

Stock Information (as of September 30, 2009)

Authorized shares 320,000,000 shares
 Issued shares 68,019,379 shares
 Number of shareholders 13,891

Major shareholders (Top 10)

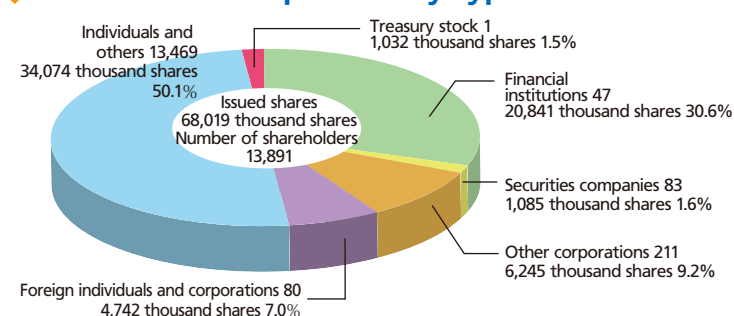
Shareholders	Investment in the Company	
	Number of shares held	Ownership ratio
	Thousands	%
Mizuho Trust & Banking Co., Ltd. (Employee retirement benefit trust of Tokyo Seimitsu Co., Ltd., new trust custodian: Trust & Custody Services Bank, Ltd.)	4,592	6.75
The Dai-ichi Mutual Life Insurance Company	2,100	3.08
Mori Seiki Co., Ltd.	2,000	2.94
Japan Trustee Services Bank, Ltd. (Trust account)	1,802	2.64
Sumitomo Mitsui Banking Corporation	1,516	2.22
The Hokuetsu Bank, Ltd.	1,484	2.18
Tsugami Customers' Shareholding Association	1,329	1.95
The Master Trust Bank of Japan, Ltd. (Trust account)	1,138	1.67
SIX SIS Ltd.	1,005	1.47
The Daishi Bank, Ltd.	700	1.02

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 1,032 thousand shares of treasury stock listed in the shareholder register other than the shares listed in the table above.

Corporate Data (as of September 30, 2009)

Corporate Name	Tsugami Corporation	
Established	March 15, 1937	
Head Office	9-10, Horidome-cho 1-chome, Nihonbashi, Chuo-ku, Tokyo	
Paid-in Capital	10,599 million yen	
Number of Employees	532	
Directors and Auditors	Representative Director, Chairman and CEO	Takao Nishijima
	Representative Director and Senior Executive Officer	Nobuyuki Moriuchi
	Representative Director and Senior Executive Officer	Yoshiharu Kikuchi
	Representative Director and Senior Executive Officer	Toshiharu Niijima
	Director and Managing Executive Officer	Toshio Honma
	Outside Directors	Takeo Nakagawa
	Outside Directors	Mitsuhiro Masumi
	Standing Statutory Auditor	Ikuo Oomiya
	Outside Statutory Auditor	Kyouji Umeoka
	Outside Statutory Auditor	Kouchiro Watanabe
	Outside Statutory Auditor	Kunimasa Ohta
Head Office and Plants	Head Office	9-10, Horidome-cho 1-chome, Nihonbashi, Chuo-ku, Tokyo
	Nagaoka Plant	1-1, Higashizao 1-chome, Nagaoka-shi, Niigata
	Shinshu Plant	3600 Nakagomi, Saku-shi, Nagano
	Takami Plant	1-2, Higashi-Takami 2-chome, Nagaoka-shi, Niigata
	Niigata Plant	132, Momoyama-cho 2-chome, Higashi-ku, Niigata-shi, Niigata
Sales Network	East Japan Marketing Division (Tokyo) Nagaoka Marketing Division (Nagaoka) Suwa Marketing Division (Suwa) Central Japan Marketing Division (Nagoya) West Japan Marketing Division (Osaka) Soul Office in South Korea Shanghai Branch	
Group Companies	Tsugami Machinery Co., Ltd. Tsugami General Service Co., Ltd. Tsugami Precision Co., Ltd. Precision Tsugami (China) Corporation Tsugami (Thai) Co., Ltd. Tsugami (Germany) GmbH	

Shareholder composition by type of shareholder



Shareholder 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 Baking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Business handling office	Mitsubishi UFJ Trust Baking Corporation Stock Transfer Agency Department
Contact office	10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081 Mitsubishi UFJ Trust Baking 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 Baking 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 Baking 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 2009
 (April 1, 2009 to September 30, 2009)

TSUGAMI CORPORATION

I am pleased to report our results for the first half of fiscal 2009, ended September 30, 2009.

During the period under review, Tsugami Corporation (the "Company") and its affiliates (the "Group") continued to face a particularly challenging economy, as the downturn persisted from the second half of the previous fiscal year. Capital spending also remained weak.

In the machine tool industry, orders were sluggish in Japan, the United States, and Europe, although there were signs of a recovery in China and Southeast Asia. Overall, orders remained far below the level of a year ago.

