

FY2017 First Quarter Consolidated Financial Results (December 1, 2016 - February 28, 2017)

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 FY2017 First Quarter (December 1, 2016 - February 28, 2017)

(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	%
FY2017 first-quarter	28,016	8.5	4,349	-9.2	4,417	-1.4	2,853	5.5
FY2016 first-quarter	25,814	-3.2	4,791	-1.3	4,478	-6.1	2,705	-3.5

(Note) Comprehensive income FY2017 first-quarter: 4,707 million yen (- %)

FY2016 first-quarter: -4,520 million yen (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2017 first-quarter	31.69	28.79
FY2016 first-quarter	28.63	26.12

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2017 first-quarter	159,365	105,544	58.8
FY2016	156,081	103,059	59.1

(Reference) Equity FY2017 first-quarter: 93,705 million yen FY2016: 92,216 million yen

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2016	22.00	28.00	50.00
FY2017 forecast	21.00	23.00	44.00

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) 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):
- | | |
|-----------------------|-------------------|
| FY2017 first-quarter: | 95,955,226 shares |
| FY2016: | 95,955,226 shares |
- (ii) Number of treasury stock at the end of each period:
- | | |
|-----------------------|------------------|
| FY2017 first-quarter: | 5,931,070 shares |
| FY2016: | 5,930,079 shares |
- (iii) Average number of shares outstanding in each period:
- | | |
|-----------------------|-------------------|
| FY2017 first-quarter: | 90,024,820 shares |
| FY2016 first-quarter: | 94,495,086 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)		
	FY2016 As of Nov. 30, 2016	FY2017 first-quarter As of Feb. 28, 2017	Change
Current Assets			
Cash and time deposits	18,003	17,288	
Notes and accounts receivable	20,758	21,697	
Marketable securities	0	0	
Merchandise and finished goods	20,978	21,845	
Work in process	4,879	5,248	
Raw materials and supplies	5,834	5,976	
Other	4,906	4,250	
Allowance for doubtful accounts	(191)	(195)	
Total current assets	75,168	76,110	941
Fixed Assets			
Tangible Assets			
Building and structures	18,588	20,168	
Machinery and equipment	28,877	29,363	
Land	14,830	15,231	
Other	4,098	4,181	
Total tangible assets	66,395	68,945	2,550
Intangible Assets			
Goodwill	2,658	4,007	
Other	829	839	
Total intangible assets	3,488	4,846	1,358
Investments and Other Assets			
Investment securities	6,633	6,385	
Other	4,848	3,551	
Allowance for doubtful accounts	(452)	(474)	
Total investments and other assets	11,028	9,462	(1,566)
Total fixed assets	80,912	83,254	2,342
Total	156,081	159,365	3,284

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets	(Million yen : amounts less than one million yen are omitted)		
	FY2016 As of Nov. 30, 2016	FY2017 first-quarter As of Feb. 28, 2017	Change
Current Liabilities			
Notes and accounts payable	4,618	4,928	
Short-term loans payable	8,000	10,835	
Current portion of long-term loans payable	491	426	
Income taxes payable	1,436	1,784	
Reserve for employees' bonuses	470	1,422	
Reserve for directors' bonuses	454	127	
Other	10,000	6,240	
Total current liabilities	25,474	25,765	291
Long-term Liabilities			
Convertible bonds	14,850	14,850	
Long-term borrowings	10,163	10,591	
Retirement allowance for directors	108	49	
Liabilities for employees' retirement benefits	280	438	
Other	2,145	2,125	
Total long-term liabilities	27,547	28,055	507
Total liabilities	53,021	53,820	798
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	12,090	12,004	
Retained earnings	81,840	82,169	
Treasury stock	(10,967)	(10,969)	
Total shareholders' equity	93,368	93,608	239
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	2,267	2,686	
Deferred gain (loss) on derivatives under hedge accounting	(0)	0	
Foreign currency translation adjustments	(3,419)	(2,590)	
Total accumulated other comprehensive income	(1,152)	96	1,249
Subscription rights to shares	13	13	-
Noncontrolling interests	10,829	11,826	996
Total net assets	103,059	105,544	2,485
Total liabilities and net assets	156,081	159,365	3,284

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2016 first-quarter (2015/12/1 - 2016/2/29)	FY2017 first-quarter (2016/12/1 - 2017/2/28)	Change
Net Sales	25,814	28,016	2,202
Cost of Sales	14,153	16,233	2,079
Gross profit	11,660	11,783	122
Selling, general and administrative expenses	6,869	7,433	564
Operating income	4,791	4,349	(441)
Other Income			
Interest income	50	43	
Dividend income	36	38	
Foreign exchange gain	-	36	
Gain on sales of investment securities	-	89	
Other	243	173	
Total other income	329	382	52
Other Expenses			
Interest expense	29	29	
Sales discounts	161	167	
Foreign exchange loss	372	-	
Other	79	117	
Total other expenses	642	313	(328)
Ordinary income	4,478	4,417	(60)
Income before income taxes	4,478	4,417	(60)
Income taxes			
Current	1,352	1,476	
Deferred	103	(174)	
Total income taxes	1,456	1,301	(154)
Net income	3,022	3,116	94
Net income attributable to noncontrolling interests	316	263	(53)
Net income attributable to OSG Corporation	2,705	2,853	147

Consolidated Statement of Comprehensive Income
OSG Corporation

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

	FY2016 first-quarter (2015/12/1 - 2016/2/29)	FY2017 first-quarter (2016/12/1 - 2017/2/28)	Change
Net Income	3,022	3,116	94
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	(940)	423	
Deferred gain on derivatives under hedge accounting	125	1	
Foreign currency translation adjustments	(6,722)	1,165	
Share of other comprehensive income in associates	(6)	1	
Total other comprehensive income	(7,543)	1,591	9,134
Comprehensive Income	(4,520)	4,707	9,228
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	(3,487)	4,119	
Comprehensive Income attributable to noncontrolling interests	(1,033)	587	

Operations by Geographical Segment

Results for FY2017 first-quarter (Dec. 1, 2016 through Feb. 28, 2017)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	11,706	5,064	4,136	7,108	28,016	-	28,016
Interarea transfers	4,349	43	20	489	4,902	(4,902)	-
Total sales	16,056	5,107	4,157	7,597	32,919	(4,902)	28,016
Operating income	2,214	694	261	1,242	4,413	(63)	4,349

(Reference)

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

Million yen

	Japan	The Americas	Europe/ Africa	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

Net sales by Product Segment

Million yen

	FY2016 first-quarter (2015/12/1 - 2016/2/29)	FY2017 first-quarter (2016/12/1 - 2017/2/28)
Cutting tools:		
Taps	8,340	8,815
End mills	6,200	6,546
Drills and other cutting tools	6,352	7,457
Total	20,893	22,819
Rolling dies	2,292	2,363
Gauges	335	363
Other	2,292	2,468
Total	25,814	28,016