January 9, 2015

FY2014 Consolidated Financial Results (December 1, 2013 - November 30, 2014)

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 FY2014 (December 1, 2013 - November 30, 2014)

(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	%
FY2014	101,031	14.3	17,415	35.8	17,568	26.3	9,989	15.9
FY2013	88,378	5.1	12,827	-8.1	13,910	1.6	8,619	20.8

(Note) Comprehensive income FY2014: 17,007 million yen (-17.3%)
FY2013: 20,564 million yen (138.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2014	105.20	95.96	11.7	12.7	17.2
FY2013	90.76	82.80	11.9	10.9	14.5

(Reference) Equity in net income of affiliates FY2014: 4 million yen FY2013: 5 million yen

(2)Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2014	142,302	100,943	64.3	963.15
FY2013	134,503	87,621	59.5	842.71

(Reference) Equity FY2014: 91,458 million yen FY2013: 80,024 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
FY2014	19,688	-3,119	-12,813	21,474
FY2013	16,171	-2,972	-9,423	16,803

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	%	%
FY2013	10.00	20.00	30.00	2,848	33.1	3.9
FY2014	14.00	20.00	34.00	3,228	32.3	3.8
FY2015 forecast	16.00	20.00	36.00		—	

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
Semi-Annual	52,400	6.4	8,900	13.8	8,800	13.0	5,100	20.8	53.71
Annual	109,000	7.9	19,500	12.0	19,200	9.3	11,300	13.1	119.00

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):
FY2014: 95,955,226 shares FY2013: 98,955,226 shares
(ii) Number of treasury stock at the end of each period:
FY2014: 997,617 shares FY2013: 3,993,879 shares
(iii) Average number of shares outstanding in each period:
FY2014: 94,959,095 shares FY2013: 94,963,549 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)

	FY2013 As of Nov. 30, 2013	FY2014 As of Nov. 30, 2014	Changes
Current Assets			
Cash and time deposits	23,876	22,547	
Notes and accounts receivable	19,251	21,628	
Marketable securities	1	1	
Merchandise and finished goods	15,755	16,046	
Work in process	4,055	4,874	
Raw materials and supplies	5,811	5,800	
Deferred tax assets	1,456	1,807	
Other	2,220	2,963	
Allowance for doubtful accounts	(191)	(209)	
Total current assets	72,237	75,459	3,222
Fixed Assets			
Tangible Assets			
Building and structures	15,416	15,819	
Machinery and equipment	21,433	22,716	
Tools, furniture and fixtures	1,808	1,833	
Land	12,983	13,578	
Construction in progress	821	2,239	
Other	4	2	
Total tangible assets	52,467	56,190	3,722
Intangible Assets			
Goodwill	251	192	
Other	1,458	1,109	
Total intangible assets	1,709	1,302	(406)
Investments and Other Assets			
Investment securities	5,629	6,399	
Deferred tax assets	538	459	
Other	2,198	2,807	
Allowance for doubtful accounts	(277)	(317)	
Total investments and other assets	8,088	9,349	1,261
Total fixed assets	62,266	66,842	4,576
Total	134,503	142,302	7,799

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets

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

	FY2013 As of Nov. 30, 2013	FY2014 As of Nov. 30, 2014	Changes
Current Liabilities			
Notes and accounts payable	3,701	4,159	
Short-term borrowings	2,982	3,934	
Long-term borrowings, current portion	10,058	523	
Accrued expenses	5,568	6,486	
Income taxes payable	2,020	3,751	
Deferred tax liabilities	0	-	
Reserve for directors' bonuses	336	449	
Other	2,803	2,930	
Total current liabilities	27,470	22,236	(5,234)
Long-term Liabilities			
Convertible bonds	15,000	15,000	
Long-term borrowings	1,023	551	
Deferred tax liabilities	678	945	
Liabilities for employees' retirement benefits	296	261	
Retirement allowance for directors and corporate auditors	54	45	
Long-term accrued amount payable	1,227	1,246	
Other	1,131	1,071	
Total long-term liabilities	19,411	19,122	(288)
Total liabilities	46,881	41,358	(5,522)
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	14,197	12,051	
Retained earnings	61,565	66,837	
Treasury stock	(4,837)	(1,209)	
Total shareholders' equity	81,330	88,084	6,754
Other items			
Unrealized gain on available-for-sale securities	1,727	2,044	
Foreign currency translation adjustments	(3,033)	1,328	
Total other items	(1,305)	3,373	4,679
Minority Interests	7,596	9,485	1,888
Total net assets	87,621	100,943	13,322
Total liabilities and net assets	134,503	142,302	7,799

