

## FY2011 Third-Quarter Consolidated Financial Results (December 1, 2010 - August 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 Third-Quarter (December 1, 2010 - August 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 third-quarter	60,117	19.1	8,977	68.6	8,334	81.9	4,135	44.2
FY2010 third-quarter	50,470	28.3	5,325	-	4,581	-	2,868	-

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2011 third-quarter	43.54	-
FY2010 third-quarter	29.85	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2011 third-quarter	105,628	66,596	56.9	633.18
FY2010	105,635	63,162	54.1	601.44

Reference: Equity FY2011 third-quarter: 60,131 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 third-quarter	6,556	(5,959)	(4,434)	9,653
FY2010 third-quarter	9,915	(3,044)	(12,800)	14,510

### 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 third-quarter: 98,955,226 shares FY2010: 98,955,226 shares
  - (ii) Number of treasury stock at the end of each period:  
FY2011 third-quarter: 3,988,035 shares FY2010: 3,986,173 shares
  - (iii) Average number of shares issued and outstanding in each period:  
FY2011 third-quarter: 94,967,918 shares FY2010 third-quarter: 96,070,464 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.

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 third-quarter As of Aug. 31, 2011	Changes
<b>Current Assets</b>			
Cash and time deposits	16,314	11,965	
Notes and accounts receivable	15,359	17,149	
Marketable securities	0	0	
Merchandise and finished goods	10,928	11,266	
Work in process	2,741	3,435	
Raw materials and supplies	3,301	4,239	
Other	3,239	3,165	
Allowance for doubtful accounts	(169)	(206)	
<b>Total current assets</b>	<b>51,715</b>	<b>51,017</b>	<b>(698)</b>
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Building and structures	13,860	13,335	
Machinery and equipment	12,999	13,556	
Land	10,908	11,117	
Other	2,476	4,642	
<b>Total tangible assets</b>	<b>40,245</b>	<b>42,652</b>	<b>2,407</b>
<b>Intangible Assets</b>			
Goodwill	623	501	
Other	3,008	2,569	
<b>Total intangible assets</b>	<b>3,632</b>	<b>3,071</b>	<b>(561)</b>
<b>Investments and Other Assets</b>			
Investment securities	3,491	3,927	
Other	6,838	5,227	
Allowance for doubtful accounts	(287)	(266)	
<b>Total investments and other assets</b>	<b>10,041</b>	<b>8,888</b>	<b>(1,153)</b>
<b>Total fixed assets</b>	<b>53,919</b>	<b>54,611</b>	<b>692</b>
<b>Total</b>	<b>105,635</b>	<b>105,628</b>	<b>(7)</b>

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 third-quarter As of Aug. 31, 2011	Changes
Current Liabilities			
Notes and accounts payable	3,731	4,296	
Short-term borrowings	4,654	6,562	
Long-term borrowings, current portion	5,781	4,237	
Income taxes payable	1,358	1,316	
Reserve for bonuses	245	1,452	
Reserve for directors' bonuses	182	212	
Other	7,021	4,158	
<b>Total current liabilities</b>	<b>22,975</b>	<b>22,235</b>	<b>(740)</b>
Long-term Liabilities			
Long-term borrowings	16,882	13,974	
Liabilities for employees' retirement benefits	227	282	
Retirement allowance for directors and corporate auditors	49	51	
Other	2,338	2,488	
<b>Total long-term liabilities</b>	<b>19,497</b>	<b>16,796</b>	<b>(2,701)</b>
<b>Total liabilities</b>	<b>42,473</b>	<b>39,031</b>	<b>(3,442)</b>
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	14,197	14,197	
Retained earnings	45,622	48,427	
Treasury stock	(4,827)	(4,829)	
<b>Total shareholders' equity</b>	<b>65,396</b>	<b>68,200</b>	<b>2,804</b>
Other items			
Unrealized gain on available-for-sale securities	577	706	
Deferred loss on derivatives under hedge accounting	(0)	-	
Foreign currency translation adjustments	(8,854)	(8,775)	
<b>Total</b>	<b>(8,278)</b>	<b>(8,068)</b>	<b>210</b>
Minority Interests	6,044	6,465	421
<b>Total net assets</b>	<b>63,162</b>	<b>66,596</b>	<b>3,434</b>
<b>Total liabilities and net assets</b>	<b>105,635</b>	<b>105,628</b>	<b>(7)</b>

