

## FY2010 Third-Quarter Consolidated Financial Results (December 1, 2009 - August 31, 2010)

Company name : **OSG Corporation**  
 Shares Listed : 1st section of Tokyo and Nagoya Stock Exchanges  
 Code Number : 6136  
 Location of the head office : Aichi Prefecture  
 Representative: : Norio Ishikawa, President  
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### 1. Consolidated Results for FY2010 Third Quarter (December 1, 2009 - August 31, 2010)

(1) Consolidated financial results (Amounts less than one million yen are omitted)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2010 third-quarter	50,470	28.3	5,325	-	4,581	-	2,868	-
FY2009 third-quarter	39,326	-	(1,877)	-	(1,663)	-	(2,425)	-

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2010 third-quarter	29.85	-
FY2009 third-quarter	(25.23)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2010 third-quarter	105,220	63,079	54.4	595.80
FY2009	113,382	61,734	49.3	582.19

Reference: Equity FY2010 third-quarter: 57,238 million yen, FY2009: 55,931 million yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2010 third-quarter	9,915	(3,044)	(12,800)	14,510
FY2009 third-quarter	3,989	(3,269)	6,087	21,000

### 2. Cash Dividends

	Cash dividends per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
FY2009	0.00	3.00	3.00
FY2010	4.00		
FY2010 forecast		6.00	10.00

### 3. Forecast of Consolidated Results for FY2010 (December 1, 2009 - November 30, 2010)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Annual	68,500	28.5	7,000	-	6,200	-	3,800	-

	Net income per share
	Yen
Annual	39.55

#### 4. Others

- (1) Changes in significant subsidiaries during the current period  
(Changes in specified subsidiaries that caused a change in the scope of consolidation) : none
- (2) Simplified accounting procedures and accounting procedures specific to quarterly consolidated financial statements : yes
- (3) Changes in accounting principles, procedures, and disclosures for quarterly consolidated financial statements
  - (i) Changes by a newly issued accounting pronouncement: none
  - (ii) Changes other than (3)-(i) above: none
- (4) Number of shares issued and outstanding (common stock)
  - (i) Number of shares issued and outstanding at the end of each period (including treasury stock):  
FY2010 third-quarter: 98,955,226 shares    FY2009: 98,955,226 shares
  - (ii) Number of treasury stock at the end of each period:  
FY2010 third-quarter: 2,885,452 shares    FY2009: 2,884,100 shares
  - (iii) Average number of shares issued and outstanding in each period:  
FY2010 third-quarter: 96,070,464 shares    FY2009 third-quarter: 96,147,700 shares

[Note regarding forecast]

The above forecasts for financial results are based on information available at the time this report was released. These forecasts and other forward-looking statements are not guarantees of future performance. Actual operating results may differ from the above forecasts due to known and unknown risks, uncertainties, and other factors.

**[Notice Concerning Amendments to the Forecasts for FY2010]**

Amendments to the forecasts of consolidated financial results for FY2010  
(December 1, 2009 - November 30, 2010)

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	66,000	6,000	5,500	3,300	34.35
New forecasts (B)	68,500	7,000	6,200	3,800	39.55
Amount changed (B-A)	2,500	1,000	700	500	
% of change	3.8%	16.7%	12.7%	15.2%	
(Reference)					
Actual results for FY2009	53,325	(2,735)	(2,703)	(3,769)	(39.22)

Amendments to the forecasts of non-consolidated financial results for FY2010  
(December 1, 2009 - November 30, 2010)

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	35,000	600	700	600	6.25
New forecasts (B)	36,000	800	800	680	7.08
Amount changed (B-A)	1,000	200	100	80	
% of change	2.9%	33.3%	14.3%	13.3%	
(Reference)					
Actual results for FY2009	24,100	(3,994)	(3,438)	(3,319)	(34.53)

