

Briefing on Financial Statements for the Year Ended March 2012

May 10, 2012

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1. Business Conditions and Outlook

(1) Changes in Financial Results - Full Year



Overview of FY2011

[Net sales] On a par with the plan

- In the 1st half, The Japanese, European, U.S., and Asian markets were all weak reflecting a strong yen and monetary tightening in China.
- In the 2nd half, Net sales recovered attributable to a weaker yen, the entry into the smartphone market, and demand associated with reconstruction from floods in Thailand.

[Income] Exceeding the plan

- In the 2nd half, Income rose as a result of a weaker yen, the effect of initiatives to deal with a strong yen, and demand associated with the smartphone market and reconstruction in Thailand.

Full-year projections for FY2012

[Net sales]

- Net sales are forecast to rise, primarily reflecting the effect of the entry into the smartphone market, although special demand associated with reconstruction in Thailand will come to a halt.
- The Chinese market is projected to recover gradually. The Japanese, European, and U.S. markets will be unclear. Uncertainty over financial markets especially in Europe is expected to remain.

[Income] Both the amount and margin are expected to rise. However, the income level is uncertain. (Exchange rates will be unstable.)

Billion Yen

	FY2010	FY2011				FY2012 (Projections)	
	Full Year Result	Initial Projection	Full Year Result	Year-on-year	Difference from initial projection	FY2012 (Projections)	Year-on-year
Net sales	35.9	36.0	35.7	-0.2	-0.3	55.0	+19.3
Gross profit	7.4	--	8.4	+1.0	--	--	--
(Gross profit margin)	(20.5%)	(--)	(23.4%)	(+2.9%)	(--)	(--)	(--)
Operating income	3.7	3.6	4.1	+0.4	+0.5	8.8	+4.7
(Operating income margin)	(10.4%)	(10.0%)	(11.4%)	(+1.0%)	(+1.4%)	(16.0%)	(+4.6%)
Ordinary income	3.5	3.5	3.9	+0.4	+0.4	8.4	+4.5
(Ordinary income margin)	(9.8%)	(9.7%)	(10.8%)	(+1.0%)	(+1.1%)	(15.3%)	(+4.5%)
Net income	2.8	2.2	2.3	-0.5	+0.1	5.2	+2.9
(Net income margin)	(7.9%)	(6.1%)	(6.4%)	(-1.5%)	(+0.3%)	(9.5%)	(+3.1%)
Net income per Share	42.7 yen	33.3 yen	33.9 yen	-8.8 yen	+0.6 yen	70.7 yen	+36.8 yen

(2) Changes in Financial Results - Semi annually and Quarterly basis



Overview of FY2011

Demand for products for smartphones and for reconstruction in Thailand contributed to sales in the Q4.

Both income and the income margin rose in the Q4 thanks to the effect of initiatives to deal with a strong yen and the depreciation of the yen.

