FY2019 Semi-Annual Consolidated Financial Results (December 1, 2018 - May 31, 2019)

: OSG Corporation Company name

Shares Listed : 1st section of Tokyo and Nagoya Stock Exchanges

Code Number : 6136

Location of the head office : Aichi Prefecture

: Norio Ishikawa, President Representative:

: Hideyuki Ohashi, Executive Officer Contact person:

TEL: 81-533-82-1113 URL https://www.osg.co.jp/en/about us/ir/

1. Consolidated Results for FY2019 Semi-Annual (December 1, 2018 - May 31, 2019)

(1)Consolidated financial results					(Ar	(Amounts less than one million yen are omitted)				
		Net Sales		Operating income		Ordinary income		Net income attributable to OSG Corporation		
		Million yen	%	Million yen	%	Million yen	%	'	%	
	FY2019 semi-annual	65,620	1.9	11,638	3.7	12,098	9.2	7,974	14.2	
	FY2018 semi-annual	64,424	9.5	11,221	23.0	11,078	20.6	6,985	12.1	

(Note) Comprehensive income FY2019 semi-annual: 3,443 million yen (-30.2%) FY2018 semi-annual: 4,932 million yen (-37.7%)

	Net income per share	Diluted net income per share	
	Yen	Yen	
FY2019 semi-annual	81.39	80.45	
FY2018 semi-annual	71.55	70.48	

(2)Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2019 semi-annual	184,960	138,896	68.8
FY2018	177,834	138,354	70.5

(Reference) Equity FY2019 semi-annual: 127,326 million yen FY2018: 125,332 million yen

(Note)The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28 February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending November 30, 2019. Accordingly, consolidated statements in financial position for the fiscal year ended November 30, 2018, reflect the retroactive application of this standard.

2. Dividends

	Dividends per share				
	End of Q2	Year-end	Annual		
	Yen	Yen	Yen		
FY2018	22.00	25.00	47.00		
FY2019	23.00				
FY2019 forecast		24.00	47.00		

3. Forecast of Consolidated Results for FY2019 (December 1, 2018 - November 30, 2019)

	Net sales		Operating inco	ome	Ordinary income		Net income attribut to OSG Corporat		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	137,000	4.3	24,000	6.6	24,000	6.3	15,300	4.0	156.15

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: Yes

(ii) Changes other than (3)-(i) above:

(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):

FY2019 semi-annual: 98,061,519 shares FY2018: 98,061,519 shares

(ii) Number of treasury stock at the end of each period: FY2019 semi-annual: 58,351 shares FY2018: 91,331 shares

(iii) Average number of shares outstanding in each period:

FY2019 semi-annual: 97,984,408 shares FY2018 semi-annual: 97,639,081 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

Total

Assets (Million yen: amounts less than one million yen are omitted) FY2018 FY2019 semi-annual Change As of Nov. 30, 2018 As of May 31, 2019 **Current Assets** Cash and time deposits 24,406 29,498 Notes and accounts receivable 25,128 23,728 Marketable securities 0 0 Merchandise and finished goods 24,237 26,161 Work in process 7,443 6,814 Raw materials and supplies 7,121 7,575 Other 3,243 2,781 Allowance for doubtful accounts (198)(186)Total current assets 5,914 90,920 96,835 **Fixed Assets Tangible Assets** Building and structures 19,871 18,915 Machinery and equipment 32,269 32,946 Land 15,172 14,778 Other 4,913 7,170 Total tangible assets 72,226 73,810 1,583 Intangible Assets Goodwill 3,367 3,883 Other 633 1,146 Total intangible assets 4,000 5,030 1,029 Investments and Other Assets Investment securities 4,610 4,329 Other 6,457 5,323 Allowance for doubtful accounts (381)(368)Total investments and other assets 10,686 9,284 (1,402)Total fixed assets 86,914 88,125 1,210

177,834

184,960

7,125

Consolidated Summary Balance Sheet **OSG** Corporation

derivatives under hedge accounting Foreign currency translation adjustments

Subscription rights to shares

Total liabilities and net assets

Noncontrolling interests

Total net assets

Total accumulated other comprehensive income

Liabilities and Net Assets	(Million y	ven : amounts less than one m	illion yen are omitted)
	FY2018	FY2019 semi-annual	Chango
	As of Nov. 30, 2018	As of May 31, 2019	Change
Current Liabilities			
Notes and accounts payable	6,067	6,041	
Short-term loans payable	2,282	1,277	
Current portion of long-term loans payable	1,175	523	
Income taxes payable	2,732	2,860	
Reserve for employees' bonuses	537	402	
Reserve for directors' bonuses	390	181	
Other	11,016	9,648	
Total current liabilities	24,202	20,936	(3,266)
Long-term Liabilities			
Bonds	-	5,000	
Convertible bonds	1,860	1,860	
Long-term borrowings	10,294	15,178	
Retirement allowance			
for directors and corporate auditors	27	-	
Liabilities for employees' retirement benefits	511	543	
Other	2,582	2,545	
Total long-term liabilities	15,277	25,128	9,850
Total liabilities	39,480	46,064	6,584
Shareholders' Equity			
Common stock	12,124	12,124	
Capital surplus	13,662	13,604	
Retained earnings	100,260	106,036	
Treasury stock	(161)	(100)	
Total shareholders' equity	125,886	131,664	5,778
Accumulated other comprehensive income			
Unrealized gain on			
available-for-sale securities	1,608	1,411	
Deferred loss on			

(2,161)

13,008

138,354

177,834

(553)

13

2

(3,784)

(1,451)

