

FY2011 Semi-Annual Consolidated Financial Results (December 1, 2010 - May 31, 2011)

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 FY2011 Semi-Annual (December 1, 2010 - May 31, 2011)

(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	%
FY2011 semi-annual	39,222	22.7	5,335	110.7	4,979	114.0	2,555	93.3
FY2010 semi-annual	31,956	16.0	2,531	-	2,327	-	1,322	-

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2011 semi-annual	26.91	-
FY2010 semi-annual	13.76	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2011 semi-annual	106,243	66,100	56.3	629.41
FY2010	105,635	63,162	54.1	601.44

Reference: Equity FY2011 semi-annual: 59,773 million yen, FY2010: 57,117 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
FY2011 semi-annual	4,876	(3,815)	(3,299)	11,393
FY2010 semi-annual	7,211	(1,906)	(11,812)	14,467

2. Cash Dividends

	Cash dividends per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
FY2010	4.00	8.00	12.00
FY2011	6.00		
FY2011 forecast		12.00	18.00

3. Forecast of Consolidated Results for FY2011 (December 1, 2010 - November 30, 2011)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Annual	79,500	14.4	11,500	52.8	10,900	62.7	5,900	56.4

	Net income per share
	Yen
Annual	62.13

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: yes
 - (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):
FY2011 semi-annual: 98,955,226 shares FY2010: 98,955,226 shares
 - (ii) Number of treasury stock at the end of each period:
FY2011 semi-annual: 3,987,615 shares FY2010: 3,986,173 shares
 - (iii) Average number of shares issued and outstanding in each period:
FY2011 semi-annual: 94,968,173 shares FY2010 semi-annual: 96,070,670 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 FY2011]

Amendments to the forecasts of consolidated financial results for FY2011
(December 1, 2010 - November 30, 2011)

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	75,000	10,000	9,200	5,200	54.75
New forecasts (B)	79,500	11,500	10,900	5,900	62.13
Amount changed (B-A)	4,500	1,500	1,700	700	
% of change	6.0%	15.0%	18.5%	13.5%	
(Reference)					
Actual results for FY2010	69,513	7,524	6,699	3,772	39.34

Amendments to the forecasts of non-consolidated financial results for FY2011
(December 1, 2010 - November 30, 2011)

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	40,000	2,700	3,600	2,500	26.32
New forecasts (B)	42,000	3,500	4,800	3,400	35.80
Amount changed (B-A)	2,000	800	1,200	900	
% of change	5.0%	29.6%	33.3%	36.0%	
(Reference)					
Actual results for FY2010	36,555	977	1,060	608	6.35

Consolidated Summary Balance Sheet
OSG Corporation

Assets	(Millions of yen : amounts less than one million yen are omitted)		
	FY2010 As of Nov. 30, 2010	FY2011 semi-annual As of May 31, 2011	Changes
Current Assets			
Cash and time deposits	16,314	13,764	
Notes and accounts receivable	15,359	16,268	
Marketable securities	0	0	
Merchandise and finished goods	10,928	10,450	
Work in process	2,741	3,233	
Raw materials and supplies	3,301	3,815	
Other	3,239	3,718	
Allowance for doubtful accounts	(169)	(203)	
Total current assets	51,715	51,048	(667)
Fixed Assets			
Tangible Assets			
Building and structures	13,860	13,434	
Machinery and equipment	12,999	13,451	
Land	10,908	11,010	
Other	2,476	4,186	
Total tangible assets	40,245	42,083	1,838
Intangible Assets			
Goodwill	623	543	
Other	3,008	2,681	
Total intangible assets	3,632	3,224	(408)
Investments and Other Assets			
Investment securities	3,491	4,174	
Other	6,838	5,984	
Allowance for doubtful accounts	(287)	(272)	
Total investments and other assets	10,041	9,886	(155)
Total fixed assets	53,919	55,194	1,275
Total	105,635	106,243	608

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets	(Millions of yen : amounts less than one million yen are omitted)		
	FY2010 As of Nov. 30, 2010	FY2011 semi-annual As of May 31, 2011	Changes
Current Liabilities			
Notes and accounts payable	3,731	4,269	
Short-term borrowings	4,654	6,828	
Long-term borrowings, current portion	5,781	2,304	
Income taxes payable	1,358	1,315	
Reserve for bonuses	245	318	
Reserve for directors' bonuses	182	128	
Other	7,021	5,988	
Total current liabilities	22,975	21,152	(1,823)
Long-term Liabilities			
Long-term borrowings	16,882	16,180	
Liabilities for employees' retirement benefits	227	266	
Retirement allowance for directors and corporate auditors	49	50	
Other	2,338	2,493	
Total long-term liabilities	19,497	18,990	(507)
Total liabilities	42,473	40,143	(2,330)
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	14,197	14,197	
Retained earnings	45,622	47,418	
Treasury stock	(4,827)	(4,829)	
Total shareholders' equity	65,396	67,191	1,795
Other items			
Unrealized gain on available-for-sale securities	577	980	
Deferred loss on derivatives under hedge accounting	(0)	-	
Foreign currency translation adjustments	(8,854)	(8,397)	
Total	(8,278)	(7,417)	861
Minority Interests	6,044	6,326	282
Total net assets	63,162	66,100	2,938
Total liabilities and net assets	105,635	106,243	608