Billion yen

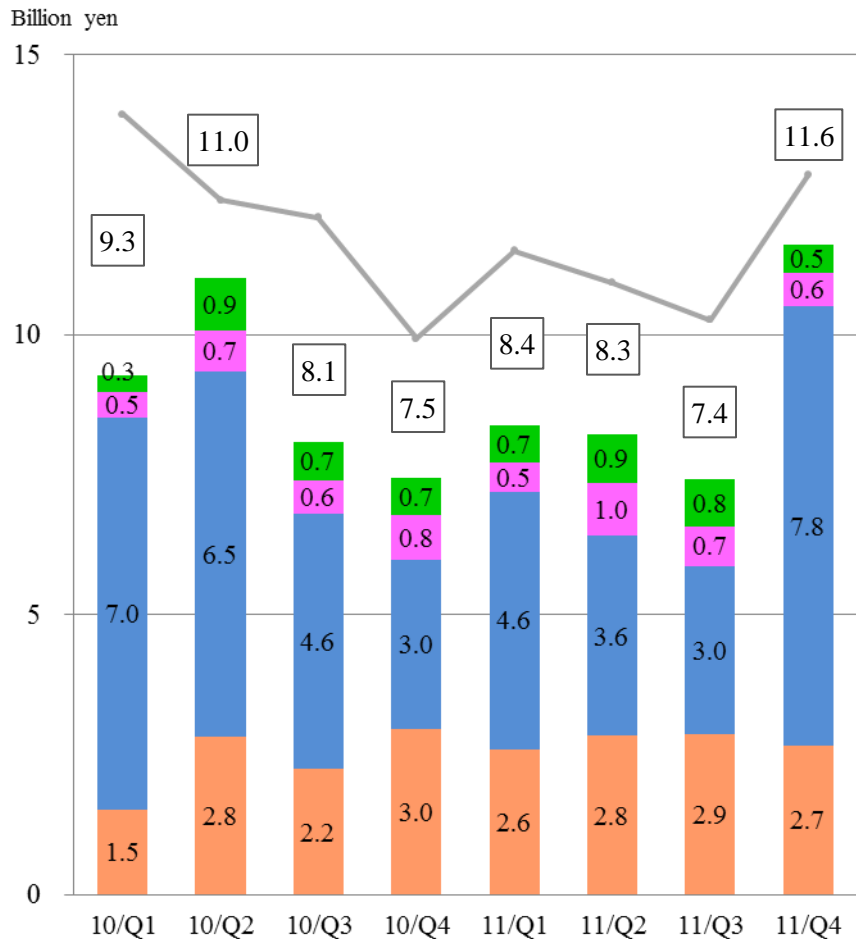
	FY2010		FY2011						FY2012 (Projections)
	1 st half	2 nd half	1 st half	2 nd half	Q1	Q2	Q3	Q4	1 st half
Net sales	20.3	15.6	16.7	19.0	8.4	8.3	7.4	11.6	30.0
Gross profit	4.3	3.1	3.5	4.9	1.7	1.8	1.8	3.1	--
(Gross profit margin)	(21.5%)	(19.2%)	(21.0%)	(25.4%)	(20.0%)	(22.1%)	(24.1%)	(26.2%)	(--)
Operating income	2.5	1.2	1.4	2.7	0.6	0.8	0.7	2.0	4.8
(Operating income margin)	(12.3%)	(7.9%)	(8.4%)	(14.1%)	(7.6%)	(9.2%)	(9.8%)	(16.9%)	(16.0%)
Ordinary income	2.3	1.2	1.2	2.7	0.6	0.6	0.7	2.0	4.6
