October 9, 2014

# FY2014 Third-Quarter Consolidated Financial Results (December 1, 2013 - August 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
TEL: 81-533-82-1113 URL http://www.osg-ir.com


## 1. Consolidated Results for FY2014 Third-Quarter (December 1, 2013 - August 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 third-quarter | 74,523 | 15.8 | 12,731 | 42.3 | 12,564 | 27.1 | 7,076 | 22.1 |
| FY2013 third-quarter | 64,338 | 0.2 | 8,944 | -21.0 | 9,883 | -10.9 | 5,797 | 0.3 |

(Note) Comprehensive income FY2014 third-quarter: 10,589 million yen (-35.9%)
FY2013 third-quarter: 16,516 million yen (136.9%)

| | Net income per share | Diluted net income per share |
|---|---|---|
| | Yen | Yen |
| FY2014 third-quarter | 74.53 | 67.98 |
| FY2013 third-quarter | 61.05 | 55.70 |

(2)Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Million yen | Million yen | % |
| FY2014 third-quarter | 135,327 | 94,384 | 63.2 |
| FY2013 | 134,503 | 87,621 | 59.5 |

(Reference) Equity FY2014 third-quarter: 85,528 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 | 99,000 | 12.0 | 16,500 | 28.6 | 16,300 | 17.2 | 9,000 | 4.4 | 94.78 |

**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 third-quarter: 95,955,226 shares FY2013: 98,955,226 shares
(ii) Number of treasury stock at the end of each period:
FY2014 third-quarter: 996,962 shares FY2013: 3,993,879 shares
(iii) Average number of shares outstanding in each period:
FY2014 third-quarter: 94,959,509 shares FY2013 third-quarter: 94,964,144 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 third-quarter As of Aug. 31, 2014 | Changes |
|---|---|---|---|
| Current Assets | | | |
| Cash and time deposits | 23,876 | 21,319 | |
| Notes and accounts receivable | 19,251 | 20,181 | |
| Marketable securities | 1 | 0 | |
| Merchandise and finished goods | 15,755 | 15,444 | |
| Work in process | 4,055 | 4,771 | |
| Raw materials and supplies | 5,811 | 5,858 | |
| Other | 3,677 | 4,709 | |
| Allowance for doubtful accounts | (191) | (200) | |
| Total current assets | 72,237 | 72,085 | (151) |
| Fixed Assets | | | |
| Tangible Assets | | | |
| Building and structures | 15,416 | 15,649 | |
| Machinery and equipment | 21,433 | 21,137 | |
| Land | 12,983 | 13,298 | |
| Other | 2,634 | 3,480 | |
| Total tangible assets | 52,467 | 53,565 | 1,097 |
| Intangible Assets | | | |
| Goodwill | 251 | 207 | |
| Other | 1,458 | 1,193 | |
| Total intangible assets | 1,709 | 1,400 | (309) |
| Investments and Other Assets | | | |
| Investment securities | 5,629 | 5,967 | |
| Other | 2,736 | 2,629 | |
| Allowance for doubtful accounts | (277) | (321) | |
| Total investments and other assets | 8,088 | 8,276 | 187 |
| Total fixed assets | 62,266 | 63,241 | 975 |
| Total | 134,503 | 135,327 | 824 |

## 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 third-quarter As of Aug. 31, 2014 | Changes |
|---|---|---|---|
| Current Liabilities | | | |
| Notes and accounts payable | 3,701 | 3,787 | |
| Short-term borrowings | 2,982 | 2,850 | |
| Long-term borrowings, current portion | 10,058 | 4,728 | |
| Income taxes payable | 2,020 | 2,675 | |
| Reserve for employees' bonuses | 195 | 1,289 | |
| Reserve for directors' bonuses | 336 | 341 | |
| Other | 8,176 | 6,112 | |
| Total current liabilities | 27,470 | 21,783 | (5,686) |
| Long-term Liabilities | | | |
| Convertible bonds | 15,000 | 15,000 | |
| Long-term borrowings | 1,023 | 671 | |
| Liabilities for employees' retirement benefits | 296 | 369 | |
| Retirement allowance for directors and corporate auditors | 54 | 42 | |
| Other | 3,037 | 3,076 | |
| Total long-term liabilities | 19,411 | 19,159 | (251) |
| Total liabilities | 46,881 | 40,943 | (5,938) |
| Shareholders' Equity | | | |
| Common stock | 10,404 | 10,404 | |
| Capital surplus | 14,197 | 12,051 | |
| Retained earnings | 61,565 | 63,797 | |
| Treasury stock | (4,837) | (1,208) | |
| Total shareholders' equity | 81,330 | 85,045 | 3,715 |
| Other items | | | |
| Unrealized gain on available-for-sale securities | 1,727 | 1,708 | |
| Foreign currency translation adjustments | (3,033) | (1,225) | |
| Total other items | (1,305) | 482 | 1,788 |
| Minority Interests | 7,596 | 8,856 | 1,259 |
| Total net assets | 87,621 | 94,384 | 6,763 |
| Total liabilities and net assets | 134,503 | 135,327 | 824 |

