

FY2016 Consolidated Financial Results (December 1, 2015 - November 30, 2016)

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 FY2016 (December 1, 2015 - November 30, 2016)

(1) Consolidated financial results (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	%	Million yen	%
FY2016	105,561	-5.7	18,246	-15.5	17,813	-17.2	10,134	-19.0
FY2015	111,917	10.8	21,597	24.0	21,510	22.4	12,518	25.3

(Note) Comprehensive income FY2016: 3,697 million yen (-71.0%)
 FY2015: 12,760 million yen (-25.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2016	110.59	100.62	10.4	11.4	17.3
FY2015	131.78	120.25	12.9	14.5	19.3

(Reference) Equity in net income of affiliates FY2016: 9 million yen FY2015: 3 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2016	156,081	103,059	59.1	1,024.34
FY2015	155,129	113,637	66.1	1,079.12

(Reference) Equity FY2016: 92,216 million yen FY2015: 102,566 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2016	16,333	-16,843	-778	16,555
FY2015	19,588	-16,976	-6,216	19,402

2. Dividends

	Dividends per share			Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 2Q	Year-end	Annual			
	Yen	Yen	Yen	Million yen	%	%
FY2015	26.00	20.00	46.00	4,369	34.9	4.5
FY2016	22.00	28.00	50.00	4,507	45.2	4.8
FY2017 forecast	21.00	23.00	44.00		34.4	

3. Forecast of Consolidated Results for FY2017 (December 1, 2016 - November 30, 2017)

	Net sales		Operating income		Ordinary income		Net income attributable to OSG Corporation		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Semi-Annual	57,500	7.5	9,300	-5.4	9,000	-4.9	5,500	-5.4	61.09
Annual	116,500	10.4	19,500	6.9	19,000	6.7	11,500	13.5	127.74

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 and accounting estimates and retrospective restatement
- (i) Changes in accounting principles due to amendment to accounting standards: Yes
 - (ii) Changes other than (2)-(i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Retrospective restatement: None
- (3) Number of shares issued and outstanding (common stock)
- (i) Number of shares issued and outstanding at the end of each period (including treasury stock):
 - FY2016: 95,955,226 shares
 - FY2015: 95,955,226 shares
 - (ii) Number of treasury stock at the end of each period:
 - FY2016: 5,930,079 shares
 - FY2015: 908,970 shares
 - (iii) Average number of shares outstanding in each period:
 - FY2016: 91,640,278 shares
 - FY2015: 94,991,265 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)		
	FY2015 As of Nov. 30, 2015	FY2016 As of Nov. 30, 2016	Change
Current Assets			
Cash and time deposits	21,472	18,003	
Notes and accounts receivable	21,519	20,758	
Marketable securities	78	0	
Merchandise and finished goods	19,292	20,978	
Work in process	5,297	4,879	
Raw materials and supplies	6,083	5,834	
Other	5,137	4,906	
Allowance for doubtful accounts	(188)	(191)	
Total current assets	78,692	75,168	(3,523)
Fixed Assets			
Tangible Assets			
Building and structures	16,651	18,588	
Machinery and equipment	27,428	28,877	
Land	15,107	14,830	
Other	4,088	4,098	
Total tangible assets	63,276	66,395	3,118
Intangible Assets			
Goodwill	532	2,658	
Other	721	829	
Total intangible assets	1,254	3,488	2,233
Investments and Other Assets			
Investment securities	7,239	6,633	
Other	5,078	4,848	
Allowance for doubtful accounts	(411)	(452)	
Total investments and other assets	11,906	11,028	(877)
Total fixed assets	76,437	80,912	4,474
Total	155,129	156,081	951

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets	(Million yen : amounts less than one million yen are omitted)		
	FY2015 As of Nov. 30, 2015	FY2016 As of Nov. 30, 2016	Change
Current Liabilities			
Notes and accounts payable	4,980	4,618	
Short-term loans payable	4,052	8,000	
Current portion of long-term loans payable	445	491	
Accrued expenses	6,715	6,365	
Income taxes payable	3,486	1,436	
Reserve for directors' bonuses	637	454	
Other	3,196	4,105	
Total current liabilities	23,515	25,474	1,959
Long-term Liabilities			
Convertible bonds	14,850	14,850	
Long-term borrowings	847	10,163	
Retirement allowance			
for directors and corporate auditors	50	108	
Liabilities for employees' retirement benefits	244	280	
Other	1,984	2,145	
Total long-term liabilities	17,976	27,547	9,570
Total liabilities	41,491	53,021	11,530
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	12,090	12,090	
Retained earnings	75,719	81,840	
Treasury stock	(1,104)	(10,967)	
Total shareholders' equity	97,109	93,368	(3,740)
Accumulated other comprehensive income			
Unrealized gain on			
available-for-sale securities	2,709	2,267	
Deferred gain (loss) on			
derivatives under hedge accounting	2	(0)	
Foreign currency translation adjustments	2,745	(3,419)	
Total accumulated other comprehensive income	5,456	(1,152)	(6,609)
Subscription rights to shares	-	13	13
Noncontrolling interests	11,071	10,829	(241)
Total net assets	113,637	103,059	(10,578)
Total liabilities and net assets	155,129	156,081	951