(Ordinary income margin)	(11.6%)	(7.4%)	(7.3%)	(13.9%)	(6.7%)	(7.9%)	(9.8%)	(16.6%)	(15.3%)
Net income	2.0	0.8	0.9	1.4	0.5	0.4	0.4	1.0	2.8
(Net income margin)	(10.1%)	(5.1%)	(5.2%)	(7.4%)	(5.5%)	(5.0%)	(5.1%)	(8.8%)	(9.3%)

(3) Net Sales by Geographic Segment

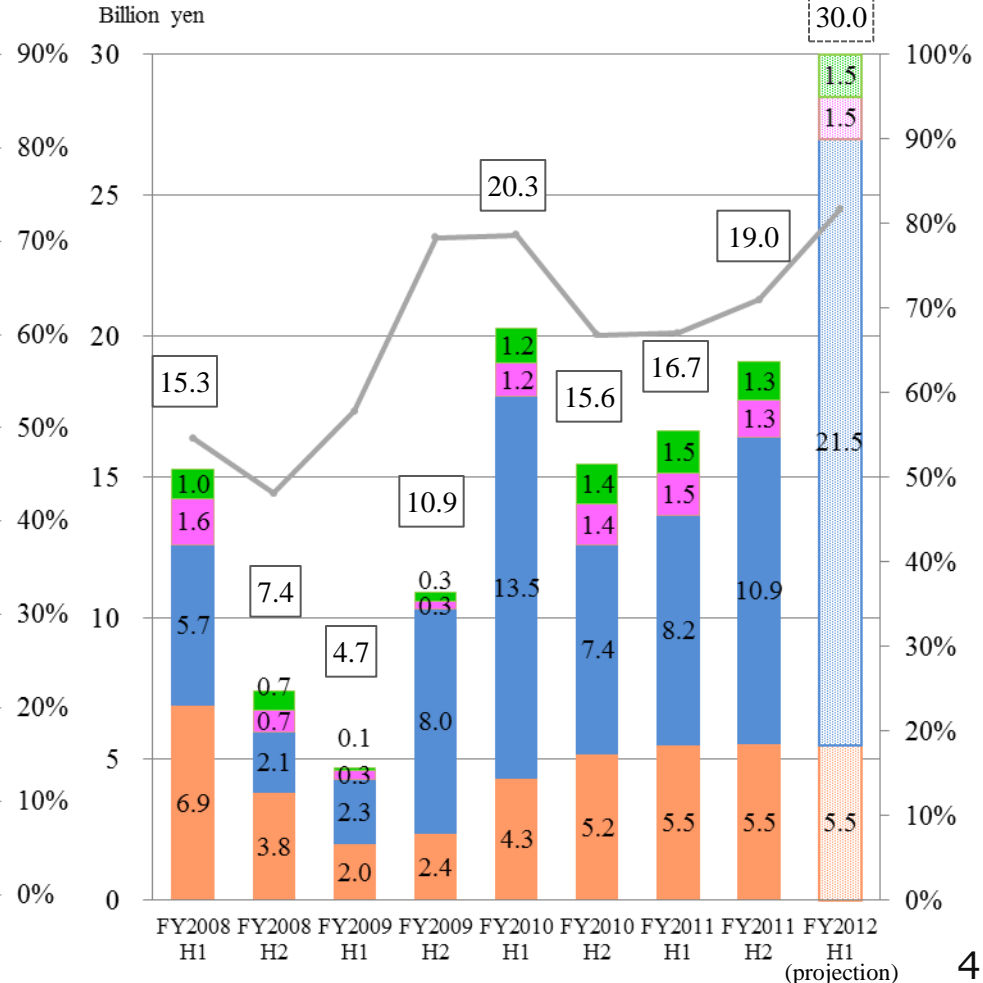
- Sales saw sluggish growth in the Japanese, European, and U.S. markets.
- The Chinese market and other Asian markets recovered moderately.
- Demand for products for smartphones (in China) and demand associated with reconstruction in Thailand added to sales.