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2010 semi-annual (2009/12/1 - 2010/5/31)	FY2011 semi-annual (2010/12/1 - 2011/5/31)	Changes
Net Sales	31,956	39,222	7,266
Cost of Sales	21,254	23,852	2,598
Gross profit	10,702	15,370	4,668
Selling, general and administrative expenses	8,170	10,035	1,865
Operating income	2,531	5,335	2,804
Other Income			
Interest income	94	81	
Dividend income	16	18	
Subsidies for employment adjustment	22	-	
Foreign exchange gain	64	-	
Other - net	222	209	
Total other income	419	309	(110)
Other Expenses			
Interest expense	282	213	
Sales discounts	221	268	
Foreign exchange loss	-	23	
Other - net	119	160	
Total other expenses	623	665	42
Ordinary income	2,327	4,979	2,652
Extraordinary gain	46	35	(11)
Extraordinary loss	84	41	(43)
Income before income taxes	2,289	4,972	2,683
Income taxes	601	1,898	1,297
Minority interests	365	518	153
Net income	1,322	2,555	1,233

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2010 semi-annual (2009/12/1 - 2010/5/31)	FY2011 semi-annual (2010/12/1 - 2011/5/31)
Operating Activities:		
Income (loss) before income taxes and minority interest	2,289	4,972
Depreciation and amortization	2,606	2,696
Loss on impairment	16	-
Amortization of good will	82	71
Gain on liquidation of subsidiaries	(31)	-
Loss on disposal of tangible assets	44	19
Gain on sales of tangible assets	2	14
Interest and dividend income	(110)	(100)
Interest expense	282	213
Equity in earnings of affiliates	(0)	(1)
Change in notes and accounts receivable	(1,611)	(674)
Change in inventories	2,612	(356)
Change in notes and accounts payable	723	479
Change in accrued expenses	124	(382)
Other - net	380	(535)
Sub-total	7,413	6,416
Interest and dividend income received	70	73
Interest expense paid	(321)	(219)
Income taxes - paid	(356)	(1,471)
Income taxes - refunded	405	77
Net cash provided by operating activities	7,211	4,876
Investing Activities:		
Payments for time deposits	(400)	(180)
Proceeds from refund of time deposits	505	646
Purchases of investment securities	(6)	(3)
Acquisitions of property, plant and equipment	(1,377)	(4,128)
Proceeds from sales of property, plant and equipment	32	19
Payment for purchase of subsidiaries' stock	(45)	(28)
Other - net	(615)	(135)
Net cash used in investing activities	(1,906)	(3,815)
Financing Activities:		
Change in short-term borrowings - net	(10,274)	2,072
Proceeds from long-term borrowings	640	-
Repayment of long-term borrowings	(1,797)	(4,232)
Dividends paid	(289)	(761)
Dividends paid to minority shareholders	(90)	(375)
Purchase of treasury stock	(0)	(1)
Net cash provided by (used in) financing activities	(11,812)	(3,299)
Effect of exchange rate change on cash and cash equivalents	157	106
Net increase in cash and cash equivalents	(6,349)	(2,131)
Cash and cash equivalents at beginning of year	20,816	13,525
Cash and cash equivalents at end of year	14,467	11,393

Operations by Geographical Segment

Results for FY2011 semi-annual (Dec. 1, 2010 through May 31, 2011)

Millions of yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	19,722	6,218	3,226	10,055	39,222	-	39,222
Interarea transfers	6,835	80	5	457	7,379	(7,379)	-
Total sales	26,558	6,298	3,232	10,512	46,602	(7,379)	39,222
Operating income	2,568	626	428	2,210	5,834	(498)	5,335

(Reference)

Results for FY2010 semi-annual (Dec. 1, 2009 through May 31, 2010)

Millions of yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	16,963	5,110	2,709	7,173	31,956	-	31,956
Interarea transfers	4,761	61	4	301	5,129	(5,129)	-
Total sales	21,725	5,172	2,714	7,474	37,086	(5,129)	31,956
Operating expenses	21,185	4,867	2,485	6,064	34,602	(5,177)	29,425
Operating income	539	304	228	1,410	2,483	48	2,531

Net sales by Products Segment

Millions of yen

	FY2010 semi-annual (2009/12/1-2010/5/31)	FY2011 semi-annual (2010/12/1-2011/5/31)
Cutting tools:		
Taps	10,314	14,080
End mills	7,463	8,754
Drills and other cutting tools	7,600	8,754
Total	25,379	31,589
Rolling dies	3,153	3,442
Gauges	504	538
Other	2,920	3,652
Total	31,956	39,222