Consolidated Summary Balance Sheet  
OSG Corporation

Assets	(Millions of yen : amounts less than one million yen are omitted)		
	FY2009 As of Nov. 30, 2009	FY2010 third-quarter As of Aug. 31, 2010	Changes
<b>Current Assets</b>			
Cash and time deposits	13,995	14,631	
Notes and accounts receivable	11,543	14,503	
Marketable securities	9,000	2,000	
Merchandise and finished goods	14,373	11,621	
Work in process	2,250	2,697	
Raw materials and supplies	3,950	3,280	
Other	2,885	2,622	
Allowance for doubtful accounts	(154)	(169)	
<b>Total current assets</b>	<b>57,845</b>	<b>51,187</b>	<b>(6,658)</b>
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Building and structures	15,053	14,048	
Machinery and equipment	14,113	13,109	
Land	10,962	10,859	
Other	2,337	2,131	
<b>Total tangible assets</b>	<b>42,465</b>	<b>40,149</b>	<b>(2,316)</b>
<b>Intangible Assets</b>			
Goodwill	812	673	
Other	2,069	2,847	
<b>Total intangible assets</b>	<b>2,881</b>	<b>3,521</b>	<b>640</b>
<b>Investments and Other Assets</b>			
Investment securities	2,854	3,249	
Other	7,617	7,404	
Allowance for doubtful accounts	(283)	(293)	
<b>Total investments and other assets</b>	<b>10,188</b>	<b>10,360</b>	<b>172</b>
<b>Total fixed assets</b>	<b>55,536</b>	<b>54,032</b>	<b>(1,504)</b>
<b>Total</b>	<b>113,382</b>	<b>105,220</b>	<b>(8,162)</b>

Consolidated Summary Balance Sheet  
OSG Corporation

Liabilities and Net Assets	(Millions of yen : amounts less than one million yen are omitted)		
	FY2009 As of Nov. 30, 2009	FY2010 third-quarter As of Aug. 31, 2010	Changes
<b>Current Liabilities</b>			
Notes and accounts payable	2,417	3,751	
Short-term borrowings	16,395	5,126	
Long-term borrowings, current portion	3,581	6,062	
Income taxes payable	406	1,006	
Reserve for bonuses	166	1,154	
Reserve for directors' bonuses	14	41	
Other	4,646	4,209	
<b>Total current liabilities</b>	<b>27,628</b>	<b>21,352</b>	<b>(6,276)</b>
<b>Long-term Liabilities</b>			
Long-term borrowings	21,254	18,045	
Liabilities for employees' retirement benefits	272	310	
Retirement allowance for directors and corporate auditors	53	49	
Other	2,437	2,383	
<b>Total long-term liabilities</b>	<b>24,018</b>	<b>20,788</b>	<b>(3,230)</b>
<b>Total liabilities</b>	<b>51,647</b>	<b>42,410</b>	<b>(9,237)</b>
<b>Shareholders' Equity</b>			
Common stock	10,404	10,404	
Capital surplus	14,197	14,197	
Retained earnings	42,471	44,666	
Treasury stock	(3,870)	(3,871)	
<b>Total shareholders' equity</b>	<b>63,202</b>	<b>65,396</b>	<b>2,194</b>
<b>Other items</b>			
Unrealized gain on available-for-sale securities	102	325	
Deferred gain on derivatives under hedge accounting	-	2	
Foreign currency translation adjustments	(7,374)	(8,486)	
<b>Total</b>	<b>(7,271)</b>	<b>(8,158)</b>	<b>(887)</b>
<b>Minority Interests</b>	<b>5,803</b>	<b>5,840</b>	<b>37</b>
<b>Total net assets</b>	<b>61,734</b>	<b>63,079</b>	<b>1,345</b>
<b>Total liabilities and net assets</b>	<b>113,382</b>	<b>105,220</b>	<b>(8,162)</b>

Consolidated Summary Statement of Income  
OSG Corporation

(Millions of yen : amounts less than one million yen are omitted)

	FY2009 third-quarter (2008/12/1 - 2009/8/31)	FY2010 third-quarter (2009/12/1 - 2010/8/31)	Changes
Net Sales	39,326	50,470	11,144
Cost of Sales	28,473	32,489	4,016
Gross profit	10,852	17,980	7,128
Selling, general and administrative expenses	12,729	12,655	(74)
Operating income	(1,877)	5,325	7,202
Other Income			
Interest income	146	129	
Dividend income	57	36	
Subsidies for employment adjustment	677	26	
Other - net	414	324	
Total other income	1,295	517	(778)
Other Expenses			
Interest expense	478	404	
Sales discounts	265	343	
Foreign exchange loss	164	272	
Other - net	173	240	
Total other expenses	1,081	1,260	179
Ordinary income	(1,663)	4,581	6,244
Extraordinary gain	11	50	39
Extraordinary loss	265	101	(164)
Income before income taxes	(1,918)	4,530	6,448
Income taxes	314	1,166	852
Minority interests	193	495	302
Net income	(2,425)	2,868	5,293

Consolidated Summary Statement of Cash Flows  
OSG Corporation

(Millions of yen : amounts less than one million yen are omitted)