Quarterly



Semi-Annually

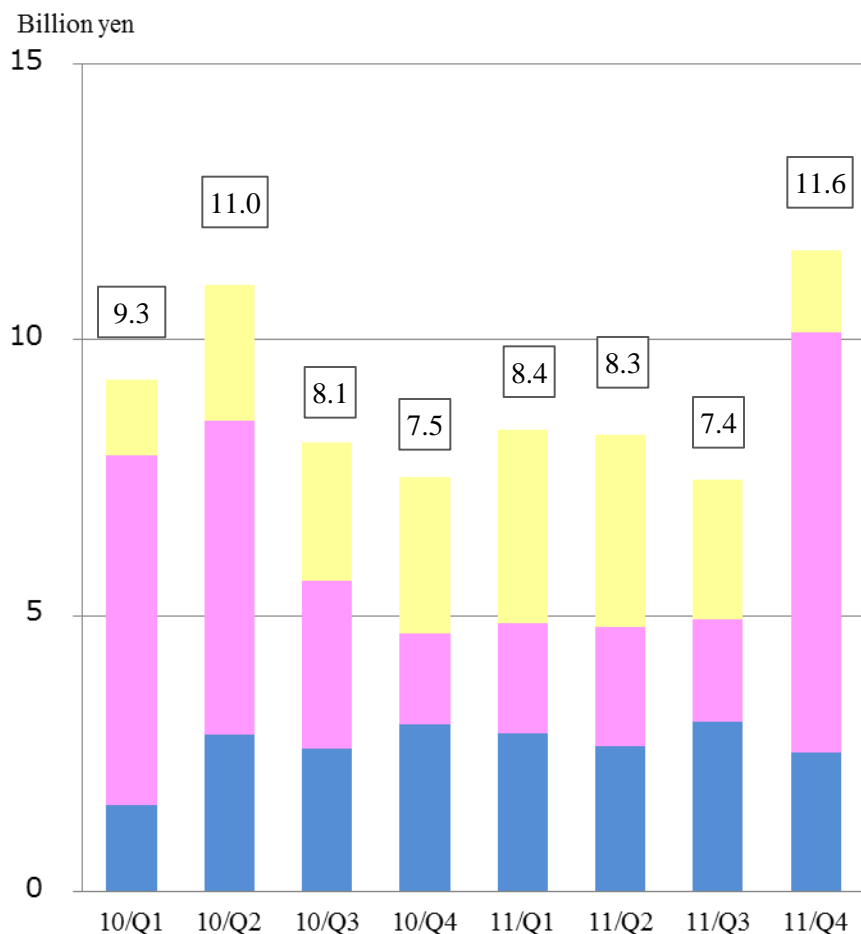


(4) Net Sales by Business Segment

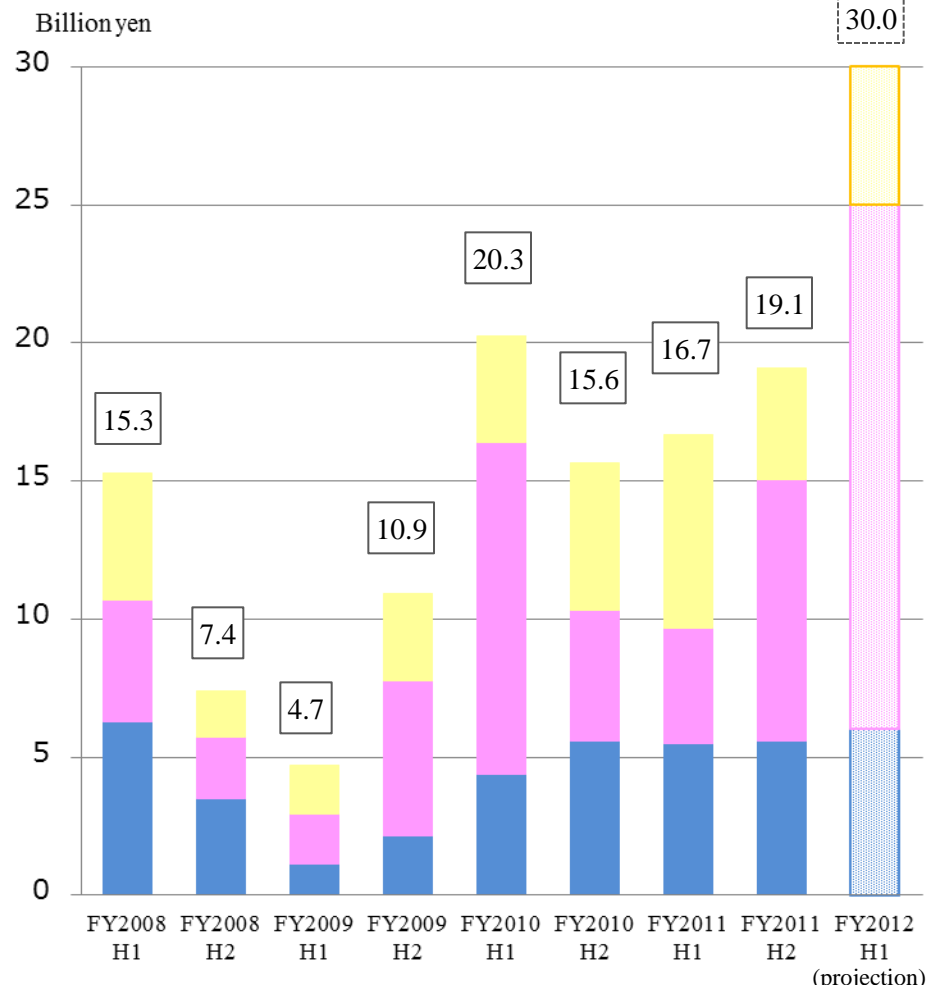
Automobile: Performance flat in FY2011 and expected to recover in FY2012
 IT: Demand for HDD associated with reconstruction in Thailand coming to a halt, but signs of new demand. Strengthening for the smartphone market.
 Other: Pneumatic equipment strong, medical equipment solid