# Consolidated Summary Statement of Income
OSG Corporation

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

| | FY2013 third-quarter (2012/12/1 - 2013/8/31) | FY2014 third-quarter (2013/12/1 - 2014/8/31) | Changes |
|---|---|---|---|
| Net Sales | 64,338 | 74,523 | 10,184 |
| Cost of Sales | 38,652 | 43,245 | 4,593 |
| Gross profit | 25,686 | 31,278 | 5,591 |
| Selling, general and administrative expenses | 16,742 | 18,546 | 1,804 |
| Operating income | 8,944 | 12,731 | 3,787 |
| Other Income | | | |
| Interest income | 110 | 134 | |
| Dividend income | 59 | 64 | |
| Foreign exchange gain | 1,173 | 137 | |
| Other - net | 437 | 504 | |
| Total other income | 1,780 | 841 | (939) |
| Other Expenses | | | |
| Interest expense | 267 | 205 | |
| Sales discounts | 398 | 471 | |
| Other - net | 176 | 331 | |
| Total other expenses | 841 | 1,008 | 167 |
| Ordinary income | 9,883 | 12,564 | 2,680 |
| Extraordinary income | 88 | - | (88) |
| Extraordinary loss | 6 | 133 | 127 |
| Income before income taxes and minority interests | 9,965 | 12,430 | 2,465 |
| Income taxes | 3,097 | 4,280 | 1,183 |
| Minority interests | 1,070 | 1,072 | 2 |
| Net income | 5,797 | 7,076 | 1,279 |

**Operations by Geographical Segment**

Results for FY2014 third-quarter (Dec. 1, 2013 through Aug. 31, 2014)

Million yen

| | Japan | The Americas | Europe | Asia | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|
| Sales to customers | 34,591 | 13,342 | 7,482 | 19,107 | 74,523 | - | 74,523 |
| Interarea transfers | 11,781 | 123 | 27 | 1,236 | 13,168 | (13,168) | - |
| Total sales | 46,372 | 13,465 | 7,509 | 20,344 | 87,692 | (13,168) | 74,523 |
| Operating income | 6,739 | 1,387 | 897 | 3,871 | 12,895 | (163) | 12,731 |

(Reference)
Results for FY2013 third-quarter (Dec. 1, 2012 through Aug. 31, 2013)

Million yen

| | Japan | The Americas | Europe | Asia | Total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|
| Sales to customers | 30,419 | 11,796 | 5,712 | 16,409 | 64,338 | - | 64,338 |
| Interarea transfers | 10,116 | 130 | 17 | 951 | 11,215 | (11,215) | - |
| Total sales | 40,535 | 11,927 | 5,730 | 17,361 | 75,554 | (11,215) | 64,338 |
| Operating income | 4,682 | 1,138 | 579 | 3,155 | 9,555 | (611) | 8,944 |

**Net sales by Product Segment**

Million yen

| | FY2013 third-quarter (2012/12/1 - 2013/8/31) | FY2014 third-quarter (2013/12/1 - 2014/8/31) |
|---|---|---|
| Cutting tools: | | |
| Taps | 20,946 | 25,389 |
| End mills | 15,256 | 16,906 |
| Drills and other cutting tools | 15,271 | 17,262 |
| Total | 51,475 | 59,558 |
| Rolling dies | 5,535 | 6,729 |
| Gauges | 902 | 1,027 |
| Other | 6,425 | 7,207 |
| Total | 64,338 | 74,523 |