In this environment, the Group developed operations with a focus on hard disk drive related products and on the Chinese market, which both benefited from greater demand. Nevertheless, consolidated net sales for the period declined 69.3% year on year, to 4,692 million yen, because of delays in deliveries and cancellations of some orders.

The Group posted a consolidated operating loss of 787 million yen, a consolidated ordinary loss of 1,010 million yen, and a consolidated net loss of 1,094 million yen, reflecting negative factors including declines in net sales and capacity utilization, and yen appreciation, despite our efforts to improve production efficiency and cut costs.

Owing to a loss that was larger than our initial projection, we were regrettably unable to pay any interim dividends.

We expect performance to improve in the second half, reflecting signs of a recovery in demand in China and Southeast Asia, and the impact of an increase in the operating rate of a subsidiary in China. However, since uncertainty over the outlook for the entire economy remains high, a year-end dividend is yet to be determined.

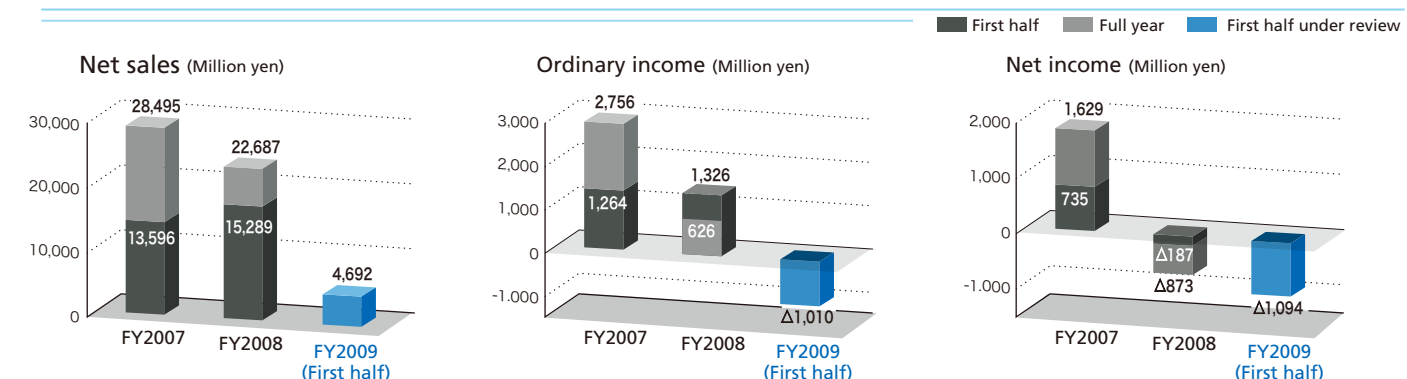
The Group remains committed to offering new products that fully meet customer requirements, while enriching the services it provides. Aiming to enhance customer satisfaction, we will devote all of our efforts to management, so that we can provide reliable products that our customers need. Meanwhile, we continue to aim for a business recovery by expanding sales, improving production efficiency, and cutting costs.

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

December 2009

Takao Nishijima Chairman and CEO

Consolidated Business Performance



Financial Highlights

Item	FY 2007		FY 2008		FY 2009
	First half	Full year	First half	Full year	First half
Net sales (Million yen)	13,596	28,495	15,289	22,687	4,692
Ordinary income (Million yen)	1,264	2,756	1,326	626	-1,010
Net income (Million yen)	735	1,629	-187	-873	-1,094
Net income per share (Yen)	10.17	23.03	-2.76	-12.88	-16.31
Total assets (Million yen)	32,718	32,732	31,553	25,703	23,398
Net assets (Million yen)	23,205	21,916	21,492	19,718	18,669
Net assets per share (Yen)	322.46	319.50	312.50	289.07	275.93

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

Consolidated financial statements

Consolidated balance sheets

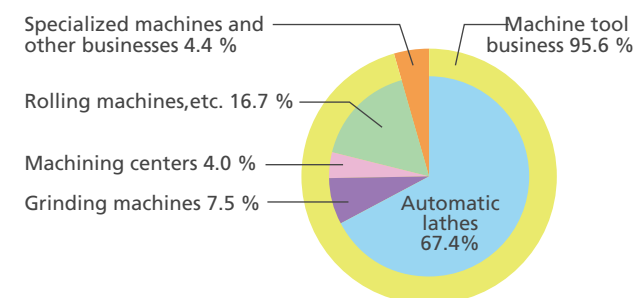
Item	(Million yen)	
	FY2009 First half (September 30, 2009)	FY2008 (March 31, 2009)
Assets		
Current assets	13,991	16,486
Cash and deposits	2,352	3,238
Trade notes and accounts receivable	4,541	4,677
Inventories	6,869	8,179
Other current assets	227	389
Fixed assets	9,378	9,184
Tangible fixed assets	6,259	6,633
Buildings, machinery, equipment and vehicles	5,471	5,806
Land	591	591
Other tangible fixed assets	195	235
Intangible fixed assets	39	43
Investments and other assets	3,079	2,508
Deferred assets	28	32
Total assets	23,398	25,703
Liabilities		
Current liabilities	2,763	3,855
Trade notes and accounts payable	1,368	2,129
Short-term borrowings	500	500
Corporate bonds due for redemption within one year	300	300
Accrued income tax	75	46
Other current liabilities	519	878
Long-term liabilities	1,965	2,129
Corporate bonds	1,050	1,200
Other long-term liabilities	914	927
Total liabilities	4,729	5,984
Net assets		
Shareholders' equity	18,501	20,019
Common stock	10,599	10,599
Capital surplus	4,147	4,138
Retained earnings	3,941	5,373
Treasury stock	- 186	- 92
Valuation and translation adjustments	- 17	- 487
Unrealized gains on marketable securities	38	- 508
Translation adjustments	- 55	20
Subscription rights to shares	185	187
Total net assets	18,669	19,718
Total liabilities and net assets	23,398	25,703

