

FY2011 Consolidated Financial Results (December 1, 2010 - November 30, 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 (December 1, 2010 - November 30, 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	80,959	16.5	12,305	63.5	11,374	69.8	5,904	56.5
FY2010	69,513	30.4	7,524	—	6,699	—	3,772	—

	Net income per share - basic	Net income per share - diluted	ROE
	Yen	Yen	%
FY2011	62.18	—	10.1
FY2010	39.34	—	6.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2011	104,373	65,347	56.9	625.14
FY2010	105,635	63,162	54.1	601.44

Reference: Equity FY2011: 59,367 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	11,344	(8,145)	(5,855)	10,462
FY2010	14,095	(5,522)	(15,562)	13,525

2. Cash Dividends

	Cash dividends per share			Payout ratio (Consolidated)
	Interim	Year-end	Annual	
	Yen	Yen	Yen	%
FY2010	4.00	8.00	12.00	30.5
FY2011	6.00	12.00	18.00	28.9
FY2012 forecast	10.00	13.00	23.00	29.5

3. Forecast of Consolidated Results for FY2012 (December 1, 2011 - November 30, 2012)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Semi-Annual	41,000	4.5	6,500	21.8	6,100	22.5	3,300	29.1
Annual	84,000	3.8	14,000	13.8	13,300	16.9	7,400	25.3

	Net income per share
	Yen
Semi-Annual	34.75
Annual	77.92

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) Changes in accounting principles, procedures, and disclosures for consolidated financial statements
 - (i) Changes by a newly issued accounting pronouncement: yes
 - (ii) Changes other than (2)-(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: 98,955,226 shares FY2010: 98,955,226 shares
 - (ii) Number of treasury stock at the end of each period:
FY2011: 3,988,206 shares FY2010: 3,986,173 shares
 - (iii) Average number of shares outstanding in each period:
FY2011: 94,967,733 shares FY2010: 95,904,950 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 As of Nov. 30, 2011	Changes
Current Assets			
Cash and time deposits	16,314	11,066	
Notes and accounts receivable	15,359	16,396	
Marketable securities	0	0	
Merchandise and finished goods	10,928	11,283	
Work in process	2,741	3,443	
Raw materials and supplies	3,301	4,070	
Deferred tax assets	1,104	1,913	
Other	2,134	2,251	
Allowance for doubtful accounts	(169)	(160)	
Total current assets	51,715	50,266	(1,449)
Fixed Assets			
Tangible Assets			
Building and structures	13,860	13,239	
Machinery and equipment	12,999	13,906	
Tools, furniture and fixtures	1,463	1,339	
Land	10,908	11,635	
Construction in progress	992	2,029	
Other	20	9	
Total tangible assets	40,245	42,159	
Intangible Assets			
Goodwill	623	460	
Other	3,008	2,448	
Total intangible assets	3,632	2,909	(723)
Investments and Other Assets			
Investment securities	3,491	3,400	
Deferred tax assets	4,556	2,691	
Other	2,280	3,216	
Allowance for doubtful accounts	(287)	(271)	
Total investments and other assets	10,041	9,039	(1,002)
Total fixed assets	53,919	54,107	188
Total	105,635	104,373	(1,262)

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 As of Nov. 30, 2011	Changes
Current Liabilities			
Notes and accounts payable	3,731	4,386	
Short-term borrowings	4,654	5,977	
Long-term borrowings, current portion	5,781	3,443	
Accrued expenses	5,086	5,185	
Income taxes payable	1,358	1,596	
Reserve for directors' bonuses	182	310	
Other	2,180	1,900	
Total current liabilities	22,975	22,800	(175)
Long-term Liabilities			
Long-term borrowings	16,882	13,591	
Liabilities for employees' retirement benefits	227	268	
Retirement allowance for directors and corporate auditors	49	52	
Other	2,337	2,311	
Total long-term liabilities	19,497	16,225	(3,272)
Total liabilities	42,473	39,025	(3,448)
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	14,197	14,197	
Retained earnings	45,622	50,082	
Treasury stock	(4,827)	(4,829)	
Total shareholders' equity	65,396	69,854	4,458
Other items			
Unrealized gain on available-for-sale securities	577	715	
Deferred loss on derivatives under hedge accounting	(0)	(8)	
Foreign currency translation adjustments	(8,854)	(11,193)	
Total	(8,278)	(10,486)	(2,208)
Minority Interests	6,044	5,979	(65)
Total net assets	63,162	65,347	2,185
Total liabilities and net assets	105,635	104,373	(1,262)

