,100	3.08
Japan Trustee Services Bank, Ltd. (Trust account)	2,070	3.04
Sumitomo Mitsui Banking Corporation	1,516	2.22
The Hokuetsu Bank, Ltd.	1,484	2.18
TSUGAMI Customers' Shareholding Association	1,261	1.85
The Master Trust Bank of Japan, Ltd. (Trust account)	1,234	1.81
SIX SIS Ltd.	1,000	1.47

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 1,686 thousand shares of treasury stock listed in the shareholders' register other than the shares listed in the table above.

## Corporate Data

Corporate Name TSUGAMI CORPORATION  
 Established March 15, 1937  
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo (New address from October 3)  
 Paid-in Capital 10,599 million yen  
 Number of Employees 515

### Directors and Auditors

Representative Director, Chairman and CEO	Takao Nishijima
Representative Director and Senior Executive Officer	Toshiharu Nijijima
Director and Senior Executive Officer	Kiyoshi Tauchi
Director and Senior Executive Officer	Yoshihiro Miura
Director and Senior Executive Officer	Donglei TANG
Outside Director	Takeo Nakagawa
Outside Director	Kunio Shimada
Standing Statutory Auditor	Toshio Honma
Outside Statutory Auditor	Yoshifumi Miyata
Outside Statutory Auditor	Hiroaki Tamai
Outside Statutory Auditor	Ryuichi Kimura

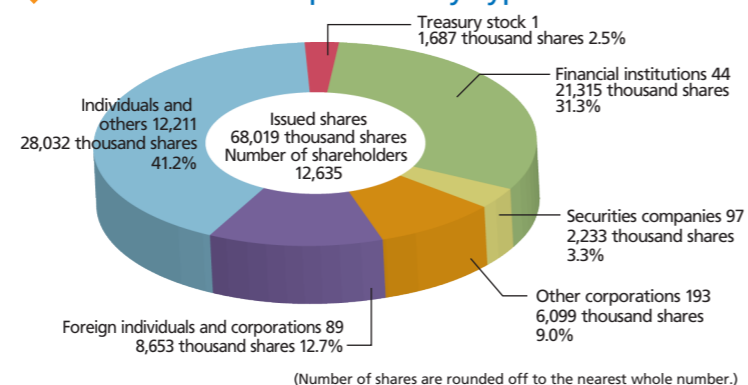
Head Office and Factories  
 Head Office 12-20, Tomizawa-cho, Nihonbashi, Chuo-ku, Tokyo  
 Nagaoka Factory 1-1, Higashizao 1-chome, Nagaoka-shi, Niigata  
 Shinshu Factory 3600 Nakagomi, Saku-shi, Nagano  
 Takami Factory 1-2, Higashi-Takami 2-chome, Nagaoka-shi, Niigata  
 Niigata Factory 132, Momoyama-cho 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 (GERMANY) GMBH  
 TSUGAMI KOREA CO., LTD.

### 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 the First Half of Fiscal Year 2011  
 (April 1, 2011 to September 30, 2011)

TSUGAMI CORPORATION

I am pleased to report our results for the first half of fiscal 2011, ending March 31, 2012.

During the period, production activities in Japan, which had declined after the Great East Japan Earthquake, began to recover. However, the economy continued to face a challenging situation, reflecting a slowdown in exports due to the record strength of the yen and the effect of economic instability in Europe and the United States.

In the machine tool industry, domestic demand recovered moderately, and demand from emerging countries in Asia, especially China, was strong. However, uncertainty emerged because of the effects of the sharp appreciation of the yen in the second half of the period and monetary tightening in China, which had driven foreign demand.

In this environment, Tsugami Corporation (the "Company") and its affiliates (the "Group") bolstered production in China and strove to cut production costs. However, the Group was not able to avoid the effect of the sharp appreciation of the yen.