Consolidated statements of income

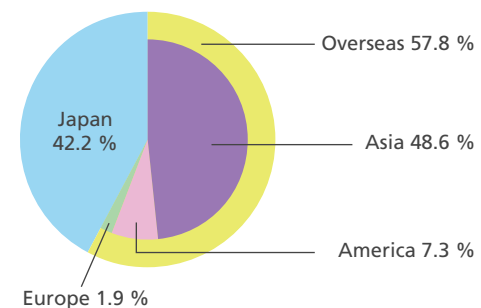
Item	(Million yen)	
	FY2009 First half (April 1, 2009 to September 30, 2009)	FY2008 (April 1, 2008 to September 30, 2008)
Net sales	4,692	15,289
Cost of sales	3,951	12,020
Gross profit	740	3,269
Selling, general and administrative expenses	1,527	1,975
Operating income (loss)	- 787	1,293
Non-operating income	211	121
Non-operating expenses	435	89
Ordinary income (loss)	- 1,010	1,326
Extraordinary income	-	11
Extraordinary expenses	1	1,386
Loss before taxes and other adjustments	- 1,012	- 48
Corporate, inhabitant and enterprise taxes	19	122
Income taxes for prior periods	17	-
Deferred taxes	45	16
Net loss	- 1,094	- 187

Sales breakdown (Consolidated)

Sales breakdown by business and product (FY2009 First half)



Sales breakdown by region (FY2009 First half)

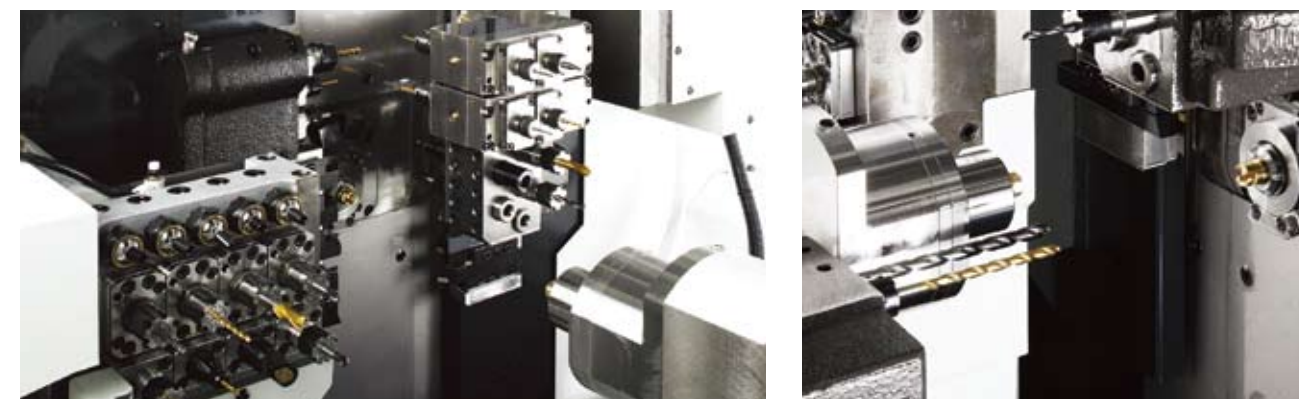


Releasing New Products to the Market

CNC Precision Automatic Lathe S205 / S206

Opposed gang-tool slide type can be combined with lathe machining to meet present-day needs. A variation in machining enables production of variable quantities of variants.

1. The Y-axis back tool post (S206) enables combined machining and overlapped machining on the side of the main axis.
2. Rotary tools on the rear tool post and back tool post have cartridges and can be arranged freely to conform to the task at hand.
3. The deep hole drilling (up to 100mm dia.) is realized by mounting the deep hole drill holder besides the back spindle.
4. High speed and high accuracy machining by the direct drive rotary guide bushing.
5. You can choose between guide-bushing or guide-bushing-less processing in accordance with the task at hand.
6. Minimum tool change time is achieved with the optimized tool path made by the automatic programming system.



Setting up a Booth at an Exhibiton

We have actively developed business partners. We held the Tsugami Technical Fair 2009 at the Tsugami Nagaoka Plant on July 9 and July 10, 2009. Many users and dealers both in Japan and overseas visited the fair, and we were able to engage in productive discussion over the two-day event.