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2015 (2014/12/1 - 2015/11/30)	FY2016 (2015/12/1 - 2016/11/30)	Change
Net Sales	111,917	105,561	(6,356)
Cost of Sales	61,865	59,179	(2,686)
Gross profit	50,051	46,382	(3,669)
Selling, general and administrative expenses	28,454	28,135	(318)
Operating income	21,597	18,246	(3,350)
Other Income			
Interest income	286	202	
Dividend income	118	140	
Other	831	725	
Total other income	1,235	1,067	(168)
Other Expenses			
Interest expense	121	119	
Sales discounts	660	659	
Foreign exchange loss	183	357	
Other	356	365	
Total other expenses	1,322	1,501	178
Ordinary income	21,510	17,813	(3,697)
Extraordinary loss	147	1,043	896
Income before income taxes	21,363	16,769	(4,593)
Income taxes			
Current	7,464	4,980	
Deferred	(239)	531	
Total income taxes	7,225	5,512	(1,713)
Net income	14,137	11,257	(2,880)
Net income attributable to noncontrolling interests	1,619	1,122	(496)
Net income attributable to OSG Corporation	12,518	10,134	(2,383)

Consolidated Statement of Comprehensive Income
OSG Corporation

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

	FY2015	FY2016	Change
	(2014/12/1 - 2015/11/30)	(2015/12/1 - 2016/11/30)	
Net Income	14,137	11,257	(2,880)
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	662	(433)	
Deferred gain (loss) on derivatives under hedge accounting	2	(3)	
Foreign currency translation adjustments	(2,049)	(7,104)	
Share of other comprehensive income in associates	6	(18)	
Total other comprehensive income	(1,377)	(7,559)	(6,181)
Comprehensive Income	12,760	3,697	(9,062)
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	11,287	3,507	
Comprehensive Income attributable to noncontrolling interests	1,472	190	

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2015 (2014/12/1 - 2015/11/30)	FY2016 (2015/12/1 - 2016/11/30)
Operating Activities:		
Income before income taxes and minority interest	21,363	16,769
Depreciation and amortization	7,705	7,885
Amortization of good will	171	298
Change in allowance for doubtful receivables	91	66
Change in liability for directors' bonuses	182	(181)
Change in liability for employees' retirement benefits	(30)	39
Change in retirement allowance for directors and corporate auditors	3	39
Interest and dividend income	(404)	(342)
Interest expense	121	119
Equity in loss (earnings) of an associated company	(3)	(9)
Directors' retirement benefits and condolence money	-	1,043
Loss on valuation of stocks of subsidiaries and affiliates	40	-
Change in notes and accounts receivable	226	(550)
Change in inventories	(2,302)	(2,471)
Change in notes and accounts payable	592	321
Change in accrued expenses	109	(229)
Other - net	(587)	446
Sub-total	27,278	23,243
Interest and dividend income received	397	363
Interest expense paid	(123)	(114)
Payments for directors' retirement benefits and condolence money	-	(36)
Income taxes - paid	(7,964)	(7,123)
Net cash provided by operating activities	19,588	16,333
Investing Activities:		
Payments for time deposits	(6,317)	(1,371)
Proceeds from refund of time deposits	5,121	2,040
Proceeds from redemption of marketable securities	1	69
Purchases of investment securities	(107)	(414)
Proceeds from sales of investment securities	32	-
Acquisitions of property, plant and equipment	(12,487)	(13,394)
Proceeds from sales of property, plant and equipment	90	245
Acquisitions of intangible assets	(323)	(204)
Payment for purchase of subsidiaries' stock	(2,137)	(1,197)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(2,132)
Other - net	(848)	(483)
Net cash used in investing activities	(16,976)	(16,843)
Financing Activities:		
Change in short-term borrowings - net	(134)	4,104
Proceeds from long-term borrowings	752	10,519
Repayments of long-term borrowings	(516)	(1,279)
Payments of long-term accounts payable	(1,390)	-
Proceeds from issuance of subscription rights to shares	-	13
Dividends paid	(4,368)	(3,884)
Dividends paid to minority shareholders	(553)	(417)
Purchase of treasury stock	(6)	(9,834)
Net cash used in financing activities	(6,216)	(778)
Effect of exchange rate change on cash and cash equivalents	(854)	(1,917)
Net increase (decrease) in cash and cash equivalents	(4,458)	(3,204)
Cash and cash equivalents at beginning of year	21,474	19,402
Cash and cash equivalents from newly consolidated subsidiaries	182	357
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	19,402	16,555

Operations by Geographical Segment

Results for FY2016 (Dec. 1, 2015 through Nov. 30, 2016)

	Million yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	48,257	19,478	12,268	25,556	105,561	-	105,561
Interarea transfers	17,450	166	46	1,976	19,640	(19,640)	-
Total sales	65,708	19,644	12,315	27,533	125,201	(19,640)	105,561
Operating income	9,529	2,471	1,079	4,734	17,813	432	18,246

(Reference)

Results for FY2015 (Dec. 1, 2014 through Nov. 30, 2015)

	Million yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	48,150	21,758	11,382	30,626	111,917	-	111,917
Interarea transfers	19,689	226	31	2,229	22,176	(22,176)	-
Total sales	67,840	21,984	11,413	32,856	134,094	(22,176)	111,917
Operating income	11,400	3,488	1,246	6,296	22,432	(834)	21,597

Net sales by Product Segment

	Million yen	
	FY2015 (2014/12/1 - 2015/11/30)	FY2016 (2015/12/1 - 2016/11/30)
Cutting tools:		
Taps	38,239	33,948
End mills	26,554	24,837
Drills and other cutting tools	25,743	26,709
Total	90,537	85,495
Rolling dies	9,921	9,443
Gauges	1,538	1,478
Other	9,919	9,143
Total	111,917	105,561