541 7,125

(5,752)

(4,338)

11,556

138,896

184,960

13

Consolidated Summary Statement of Income OSG Corporation

·	(Million yen : amounts less than one million yen are omit				
	FY2018 semi-annual	FY2019 semi-annual	Change		
	(2017/12/1 - 2018/5/31)	(2018/12/1 - 2019/5/31)			
Net Sales	64,424	65,620	1,195		
Cost of Sales	36,495	36,980	484		
Gross profit	27,928	28,640	711		
Selling, general and administrative expenses	16,706	17,001	294		
Operating income	11,221	11,638	417		
Other Income					
Interest income	92	118			
Dividend income	48	37			
Reversal of provision for loss on litigation	-	373			
Other	515	746			
Total other income	656	1,275	618		
Other Expenses					
Interest expense	61	98			
Sales discounts	398	412			
Foreign exchange loss	224	128			
Other	115	176			
Total other expenses	800	815	15		
Ordinary income	11,078	12,098	1,020		
Income before income taxes	11,078	12,098	1,020		
Income taxes					
Current	3,584	3,645			
Deferred	(18)	63			
Total income taxes	3,565	3,709	143		
Net income	7,512	8,389	877		
Net income attributable to noncontrolling interests	526	414	(111)		
Net income attributable to OSG Corporation	6,985	7,974	988		

Consolidated Statement of Comprehensive Income OSG Corporation

'	(Million yen : amo	unts less than one million ye	en are omitte
	FY2018 semi-annual (2017/12/1 - 2018/5/31)	FY2019 semi-annual (2018/12/1 - 2019/5/31)	Change
Net Income	7,512	8,389	877
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	(277)	(198)	
Deferred gain on derivatives under hedge accounting	0	2	
Foreign currency translation adjustments	(2,304)	(4,750)	
Share of other comprehensive income in associates	1	0	
Total other comprehensive income	(2,580)	(4,945)	(2,365)
Comprehensive Income	4,932	3,443	(1,488)
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	4,702	4,087	
Comprehensive Income attributable to noncontrolling interests	229	(643)	

Consolidated Summary Statement of Cash Flows OSG Corporation

PY2018 semi-annual (2017/12/1 - 2018/5/31) C918/5/31)		(Million yen : amounts less than	one million yen are omitted)
Coperating Activities:		FY2018 semi-annual	FY2019 semi-annual
Operating Activities:			
Income before income taxes 11,078 12,098 Depreciation and amortization 4,337 4,614 Amortization of goodwill 245 268 Interest and dividend income (140) (155) Interest expense 61 98 Equity in loss (earnings) of an associated company 24 (9) Change in notes and accounts receivable (634) 553 Change in inventiories (1,627) (3,029) Change in inventiories (7,627) (3,029) Change in notes and accounts payable 758 452 Change in accrued expenses 16 (325) (367) Sub-total 13,451 13,557 Sub-total 13,451 13,557 Interest and dividend income received 148 166 Interest expense paid (68) (134) Income taxes - paid (4,044) (3,623) Interest and provided by operating activities 9,495 10,001 Investing Activities: Payments for time deposits (1,614) (3,623) (4,544) (3,623) (4,544) (4,540) (4	Operating Activities:		
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Net cash (used in) provided by financing activities (3,190) 4,777 Effect of exchange rate change on cash and cash equivalents (391) (600) Net increase (decrease) in cash and cash equivalents (13) 5,077 Cash and cash equivalents at beginning of year Cash and cash equivalents from newly consolidated subsidiaries 229 437	Dividends paid to noncontrolling interests	(220)	(222)
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Net increase (decrease) in cash and cash equivalents(13)5,077Cash and cash equivalents at beginning of year19,59821,545Cash and cash equivalents from newly consolidated subsidiaries229437	Effect of exchange rate change on cash and cash equivalents	(391)	(600)
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Cash and cash equivalents from newly consolidated subsidiaries 229 437			- , -
Cash and cash equivalents at end of period 19,814 27.059			
	Cash and cash equivalents at end of period		27.059

Operations by Geographical Segment

Results for FY2019 semi-annual (Dec. 1, 2018 through May 31, 2019)

<u>. </u>	,			,			Million yen
	Japan	The Americas	Europe/	Asia	Total	Eliminations	Consolidated
<u>. </u>	•		Africa				
Sales to customers	28,447	11,621	10,898	14,653	65,620	-	65,620
Interarea transfers	10,836	229	73	1,807	12,947	(12,947)	-
Total sales	39,283	11,851	10,972	16,460	78,567	(12,947)	65,620
Operating income	6,927	1,578	800	2,402	11,708	(69)	11,638

(Reference)

Results for FY2018 semi-annual (Dec. 1, 2017 through May 31, 2018)

							Million yen
	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	26,660	10,948	11,050	15,765	64,424	-	64,424
Interarea transfers	9,992	182	107	1,401	11,682	(11,682)	-
Total sales	36,652	11,130	11,157	17,167	76,107	(11,682)	64,424
Operating income	5,278	1,691	945	3,237	11,153	68	11,221

Net sales by Product Segment

	Million yen				
	FY2018 semi-annual	FY2019 semi-annual			
	(2017/12/1 - 2018/5/31)	(2018/12/1 - 2019/5/31)			
Cutting tools:					
Taps	20,520	20,612			
End mills	13,822	13,928			
Drills and other cutting tools	17,959	18,826			
Total	52,302	53,367			
Rolling dies	5,288	5,132			
Gauges	839	969			
Other	5,994	6,149			
Total	64,424	65,620			