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

Quarterly



Semi Annually

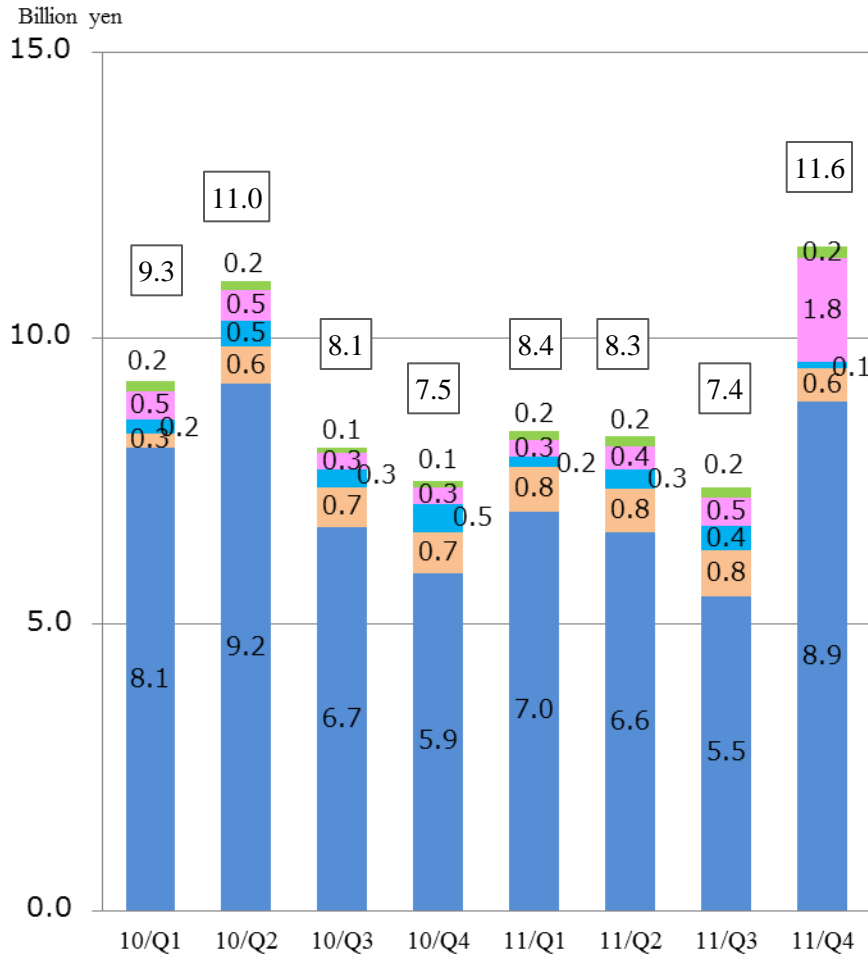


(5) Net Sales by Machinery Category

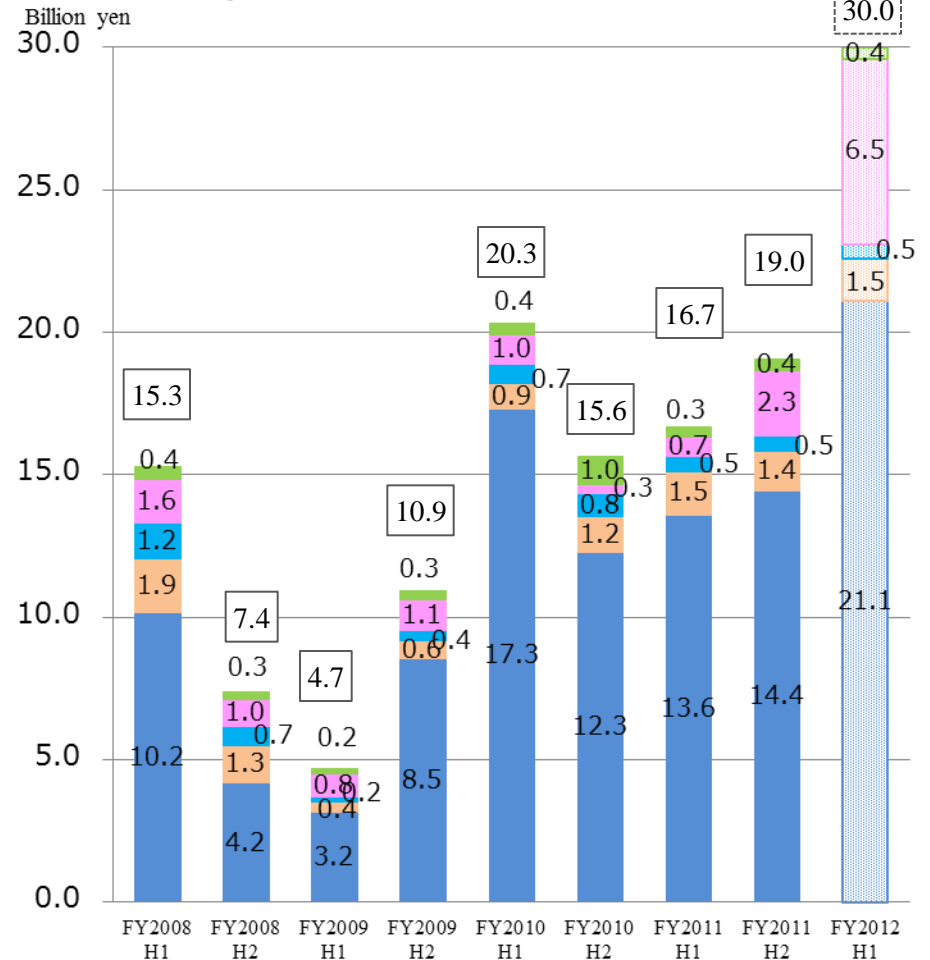
*With the entry into the smartphone market, Automatic lathes and tapping centers (in“ Rolling machines and specialized machines”) grew in FY2012.

- Automatic lathes
- Grinding machines
- Machining centers
- Rolling machines, etc.
- Other businesses

