July 10, 2014

FY2014 Semi-Annual Consolidated Financial Results (December 1, 2013 - May 31, 2014)

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
Contact person: : Koji Sonobe, Managing Director
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1. Consolidated Results for FY2014 Semi-Annual (December 1, 2013 - May 31, 2014)

(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	%
FY2014 semi-annual	49,236	18.6	7,818	50.2	7,787	26.0	4,221	28.0
FY2013 semi-annual	41,502	-3.4	5,206	-30.4	6,178	-18.4	3,296	-15.1

(Note) Comprehensive income FY2014 semi-annual: 7,124 million yen (-42.7%)
FY2013 semi-annual:12,441 million yen (74.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2014 semi-annual	44.46	40.55
FY2013 semi-annual	34.72	31.67

(2)Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2014 semi-annual	139,925	92,266	60.1
FY2013	134,503	87,621	59.5

(Reference) Equity FY2014 semi-annual: 84,036 million yen FY2013: 80,024 million yen

2. Dividends

	Dividends per share		
	End of 2Q	Year-end	Annual
	Yen	Yen	Yen
FY2013	10.00	20.00	30.00
FY2014	14.00		
FY2014 forecast		14.00	28.00

3. Forecast of Consolidated Results for FY2014 (December 1, 2013 - November 30, 2014)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	96,000	8.6	15,000	16.9	15,400	10.7	8,600	-0.2	90.56

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) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements: Yes

(3) Changes in accounting principles and accounting estimates and retrospective restatement
(i) Changes in accounting principles due to amendment to accounting standards: None
(ii) Changes other than (3)-(i) above: None
(iii) Changes in accounting estimates: None
(iv) Retrospective restatement: 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):
FY2014 semi-annual: 98,955,226 shares FY2013: 98,955,226 shares
(ii) Number of treasury stock at the end of each period:
FY2014 semi-annual: 3,996,314 shares FY2013: 3,993,879 shares
(iii) Average number of shares outstanding in each period:
FY2014 semi-annual: 94,959,952 shares FY2013 semi-annual: 94,964,648 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

(Million yen : amounts less than one million yen are omitted)

	FY2013 As of Nov. 30, 2013	FY2014 semi-annual As of May. 31, 2014	Changes
Current Assets			
Cash and time deposits	23,876	27,722	
Notes and accounts receivable	19,251	19,618	
Marketable securities	1	2	
Merchandise and finished goods	15,755	15,457	
Work in process	4,055	4,495	
Raw materials and supplies	5,811	5,859	
Other	3,677	4,125	
Allowance for doubtful accounts	(191)	(213)	
Total current assets	72,237	77,068	4,831
Fixed Assets			
Tangible Assets			
Building and structures	15,416	15,633	
Machinery and equipment	21,433	21,601	
Land	12,983	13,207	
Other	2,634	2,716	
Total tangible assets	52,467	53,159	691
Intangible Assets			
Goodwill	251	221	
Other	1,458	1,280	
Total intangible assets	1,709	1,502	(207)
Investments and Other Assets			
Investment securities	5,629	5,677	
Other	2,736	2,807	
Allowance for doubtful accounts	(277)	(290)	
Total investments and other assets	8,088	8,194	106
Total fixed assets	62,266	62,856	590
Total	134,503	139,925	5,422

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets

(Million yen : amounts less than one million yen are omitted)

	FY2013 As of Nov. 30, 2013	FY2014 semi-annual As of May. 31, 2014	Changes
Current Liabilities			
Notes and accounts payable	3,701	4,625	
Short-term borrowings	2,982	3,212	
Long-term borrowings, current portion	10,058	9,899	
Income taxes payable	2,020	2,450	
Reserve for employees' bonuses	195	226	
Reserve for directors' bonuses	336	201	
Other	8,176	7,742	
Total current liabilities	27,470	28,358	888
Long-term Liabilities			
Convertible bonds	15,000	15,000	
Long-term borrowings	1,023	736	
Liabilities for employees' retirement benefits	296	337	
Retirement allowance for directors and corporate auditors	54	39	
Other	3,037	3,186	
Total long-term liabilities	19,411	19,300	(111)
Total liabilities	46,881	47,658	777
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	14,197	14,197	
Retained earnings	61,565	63,760	
Treasury stock	(4,837)	(4,842)	
Total shareholders' equity	81,330	83,520	2,190
Other items			
Unrealized gain on available-for-sale securities	1,727	1,512	
Foreign currency translation adjustments	(3,033)	(996)	
Total other items	(1,305)	516	1,821
Minority Interests	7,596	8,229	633
Total net assets	87,621	92,266	4,644
Total liabilities and net assets	134,503	139,925	5,422

Consolidated Summary Statement of Income
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2013 semi-annual (2012/12/1 - 2013/5/31)	FY2014 semi-annual (2013/12/1 - 2014/5/31)	Changes
Net Sales	41,502	49,236	7,734
Cost of Sales	25,356	29,115	3,759
Gross profit	16,145	20,120	3,974
Selling, general and administrative expenses	10,939	12,302	1,363
Operating income	5,206	7,818	2,611
Other Income			
Interest income	78	87	
Dividend income	25	26	
Foreign exchange gain	1,172	104	
Other - net	296	350	
Total other income	1,572	569	(1,002)
Other Expenses			
Interest expense	183	147	
Sales discounts	257	316	
Other - net	160	136	
Total other expenses	600	600	0
Ordinary income	6,178	7,787	1,608
Extraordinary income	85	-	(85)
Extraordinary loss	6	102	95
Income before income taxes and minority interests	6,257	7,684	1,427
Income taxes	2,280	2,789	508
Minority interests	679	673	(6)
Net income	3,296	4,221	924

Operations by Geographical Segment

Results for FY2014 semi-annual (Dec. 1, 2013 through May. 31, 2014)

Million yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	23,344	8,616	4,933	12,341	49,236	-	49,236
Interarea transfers	7,430	79	14	777	8,302	(8,302)	-
Total sales	30,775	8,696	4,948	13,118	57,539	(8,302)	49,236
Operating income	4,345	719	565	2,396	8,026	(208)	7,818

(Reference)
Results for FY2013 semi-annual (Dec. 1, 2012 through May. 31, 2013)

Million yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	20,135	7,340	3,574	10,451	41,502	-	41,502
Interarea transfers	6,519	84	11	608	7,224	(7,224)	-
Total sales	26,655	7,424	3,586	11,060	48,726	(7,224)	41,502
Operating income	3,101	569	338	1,812	5,821	(614)	5,206

Net sales by Product Segment

Million yen

	FY2013 semi-annual (2012/12/1 - 2013/5/31)	FY2014 semi-annual (2013/12/1 - 2014/5/31)
Cutting tools:		
Taps	13,280	16,662
End mills	9,965	11,041
Drills and other cutting tools	9,828	11,432
Total	33,074	39,136
Rolling dies	3,500	4,427
Gauges	573	679
Other	4,354	4,993
Total	41,502	49,236