July 9, 2015

FY2015 Semi-Annual Consolidated Financial Results (December 1, 2014 - May 31, 2015)

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 FY2015 Semi-Annual (December 1, 2014 - May 31, 2015)

(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	%
FY2015 semi-annual	56,187	14.1	11,016	40.9	10,971	40.9	6,614	56.7
FY2014 semi-annual	49,236	18.6	7,818	50.2	7,787	26.0	4,221	28.0

(Note) Comprehensive income FY2015 semi-annual: 9,728 million yen (36.5%)
FY2014 semi-annual: 7,124 million yen (-42.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2015 semi-annual	69.66	63.54
FY2014 semi-annual	44.46	40.55

(2)Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2015 semi-annual	153,853	112,956	66.4
FY2014	142,302	100,943	64.3

(Reference) Equity FY2015 semi-annual: 102,111 million yen FY2014: 91,458 million yen

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2014	14.00	20.00	34.00
FY2015	26.00		
FY2015 forecast		20.00	46.00

(Note) Revision of dividend forecast from previous announcement : None
Breakdown of dividend in the end of FY2015 semi-annual Regular dividend: 21.00 yen Special dividend: 5.00 yen

3. Forecast of Consolidated Results for FY2015 (December 1, 2014 - November 30, 2015)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	112,800	11.6	21,500	23.5	21,600	22.9	12,800	28.1	134.80

(Note) Revision of financial forecast from previous announcement : Yes

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):
FY2015 semi-annual: 95,955,226 shares
FY2014: 95,955,226 shares
(ii) Number of treasury stock at the end of each period:
FY2015 semi-annual: 999,313 shares
FY2014: 997,617 shares
(iii) Average number of shares outstanding in each period:
FY2015 semi-annual: 94,956,835 shares
FY2014 semi-annual: 94,959,952 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)

	FY2014 As of Nov. 30, 2014	FY2015 semi-annual As of May 31, 2015	Changes
Current Assets			
Cash and time deposits	22,547	24,156	
Notes and accounts receivable	21,628	22,455	
Marketable securities	1	1	
Merchandise and finished goods	16,046	18,135	
Work in process	4,874	5,558	
Raw materials and supplies	5,800	6,286	
Other	4,770	4,548	
Allowance for doubtful accounts	(209)	(203)	
Total current assets	75,459	80,938	5,479
Fixed Assets			
Tangible Assets			
Building and structures	15,819	16,988	
Machinery and equipment	22,716	25,019	
Land	13,578	14,316	
Other	4,076	4,602	
Total tangible assets	56,190	60,927	4,736
Intangible Assets			
Goodwill	192	665	
Other	1,109	1,002	
Total intangible assets	1,302	1,668	365
Investments and Other Assets			
Investment securities	6,399	7,459	
Other	3,267	3,166	
Allowance for doubtful accounts	(317)	(306)	
Total investments and other assets	9,349	10,319	969
Total fixed assets	66,842	72,914	6,072
Total	142,302	153,853	11,551

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets

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

	FY2014 As of Nov. 30, 2014	FY2015 semi-annual As of May 31, 2015	Changes
Current Liabilities			
Notes and accounts payable	4,159	4,420	
Short-term borrowings	3,934	5,145	
Long-term borrowings, current portion	523	514	
Income taxes payable	3,751	3,106	
Reserve for employees' bonuses	232	363	
Reserve for directors' bonuses	449	271	
Other	9,185	9,091	
Total current liabilities	22,236	22,913	677
Long-term Liabilities			
Convertible bonds	15,000	15,000	
Long-term borrowings	551	233	
Retirement allowance for directors and corporate auditors	45	48	
Liabilities for employees' retirement benefits	261	323	
Other	3,263	2,379	
Total long-term liabilities	19,122	17,983	(1,138)
Total liabilities	41,358	40,897	(461)
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	12,051	12,051	
Retained earnings	66,837	72,285	
Treasury stock	(1,209)	(1,213)	
Total shareholders' equity	88,084	93,527	5,443
Other items			
Unrealized gain on available-for-sale securities	2,044	3,093	
Foreign currency translation adjustments	1,328	5,489	
Total other items	3,373	8,583	5,209
Minority Interests	9,485	10,845	1,360
Total net assets	100,943	112,956	12,013
Total liabilities and net assets	142,302	153,853	11,551