	FY2009 third-quarter (2008/12/1 - 2009/8/31)	FY2010 third-quarter (2009/12/1 - 2010/8/31)
<b>Operating Activities:</b>		
Income (loss) before income taxes and minority interest	(1,918)	4,530
Depreciation and amortization	4,339	3,939
Loss on impairment	-	21
Amortization of good will	284	89
Gain on liquidation of subsidiaries	-	(31)
Loss on disposal of tangible assets	65	49
Gain on sales of tangible assets	12	3
Write-down of securities	11	0
Interest and dividend income	(203)	(165)
Interest expense	478	404
Equity in earnings of affiliates	1	(1)
Change in notes and accounts receivable	7,376	(3,527)
Change in inventories	(1,401)	2,526
Change in notes and accounts payable	(2,895)	1,634
Change in accrued expenses	(3,367)	(827)
Other - net	(444)	1,996
Sub-total	2,339	10,643
Interest and dividend income received	168	105
Interest expense paid	(414)	(424)
Income taxes - paid	(1,852)	(875)
Income taxes - refunded	3,747	466
Net cash provided by operating activities	3,989	9,915
<b>Investing Activities:</b>		
Payments for time deposits	(697)	(639)
Proceeds from refund of time deposits	8	546
Purchases of investment securities	(7)	(9)
Acquisitions of property, plant and equipment	(2,056)	(2,041)
Proceeds from sales of property, plant and equipment	77	65
Payment for purchase of subsidiaries' stock	(120)	(81)
Other - net	(474)	(885)
Net cash used in investing activities	(3,269)	(3,044)
<b>Financing Activities:</b>		
Change in short-term borrowings - net	3,973	(11,259)
Proceeds from long-term borrowings	6,184	1,620
Repayment of long-term borrowings	(2,549)	(2,309)
Dividends paid	(1,161)	(672)
Dividends paid to minority shareholders	(187)	(177)
Purchase of treasury stock	(172)	(1)
Net cash provided by (used in) financing activities	6,087	(12,800)
Effect of exchange rate change on cash and cash equivalents	(364)	(376)
Net increase in cash and cash equivalents	6,443	(6,306)
Cash and cash equivalents at beginning of year	14,557	20,816
Cash and cash equivalents at end of year	21,000	14,510

## **Operations by Geographical Segment**

Results for FY2010 third-quarter (Dec. 1, 2009 through Aug. 31, 2010)

							Millions of yen	
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated	
Sales to customers	26,301	8,188	4,143	11,836	50,470	-	50,470	
Interarea transfers	7,771	100	6	503	8,382	(8,382)	-	
Total sales	34,073	8,289	4,149	12,339	58,852	(8,382)	50,470	
Operating expenses	32,308	7,612	3,729	9,950	53,600	(8,455)	45,145	
Operating income	1,765	676	419	2,389	5,251	73	5,325	

(Reference)

Results for FY2009 third-quarter (Dec. 1, 2008 through Aug. 31, 2009)

							Millions of yen	
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated	
Sales to customers	19,787	7,041	4,161	8,335	39,326	-	39,326	
Interarea transfers	4,503	157	3	575	5,240	(5,240)	-	
Total sales	24,291	7,199	4,165	8,911	44,566	(5,240)	39,326	
Operating expenses	27,706	6,913	4,079	7,995	46,694	(5,491)	41,203	
Operating income	(3,414)	286	85	915	(2,127)	250	(1,877)	

## **Sales to Foreign Customers**

Results for FY2010 third-quarter (Dec. 1, 2009 through Aug. 31, 2010)

						Millions of yen		
	The Americas	Europe	Asia	Other	Total			
Foreign sales	8,139	4,205	12,187	1	24,533			
Net sales						50,470		
Ratio of foreign sales to net sales	16.1%	8.3%	24.2%	0.0%	48.6%			

(Reference)

Results for FY2009 third-quarter (Dec. 1, 2008 through Aug. 31, 2009)

						Millions of yen		
	The Americas	Europe	Asia	Other	Total			
Foreign sales	6,964	4,277	8,566	2	19,810			
Net sales						39,326		
Ratio of foreign sales to net sales	17.7%	10.9%	21.8%	0.0%	50.4%			

## **Net sales by Products Segment**

	Millions of yen	
	FY2009 third-quarter (2008/12/1-2009/8/31)	FY2010 third-quarter (2009/12/1-2010/8/31)
Cutting tools:		
Taps	12,455	16,674
End mills	9,546	11,806
Drills and other cutting tools	8,649	11,882
Total	30,652	40,363
Rolling dies	3,343	4,890
Gauges	649	789
Other	4,681	4,426
Total	39,326	50,470