Quarterly



Semi Annually

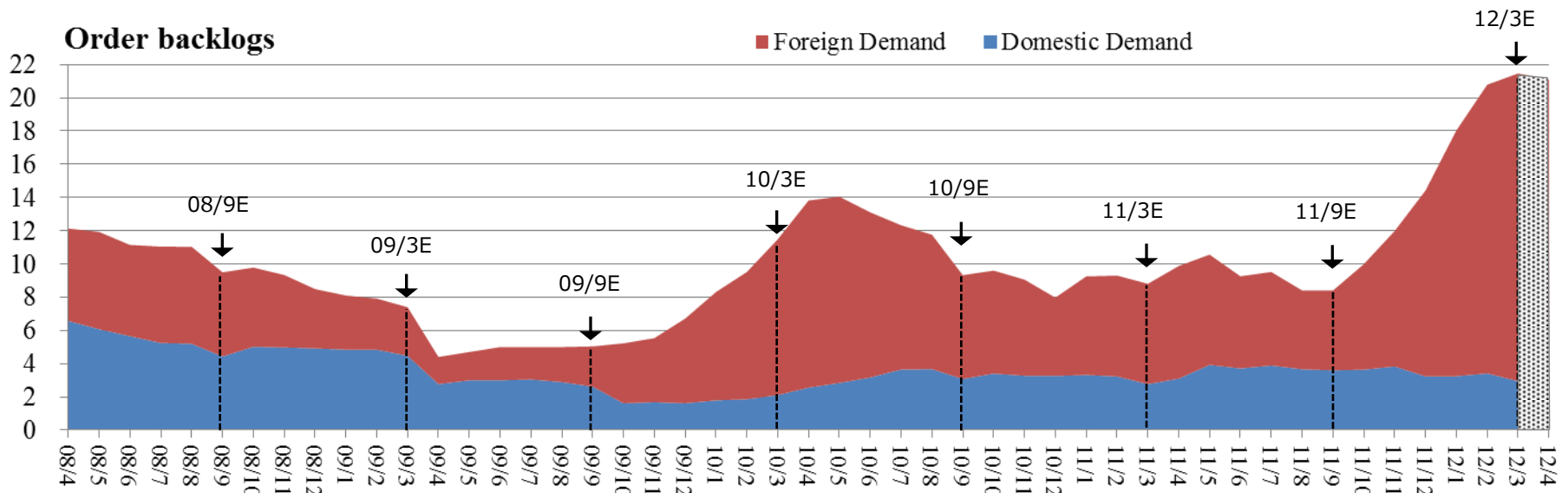
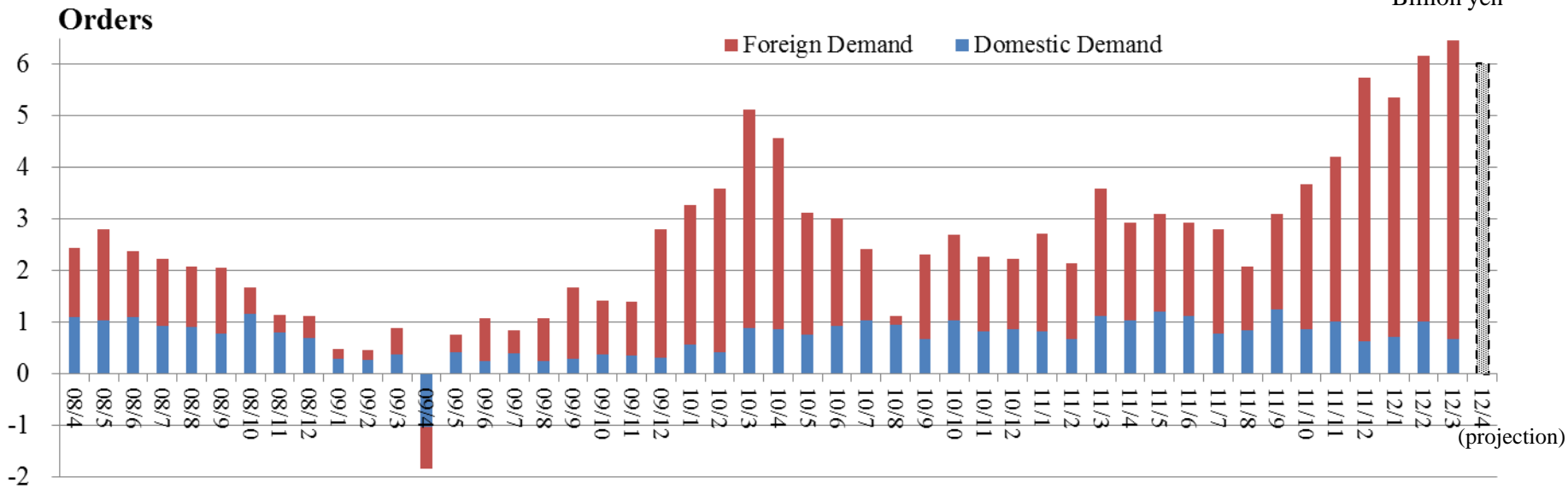


2. Orders

Orders Received and Order Backlogs



Billion yen



3. Financial Position

(1) Balance Sheets



Billion yen

	11/3	(China)	12/3	(China)	Year- on- year	
Total assets	35.9	(6.7)	50.8	(17.6)	+14.9	
Current assets	23.6	(4.6)	37.1	(14.3)	+13.5	
Cash and deposits	4.1		5.3		+1.2	Increase due to increased sales of 11/4Q
Trade notes and accounts receivable	7.7		10.5		+2.8	
Inventories	10.7		18.8		+8.1	Increase towards the increase in sales to the smartphone market
Fixed assets	12.3	(2.1)	13.6	(3.3)	+1.4	
Total liabilities	13.8	(4.4)	23.1	(12.8)	+9.3	
Current liabilities	11.8	(4.4)	21.5	(12.4)	+9.7	
Trade notes and accounts payable	8.0		16.5		+8.5	Increase due to the increase in production from late 2011
Long-term liabilities	2.0		1.6		-0.4	
Total net assets	22.1	(2.4)	27.7	(4.8)	+5.6	
Common stock, Capital surplus	14.7	(1.4)	18.2	(3.4)	+3.5	Issuance of new shares by public offering and by Third-party Allotment: 3.5billion yen
Retained earnings	7.0		8.5		+1.6	
Equity margin	60.9%	(35.2%)	53.9%	(27.3%)	-7.0%	
Issued shares	68,019,379 shares		74,919,379 shares		+6,900,000 shares	Issuance of new shares by public offering and by Third-party Allotment: 3.5billion yen