As a result of these initiatives, net sales for the first half of the fiscal year under review came to 16,664 million yen, (decreasing 17.8% from previous year.) Operating income for the first half amounted to 1,397 million yen (decreasing 44.0% from previous year). Ordinary income for the period totaled to 1,221 million yen (decreasing 47.9% from previous year). Net income for the period totaled to 873 million yen (decreasing 57.2% from previous year).

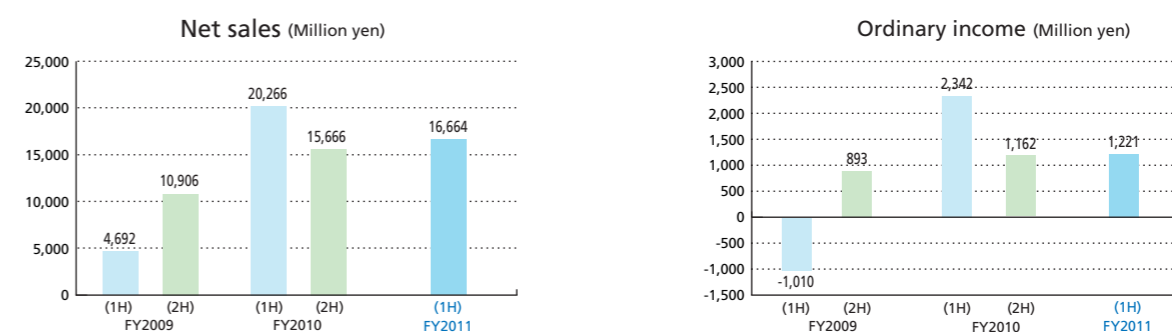
The Company decided to pay interim dividends of 5 yen per share according to its initial plan and plans to pay year-end dividends of 5 yen per share (annual dividends of 10 yen per share). The Company will continue to pay stable dividends based on its policy of returning profits to shareholders in light of its operating performance, while strengthening its business structure.

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, so that we can provide reliable products that our customers need.

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

November 2011  
 Takao Nishijima Chairman and CEO

## Business Performance (Consolidated)



### Financial highlights

Item	FY2009		FY2010		FY2011
	First half	Full year	First half	Full year	First half
Net sales (Million yen)	4,692	15,598	20,266	35,932	16,664
Ordinary income (Million yen)	- 1,010	- 117	2,342	3,504	1,221
Net income (Million yen)	- 1,094	- 244	2,039	2,837	873
Net income per share (Yen)	- 16.31	- 3.65	30.58	42.72	13.22
Total assets (Million yen)	23,398	31,147	37,763	35,860	38,384
Net assets (Million yen)	18,669	19,882	21,125	22,122	22,008
Net assets per share (Yen)	275.93	294.29	314.21	331.39	327.64

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

## Consolidated Financial Statements

### Consolidated balance sheets

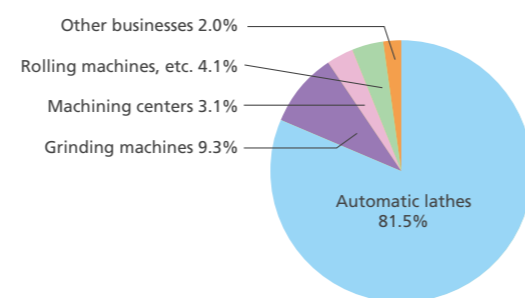
Item	(Million yen)	
	FY2011 First half (September 30, 2011)	FY2010 (March 31, 2011)
<b>Assets</b>		
Current assets	26,631	23,578
Cash and deposits	4,958	4,111
Trade notes and accounts receivable	8,365	7,729
Inventories	12,292	10,718
Other current assets	1,014	1,019
Fixed assets	11,737	12,263
Tangible fixed assets	6,393	6,433
Buildings, machinery, equipment and vehicles	5,359	5,562
Land	591	591
Other tangible fixed assets	442	279
Intangible fixed assets	150	139
Investments and other assets	5,194	5,689
Deferred assets	15	18
Total assets	38,384	35,860
<b>Liabilities</b>		
Current liabilities	14,992	11,771
Trade notes and accounts payable	10,206	8,011
Short-term borrowings	3,149	2,089
Corporate bonds due for redemption within one year	300	300
Accrued income tax	390	374
Other current liabilities	945	996
Long-term liabilities	1,382	1,966
Corporate bonds	450	600
Other long-term liabilities	932	1,366
Total liabilities	16,375	13,738
<b>Net assets</b>		
Shareholders' equity	21,620	20,947
Common stock	10,599	10,599
Capital surplus	4,138	4,157
Retained earnings	7,491	6,962
Treasury stock	- 608	- 771
Accumulated other comprehensive income	113	884
Unrealized gains on marketable securities	373	993
Deferred gains (losses) on hedges	- 0	5
Translation adjustments	- 259	- 114
Subscription rights to shares	275	290
Total net assets	22,008	22,122
Total liabilities and net assets	38,384	35,860