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2010 (2009/12/1 - 2010/11/30)	FY2011 (2010/12/1 - 2011/11/30)	Changes
Net Sales	69,513	80,959	11,446
Cost of Sales	44,605	48,439	3,834
Gross profit	24,907	32,519	7,612
Selling, general and administrative expenses	17,383	20,214	2,831
Operating income	7,524	12,305	4,781
Other Income			
Interest income	178	169	
Dividend income	42	56	
Subsidies for employment adjustment	28	—	
Equity in earnings of associated companies	5	4	
Other - net	425	454	
Total other income	680	685	5
Other Expenses			
Interest expense	515	427	
Sales discounts	468	548	
Foreign exchange loss	249	443	
Other - net	271	197	
Total other expenses	1,505	1,616	111
Ordinary income	6,699	11,374	4,675
Extraordinary gain	53	64	11
Extraordinary loss	506	420	(86)
Income before income taxes and minority interest	6,247	11,018	4,771
Income taxes	1,887	4,240	2,353
Minority interests	587	873	286
Net income	3,772	5,904	2,132

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2010 (2009/12/1 - 2010/11/30)	FY2011 (2010/12/1 - 2011/11/30)
Operating Activities:		
Income before income taxes and minority interest	6,247	11,018
Depreciation and amortization	5,307	5,657
Loss on impairment	20	—
Amortization of good will	128	141
Loss on liquidation of subsidiaries	13	—
Change in allowance for doubtful receivables	28	(5)
Change in liability for directors' bonuses	168	127
Change in liability for employees' retirement benefits	(56)	49
Change in retirement allowance for directors and corporate auditors	(4)	2
Interest and dividend income	(220)	(226)
Interest expense	515	427
Equity in earnings of affiliates	(5)	(4)
Loss on disposal of tangible assets	114	58
Loss on sales of tangible assets	5	14
Gain on sales of investment securities	(2)	—
Write-down of securities	2	—
Loss on cancellation of system development agreement	267	—
Loss on valuation of investment in affiliates	—	318
Gain on reimbursement of cancellation cost of system contracts	—	(30)
Change in notes and accounts receivable	(4,521)	(1,953)
Change in inventories	3,091	(2,610)
Change in notes and accounts payable	1,792	1,075
Change in accrued expenses	1,705	236
Other - net	563	(273)
Sub-total	15,164	14,023
Interest and dividend income received	209	240
Interest expense paid	(554)	(438)
Subsidies received	—	61
Income taxes - paid	(1,191)	(2,588)
Income taxes - refunded	466	46
Net cash provided by operating activities	14,095	11,344
Investing Activities:		
Payments for time deposits	(3,016)	(2,403)
Proceeds from refund of time deposits	2,287	2,927
Purchases of investment securities	(10)	(61)
Proceeds from sales of investment securities	24	0
Acquisitions of property, plant and equipment	(3,568)	(8,225)
Proceeds from sales of property, plant and equipment	77	125
Acquisitions of intangible assets	(1,122)	(176)
Payment for purchase of subsidiaries' stock	(96)	(309)
Payment for purchase of affiliates' equity	—	(11)
Other - net	(98)	(61)
Net cash used in investing activities	(5,522)	(8,195)
Financing Activities:		
Change in short-term borrowings - net	(11,660)	1,503
Proceeds from long-term borrowings	1,607	351
Repayment of long-term borrowings	(3,699)	(5,894)
Dividends paid	(674)	(1,333)
Dividends paid to minority shareholders	(177)	(479)
Purchase of treasury stock	(957)	(2)
Net cash used in financing activities	(15,562)	(5,855)
Effect of exchange rate change on cash and cash equivalents	(378)	(534)
Net increase in cash and cash equivalents	(7,367)	(3,241)
Cash and cash equivalents at beginning of year	20,816	13,525
Cash and cash equivalents of		
Newly consolidated subsidiaries at beginning of year	75	128
Cash and cash equivalents at end of year	13,525	10,412

Operations by Geographical Segment

Results for FY2011 (Dec. 1, 2010 through Nov. 30, 2011)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	41,266	12,699	6,548	20,444	80,959	—	80,959
Interarea transfers	14,260	184	15	882	15,342	(15,342)	—
Total sales	55,526	12,884	6,563	21,326	96,301	(15,342)	80,959
Operating income	6,326	1,372	850	4,332	12,881	(576)	12,305

(Reference)

Results for FY2010 (Dec. 1, 2009 through Nov. 30, 2010)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	36,196	11,295	5,536	16,484	69,513	—	69,513
Interarea transfers	10,964	154	12	713	11,844	(11,844)	—
Total sales	47,160	11,450	5,549	17,198	81,358	(11,844)	69,513
Operating expenses	44,303	10,423	5,024	14,111	73,862	(11,873)	61,988
Operating income	2,857	1,026	524	3,086	7,495	28	7,524

Net sales by Products Segment

Millions of yen

	FY2010 (2009/12/1-2010/11/30)	FY2011 (2010/12/1-2011/11/30)
Cutting tools:		
Taps	23,158	28,906
End mills	16,198	17,837
Drills and other cutting tools	16,265	18,284
Total	55,623	65,028
Rolling dies	6,663	7,067
Gauges	1,085	1,137
Other	6,140	7,725
Total	69,513	80,959