

FY2016 First Quarter Consolidated Financial Results (December 1, 2015 - February 29, 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
 Contact person: : Koji Sonobe, Managing Director
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1. Consolidated Results for FY2016 First Quarter (December 1, 2015 - February 29, 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 first-quarter	25,814	-3.2	4,791	-1.3	4,478	-6.1	2,705	-3.5
FY2015 first-quarter	26,665	12.7	4,854	46.3	4,769	40.0	2,803	48.7

(Note) Comprehensive income FY2016 first-quarter : -4,520 million yen (- %)
 FY2015 first-quarter : 2,927 million yen (-51.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2016 first-quarter	28.63	26.12
FY2015 first-quarter	29.52	26.93

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2016 first-quarter	149,179	103,613	62.9
FY2015	155,129	113,637	66.1

(Reference) Equity FY2016 first-quarter: 93,849 million yen FY2015: 102,566 million yen

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2015	26.00	20.00	46.00
FY2016 forecast	22.00	28.00	50.00

3. Forecast of Consolidated Results for FY2016 (December 1, 2015 - November 30, 2016)

	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	57,000	1.4	10,600	-3.8	10,600	-3.4	6,300	-4.8	66.67
Annual	117,000	4.5	23,000	6.5	23,000	6.9	14,000	11.8	148.16

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: | 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):
- | | |
|------------------------|-------------------|
| FY2016: first-quarter: | 95,955,226 shares |
| FY2015: | 95,955,226 shares |
- (ii) Number of treasury stock at the end of each period:
- | | |
|------------------------|------------------|
| FY2016: first-quarter: | 2,604,684 shares |
| FY2015: | 908,970 shares |
- (iii) Average number of shares outstanding in each period:
- | | |
|------------------------|-------------------|
| FY2016: first-quarter: | 94,495,086 shares |
| FY2015: first-quarter: | 94,957,411 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 first-quarter As of Feb. 29, 2016	Change
Current Assets			
Cash and time deposits	21,472	19,190	
Notes and accounts receivable	21,519	20,060	
Marketable securities	78	67	
Merchandise and finished goods	19,292	19,555	
Work in process	5,297	5,418	
Raw materials and supplies	6,083	5,696	
Other	5,137	6,187	
Allowance for doubtful accounts	(188)	(177)	
Total current assets	78,692	75,998	(2,693)
Fixed Assets			
Tangible Assets			
Building and structures	16,651	16,024	
Machinery and equipment	27,428	25,757	
Land	15,107	14,397	
Other	4,088	5,002	
Total tangible assets	63,276	61,181	(2,094)
Intangible Assets			
Goodwill	532	1,367	
Other	721	736	
Total intangible assets	1,254	2,104	849
Investments and Other Assets			
Investment securities	7,239	5,800	
Other	5,078	4,514	
Allowance for doubtful accounts	(411)	(420)	
Total investments and other assets	11,906	9,894	(2,011)
Total fixed assets	76,437	73,181	(3,256)
Total	155,129	149,179	(5,950)

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 first-quarter As of Feb. 29, 2016	Change
Current Liabilities			
Notes and accounts payable	4,980	4,573	
Short-term loans payable	4,052	11,079	
Current portion of long-term loans payable	445	529	
Income taxes payable	3,486	1,564	
Reserve for employees' bonuses	395	1,321	
Reserve for directors' bonuses	637	182	
Other	9,517	6,427	
Total current liabilities	23,515	25,677	2,162
Long-term Liabilities			
Convertible bonds	14,850	14,850	
Long-term borrowings	847	2,837	
Retirement allowance			
for directors and corporate auditors	50	56	
Liabilities for employees' retirement benefits	244	290	
Other	1,984	1,854	
Total long-term liabilities	17,976	19,888	1,912
Total liabilities	41,491	45,566	4,074
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	12,090	12,090	
Retained earnings	75,719	76,398	
Treasury stock	(1,104)	(4,326)	
Total shareholders' equity	97,109	94,567	(2,542)
Accumulated other comprehensive income			
Unrealized gain on			
available-for-sale securities	2,709	1,770	
Deferred gain on			
derivatives under hedge accounting	2	127	
Foreign currency translation adjustments	2,745	(2,615)	
Total accumulated other comprehensive income	5,456	(717)	(6,174)
Noncontrolling interests	11,071	9,763	(1,307)
Total net assets	113,637	103,613	(10,024)
Total liabilities and net assets	155,129	149,179	(5,950)

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2015 first-quarter (2014/12/1 - 2015/2/28)	FY2016 first-quarter (2015/12/1 - 2016/2/29)	Change
Net Sales	26,665	25,814	(851)
Cost of Sales	14,899	14,153	(745)
Gross profit	11,765	11,660	(105)
Selling, general and administrative expenses	6,911	6,869	(41)
Operating income	4,854	4,791	(63)
Other Income			
Interest income	61	50	
Dividend income	26	36	
Other	246	243	
Total other income	334	329	(4)
Other Expenses			
Interest expense	34	29	
Sales discounts	184	161	
Foreign exchange loss	128	372	
Other	72	79	
Total other expenses	420	642	222
Ordinary income	4,769	4,478	(291)
Income before income taxes	4,769	4,478	(291)
Income taxes			
Current	1,838	1,352	
Deferred	(208)	103	
Total income taxes	1,630	1,456	(174)
Net income	3,139	3,022	(117)
Net income attributable to noncontrolling interests	336	316	(19)
Net income attributable to OSG Corporation	2,803	2,705	(98)

Consolidated Statement of Comprehensive Income
OSG Corporation

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

	FY2015 first-quarter (2014/12/1 - 2015/2/28)	FY2016 first-quarter (2015/12/1 - 2016/2/29)	Change
Net Income	3,139	3,022	(117)
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	586	(940)	
Deferred gain on derivatives under hedge accounting	-	125	
Foreign currency translation adjustments	(803)	(6,722)	
Share of other comprehensive income in associates	5	(6)	
Total other comprehensive income	(212)	(7,543)	(7,330)
Comprehensive Income	2,927	(4,520)	(7,448)
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	2,517	(3,487)	
Comprehensive Income attributable to noncontrolling interests	409	(1,033)	

Operations by Geographical Segment

Results for FY2016 first-quarter (Dec. 1, 2015 through Feb. 29, 2016)

Million yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	11,606	4,805	3,067	6,334	25,814	-	25,814
Interarea transfers	4,177	33	9	458	4,679	(4,679)	-
Total sales	15,783	4,839	3,076	6,793	30,493	(4,679)	25,814
Operating income	2,333	711	328	1,178	4,551	239	4,791

(Reference)

Results for FY2015 first-quarter (Dec. 1, 2014 through Feb. 28, 2015)

Million yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	11,169	5,388	2,730	7,377	26,665	-	26,665
Interarea transfers	4,662	40	7	547	5,257	(5,257)	-
Total sales	15,831	5,428	2,738	7,925	31,923	(5,257)	26,665
Operating income	2,567	822	290	1,561	5,241	(386)	4,854

Net sales by Product Segment

Million yen

	FY2015 first-quarter (2014/12/1 - 2015/2/28)	FY2016 first-quarter (2015/12/1 - 2016/2/29)
Cutting tools:		
Taps	9,339	8,340
End mills	6,043	6,200
Drills and other cutting tools	6,150	6,352
Total	21,534	20,893
Rolling dies	2,437	2,292
Gauges	367	335
Other	2,327	2,292
Total	26,665	25,814