Consolidated Summary Statement of Income  
OSG Corporation

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

	FY2010 third-quarter (2009/12/1 - 2010/8/31)	FY2011 third-quarter (2010/12/1 - 2011/8/31)	Changes
Net Sales	50,470	60,117	9,647
Cost of Sales	32,489	36,042	3,553
Gross profit	17,980	24,075	6,095
Selling, general and administrative expenses	12,655	15,097	2,442
Operating income	5,325	8,977	3,652
Other Income			
Interest income	129	124	
Dividend income	36	50	
Subsidies for employment adjustment	26	-	
Other - net	324	318	
Total other income	517	492	(25)
Other Expenses			
Interest expense	404	323	
Sales discounts	343	406	
Foreign exchange loss	272	233	
Other - net	240	172	
Total other expenses	1,260	1,135	(125)
Ordinary income	4,581	8,334	3,753
Extraordinary gain	50	45	(5)
Extraordinary loss	101	384	283
Income before income taxes	4,530	7,995	3,465
Income taxes	1,166	3,088	1,922
Minority interests	495	772	277
Net income	2,868	4,135	1,267

Consolidated Summary Statement of Cash Flows  
OSG Corporation

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

	FY2010 third-quarter (2009/12/1 - 2010/8/31)	FY2011 third-quarter (2010/12/1 - 2011/8/31)
<b>Operating Activities:</b>		
Income before income taxes and minority interest	4,530	7,995
Depreciation and amortization	3,939	4,157
Loss on impairment	21	-
Amortization of good will	89	106
Gain on liquidation of subsidiaries	(31)	-
Loss on disposal of tangible assets	49	32
Loss on sales of tangible assets	3	12
Interest and dividend income	(165)	(174)
Interest expense	404	323
Equity in earnings of affiliates	(1)	(2)
Loss on valuation of investment in affiliates	-	324
Gain on reimbursement of cancellation cost of system contracts	-	(30)
Change in notes and accounts receivable	(3,527)	(1,701)
Change in inventories	2,526	(1,917)
Change in notes and accounts payable	1,634	599
Change in accrued expenses	(827)	(2,324)
Other - net	1,996	1,521
Sub-total	10,643	8,921
Interest and dividend income received	105	124
Interest income received	(424)	(328)
R&D subsidy received	-	61
Income taxes - paid	(875)	(2,268)
Income taxes - refunded	466	46
Net cash provided by operating activities	9,915	6,556
<b>Investing Activities:</b>		
Payments for time deposits	(639)	(240)
Proceeds from refund of time deposits	546	748
Purchases of investment securities	(9)	(7)
Acquisitions of property, plant and equipment	(2,041)	(6,079)
Proceeds from sales of property, plant and equipment	65	33
Payment for purchase of subsidiaries' stock	(81)	(235)
Other - net	(885)	(173)
Net cash used in investing activities	(3,044)	(5,959)
<b>Financing Activities:</b>		
Change in short-term borrowings - net	(11,259)	1,859
Proceeds from long-term borrowings	1,620	305
Repayment of long-term borrowings	(2,309)	(4,798)
Dividends paid	(672)	(1,330)
Dividends paid to minority shareholders	(177)	(468)
Purchase of treasury stock	(1)	(2)
Net cash used in financing activities	(12,800)	(4,434)
Effect of exchange rate change on cash and cash equivalents	(376)	(35)
Net increase in cash and cash equivalents	(6,306)	(3,872)
Cash and cash equivalents at beginning of year	20,816	13,525
Cash and cash equivalents at end of year	14,510	9,653

## Operations by Geographical Segment

Results for FY2011 third-quarter (Dec. 1, 2010 through Aug. 31, 2011)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	29,975	9,531	4,976	15,633	60,117	-	60,117
Interarea transfers	10,491	133	10	707	11,343	(11,343)	-
Total sales	40,467	9,665	4,986	16,341	71,460	(11,343)	60,117
Operating income	4,339	1,011	688	3,478	9,519	(541)	8,977

(Reference)

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

## Net sales by Products Segment

Millions of yen

	FY2010 third-quarter (2009/12/1-2010/8/31)	FY2011 third-quarter (2010/12/1-2011/8/31)
Cutting tools:		
Taps	16,674	21,760
End mills	11,806	13,251
Drills and other cutting tools	11,882	13,431
Total	40,363	48,442
Rolling dies	4,890	5,207
Gauges	789	850
Other	4,426	5,617
Total	50,470	60,117