### Consolidated statements of income

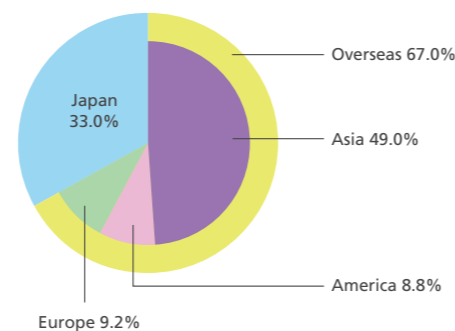
Item	(Million yen)	
	FY2011 First half April 1, 2011 to September 30, 2011	FY2010 April 1, 2010 to September 30, 2010
Net sales	16,664	20,266
Cost of sales	13,157	15,916
Gross profit	3,506	4,349
Selling, general and administrative expenses	2,109	1,853
Operating income	1,397	2,495
Non-operating income	73	91
Non-operating expenses	249	244
Ordinary income	1,221	2,342
Extraordinary income	0	5
Extraordinary expenses	11	158
Income before taxes and other adjustments	1,210	2,189
Corporate, inhabitant and enterprise taxes	429	227
Deferred taxes	- 92	- 77
Net income	873	2,039

### Sales breakdown (Consolidated)

Sales breakdown by product (FY2011 First half)



Sales breakdown by region (FY2011 First half)



## Releasing New Products to the Market

### Precision Turning and Machining Center TMA8-IV

Precision Turning and Machining Center TMA8-IV, a new model of a productive type complex machine that integrates the functions of an automatic lathe and a machining center, was launched.

- Productive type complex machine integrated high speed, high precision turning center and powerful machining center.
- 5-axis simultaneously controlled specifications is standard for NC.
- Tool spindle with standard Y-axis control and B-axis continuous index.
- Crossed at right angle slide construction assures high accuracy complex machining and free-chip-flow tool spindle.
- Back work spindle (standard) achieves 6-face machining.



## Participated Exhibitions

We actively developed new business partners.

- We set up booth at the 13th Shanghai International Machine Tool Fair (EASTPO 2011) in Shanghai, China for four days from June 28, 2011.
- We held the TSUGAMI Technical Fair 2011 at the TSUGAMI Nagaoka Factory for 2 days from July 7, 2011.
- We set up booth at EMO Hannover 2011 in Hannover, Germany for six days from September 19, 2011.

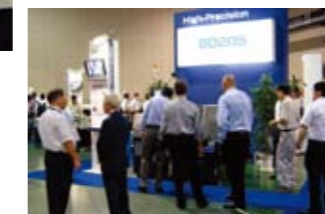
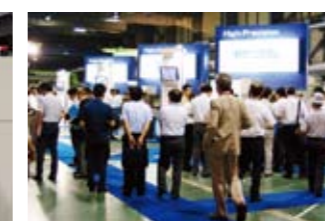
Many users and dealers both from Japan and overseas visited the fairs, and we were able to engage in productive discussions.



EASTPO 2011



TSUGAMI Technical Fair 2011



EMO Hannover 2011