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2014 semi-annual (2013/12/1 - 2014/5/31)	FY2015 semi-annual (2014/12/1 - 2015/5/31)	Changes
Net Sales	49,236	56,187	6,950
Cost of Sales	29,115	31,324	2,208
Gross profit	20,120	24,862	4,742
Selling, general and administrative expenses	12,302	13,846	1,543
Operating income	7,818	11,016	3,198
Other Income			
Interest income	87	125	
Dividend income	26	28	
Foreign exchange gain	104	14	
Other - net	350	411	
Total other income	569	580	10
Other Expenses			
Interest expense	147	66	
Sales discounts	316	336	
Other - net	136	223	
Total other expenses	600	625	24
Ordinary income	7,787	10,971	3,183
Extraordinary loss	102	-	(102)
Income before income taxes and minority interests	7,684	10,971	3,286
Income taxes			
Current	2,834	3,661	
Deferred	(45)	(137)	
Total income taxes	2,789	3,523	734
Net income before minority interests	4,895	7,447	2,552
Minority interests	673	833	159
Net income	4,221	6,614	2,392

Consolidated Statement of Comprehensive Income
OSG Corporation

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

	FY2014 semi-annual (2013/12/1 - 2014/5/31)	FY2015 semi-annual (2014/12/1 - 2015/5/31)	Changes
Net Income before Minority Interests	4,895	7,447	2,552
Other Comprehensive Income			
Unrealized (loss) gain on available-for-sale securities	(217)	1,050	
Foreign currency translation adjustments	2,445	1,221	
Share of other comprehensive income in associates	1	9	
Total other comprehensive income	2,229	2,281	51
Comprehensive Income	7,124	9,728	2,603
Total Comprehensive Income Attributable to:			
Owners of the parent	6,043	8,510	
Minority interests	1,081	1,217	

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2014 semi-annual (2013/12/1 - 2014/5/31)	FY2015 semi-annual (2014/12/1 - 2015/5/31)
Operating Activities:		
Income before income taxes and minority interests	7,684	10,971
Depreciation and amortization	3,326	3,681
Amortization of goodwill	43	47
Interest and dividend income	(114)	(153)
Interest expense	147	66
Equity in loss (earnings) of an associated company	1	(1)
Loss on valuation of investments in capital of subsidiaries and affiliates	96	-
Change in notes and accounts receivable	330	132
Change in inventories	634	(798)
Change in notes and accounts payable	568	(328)
Change in accrued expenses	(4)	(412)
Other - net	(477)	46
Sub-total	12,237	13,250
Interest and dividend income received	136	156
Interest expense paid	(146)	(70)
Income taxes - paid	(2,465)	(4,528)
Net cash provided by operating activities	9,761	8,808
Investing Activities:		
Payments for time deposits	(1,430)	(5,630)
Proceeds from refund of time deposits	1,069	2,907
Purchases of investment securities	(3)	(88)
Acquisitions of property, plant and equipment	(3,018)	(5,402)
Proceeds from sales of property, plant and equipment	30	61
Payment for purchase of subsidiaries' stock	(593)	(455)
Other - net	(440)	(595)
Net cash used in investing activities	(4,387)	(9,204)
Financing Activities:		
Change in short-term borrowings - net	142	727
Repayments of long-term borrowings	(469)	(327)
Payments of long-term accounts payable	-	(1,400)
Dividends paid	(1,897)	(1,893)
Dividends paid to minority shareholders	(110)	(364)
Purchase of treasury stock	(4)	(3)
Other - net	0	-
Net cash used in financing activities	(2,338)	(3,262)
Effect of exchange rate change on cash and cash equivalents	383	54
Net increase (decrease) in cash and cash equivalents	3,419	(3,603)
Cash and cash equivalents at beginning of year	16,803	21,474
Cash and cash equivalents from newly consolidated subsidiaries	-	182
Net increase in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	-	2,204
Cash and cash equivalents at end of year	20,223	20,257

Operations by Geographical Segment

Results for FY2015 semi-annual (Dec. 1, 2014 through May 31, 2015)

Million yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	23,929	10,949	5,579	15,729	56,187	-	56,187
Interarea transfers	9,678	117	14	1,123	10,933	(10,933)	-
Total sales	33,608	11,066	5,593	16,852	67,120	(10,933)	56,187
Operating income	5,711	1,701	677	3,543	11,633	(617)	11,016

(Reference)
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

Net sales by Product Segment

Million yen

	FY2014 semi-annual (2013/12/1 - 2014/5/31)	FY2015 semi-annual (2014/12/1 - 2015/5/31)
Cutting tools:		
Taps	16,662	19,266
End mills	11,041	13,059
Drills and other cutting tools	11,432	12,968
Total	39,136	45,295
Rolling dies	4,427	5,016
Gauges	679	776
Other	4,993	5,098
Total	49,236	56,187