(2) Statement of Cash flows

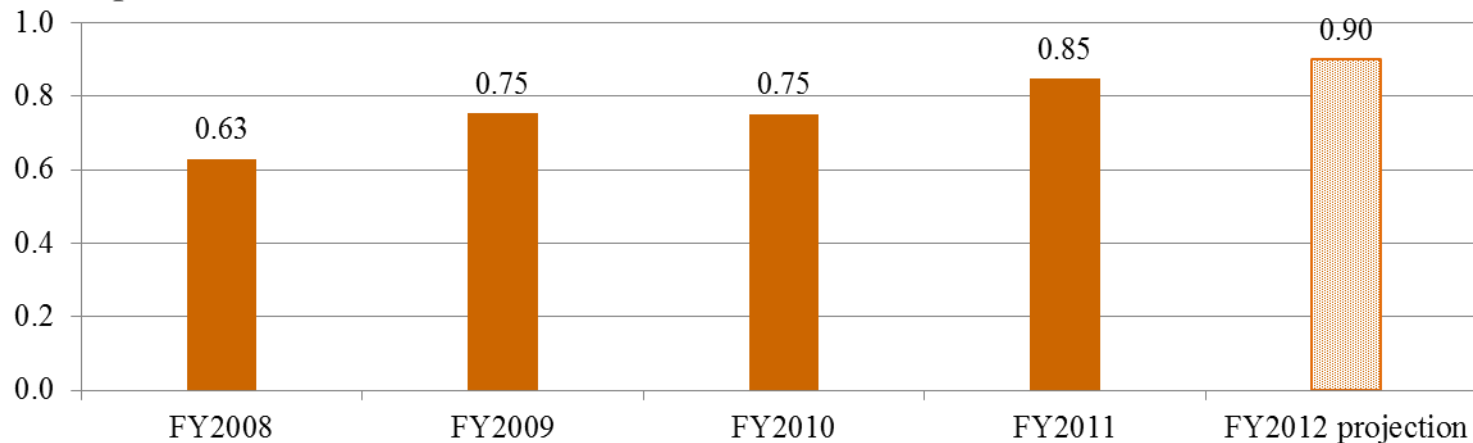
Billion yen

	FY2010	FY2011	
Cash flows from operating activities	2.3	0.5	
Net income before taxes, other adjustments, depreciation and amortization expenses	4.0	4.5	Income before taxes and other adjustment 3.7 billion yen Depreciation and amortization 0.8 billion yen
Gross working capital	-1.7	-3.7	Increase in trade notes and accounts payable 8.4 billion yen Increase in trade notes and accounts receivable -2.8 billion yen Increase in inventories -8.1 billion yen Increase in other current assets -1.2 billion yen
Cash flows from investing activities	-1.6	-1.9	
Capital investment in Japan factory	-0.3	-0.2	
Capital investment in China factory	-0.7	-1.4	
Incorporated overseas subsidiaries	-0.4	-0.5	FY2010 : Casting manufacturing company in China FY2011 : Production company in India
Cash flows from financing activities	-0.4	2.6	
Issuance of new shares	--	3.5	By Public offering and Third-party Allotment: 6.9 million shares
Short-term borrowings	1.1	--	
Redemption of corporate bonds	-0.3	-0.3	
Dividends paid	-0.7	-0.7	Annual: 10 yen per share (End of FY : 5 yen , Interim: 5 yen)
Acquisition of treasury stock	-0.6	--	
Net increase (decrease) in cash and cash equivalents	0.2	1.2	
Cash and cash equivalents at the end of the term	4.1	5.3	

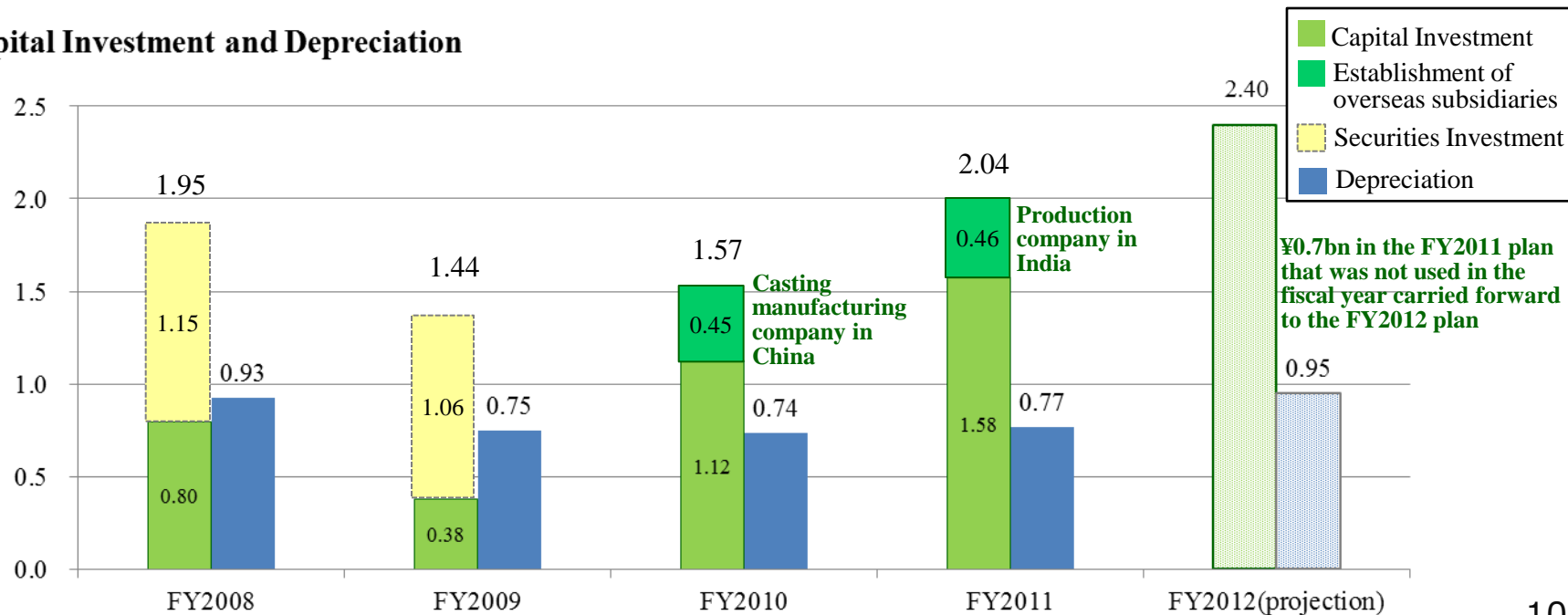
(3) R&D Expenditures, Capital Investment and Depreciation

Billion yen

R&D Expenditures



Capital Investment and Depreciation



4. Major Issues

(1) Development of New Products

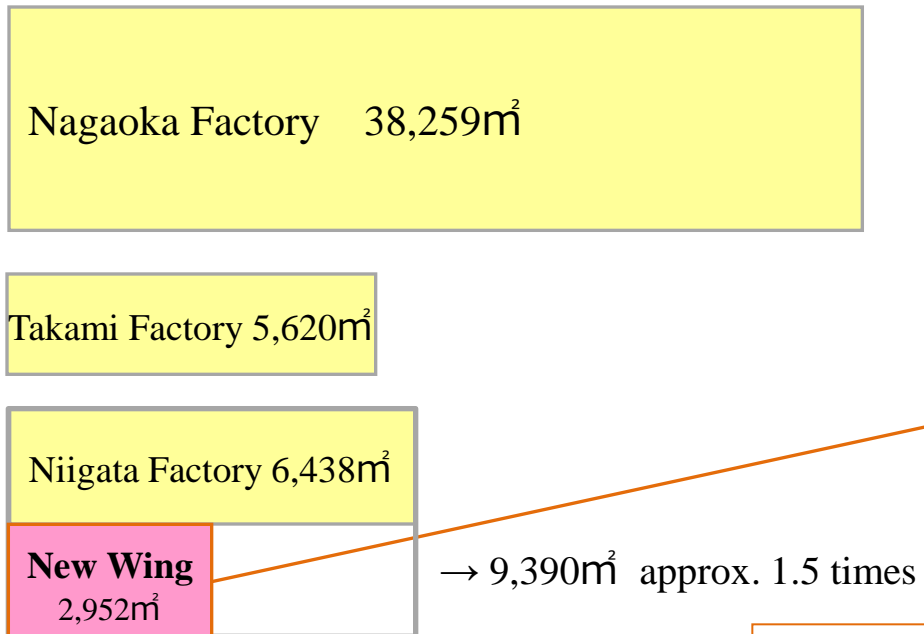
		Manufactured in Japan	Manufactured in China
New products	IT	FTG18TL	VA1 [Manufacturing of the following models transferred from Japan to China]
	Automobile-related and other industrial machinery	TMA8-IV	G18-II G300 G350 R17NC-II R7NC
Planned development	IT	2 types of automatic lathes	3 types of automatic lathes
	Automobile-related and other industrial machinery	Upgrade to new version of models manufactured in Japan	

(2) Factories in Japan - R&D and high-mix low-volume production

Production concentrated in 3 factories in Niigata prefecture

Addition of New Wing to the Niigata Factory, Investments to improve Production Efficiency

Niigata Prefecture



About 1km from Niigata West Port
a New Wing added in the site of the Niigata Factory
To be completed in May

(note) m² indicates area of the building

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.