Consolidated Summary Statement of Income

OSG Corporation

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

	FY2013 (2012/12/1 - 2013/11/30)	FY2014 (2013/12/1 - 2014/11/30)	Changes
Net Sales	88,378	101,031	12,652
Cost of Sales	52,777	58,061	5,284
Gross profit	35,601	42,970	7,368
Selling, general and administrative expenses	22,774	25,554	2,779
Operating income	12,827	17,415	4,588
Other Income			
Interest income	153	197	
Dividend income	71	78	
Foreign exchange gain	1,426	650	
Other - net	619	784	
Total other income	2,271	1,710	(561)
Other Expenses			
Interest expense	339	249	
Sales discounts	540	631	
Other - net	307	677	
Total other expenses	1,187	1,557	369
Ordinary income	13,910	17,568	3,657
Extraordinary income			
Gain on negative goodwill	443	-	
Other - net	89	-	
Total extraordinary income	533	-	(533)
Extraordinary loss			
Loss on valuation of stocks of subsidiaries and affiliates	-	14	
Loss on valuation of investments in capital of subsidiaries and affiliates	-	96	
Loss on liquidation of subsidiaries and affiliates	-	31	
Other - net	6	7	
Total extraordinary loss	6	148	141
Income before income taxes and minority interests	14,437	17,419	2,982
Income taxes			
Current	4,072	6,190	
Deferred	336	(137)	
Total income taxes	4,409	6,053	1,643
Net income before minority interests	10,027	11,366	1,338
Minority interests	1,408	1,376	(31)
Net income	8,619	9,989	1,370

Consolidated Statement of Comprehensive Income

OSG Corporation

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

	FY2013 (2012/12/1 - 2013/11/30)	FY2014 (2013/12/1 - 2014/11/30)	Changes
Net Income before Minority Interests	10,027	11,366	1,338
Other Comprehensive Income			
Unrealized gain on available-for-sale securities	1,268	320	
Deferred loss on derivatives under hedge accounting	(1)	-	
Foreign currency translation adjustments	9,262	5,318	
Share of other comprehensive income in associates	7	2	
Total other comprehensive income	10,536	5,641	(4,895)
Comprehensive Income	20,564	17,007	(3,557)
Total Comprehensive Income Attributable to:			
Owners of the parent	17,732	14,668	
Minority interests	2,831	2,339	

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2013 (2012/12/1 - 2013/11/30)	FY2014 (2013/12/1 - 2014/11/30)
Operating Activities:		
Income before income taxes and minority interest	14,437	17,419
Depreciation and amortization	6,716	6,830
Amortization of good will	71	64
Change in allowance for doubtful receivables	(23)	24
Change in liability for directors' bonuses	(34)	112
Change in liability for employees' retirement benefits	(21)	(41)
Change in retirement allowance for directors and corporate auditors	2	(8)
Interest and dividend income	(224)	(275)
Interest expense	339	249
Equity in earnings of an associated company	(5)	(4)
Gain on sales of tangible assets	(88)	-
Gain on negative goodwill	(443)	-
Loss on valuation of stocks of subsidiaries and affiliates	-	14
Loss on valuation of investments in capital of subsidiaries and affiliates	-	96
Loss on liquidation of subsidiaries and affiliates	-	31
Change in notes and accounts receivable	425	(933)
Change in inventories	341	526
Change in notes and accounts payable	(1,617)	(269)
Change in accrued expenses	271	674
Other - net	(168)	(264)
Sub-total	19,978	24,245
Interest and dividend income received	267	286
Interest expense paid	(345)	(280)
Income taxes - paid	(3,846)	(4,563)
Income taxes - refunded	118	-
Net cash provided by operating activities	16,171	19,688
Investing Activities:		
Payments for time deposits	(987)	(1,500)
Proceeds from refund of time deposits	5,159	7,636
Proceeds from sales of marketable securities	0	2
Purchases of investment securities	(438)	(7)
Proceeds from sales of investment securities	1	0
Acquisitions of property, plant and equipment	(5,876)	(7,327)
Proceeds from sales of property, plant and equipment	247	66
Acquisitions of intangible assets	(100)	(299)
Payment for purchase of subsidiaries' stock	(1,198)	(1,108)
Other - net	220	(580)
Net cash used in investing activities	(2,972)	(3,119)
Financing Activities:		
Change in short-term borrowings - net	(2,775)	679
Proceeds from long-term borrowings	-	20
Repayments of long-term borrowings	(3,663)	(10,082)
Dividends paid	(2,181)	(3,223)
Dividends paid to minority shareholders	(799)	(200)
Purchase of treasury stock	(5)	(6)
Other - net	2	0
Net cash used in financing activities	(9,423)	(12,813)
Effect of exchange rate change on cash and cash equivalents	1,358	915
Net increase in cash and cash equivalents	5,133	4,670
Cash and cash equivalents at beginning of year	11,669	16,803
Cash and cash equivalents at end of year	16,803	21,474

Operations by Geographical Segment

Results for FY2014 (December 1, 2013 through November 30, 2014)

Million yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	46,659	18,236	9,879	26,256	101,031	-	101,031
Interarea transfers	16,587	163	38	1,678	18,466	(18,466)	-
Total sales	63,246	18,399	9,917	27,934	119,498	(18,466)	101,031
Operating income	9,312	2,004	1,125	5,315	17,757	(342)	17,415

(Reference)
Results for FY2013 (December 1, 2012 through November 30, 2013)

Million yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	41,922	16,093	7,827	22,534	88,378	-	88,378
Interarea transfers	13,793	188	24	1,270	15,277	(15,277)	-
Total sales	55,716	16,282	7,852	23,805	103,656	(15,277)	88,378
Operating income	6,787	1,644	766	4,211	13,410	(583)	12,827

Net sales by Product Segment

Million yen

	FY2013 (2012/12/1 - 2013/11/30)	FY2014 (2013/12/1 - 2014/11/30)
Cutting tools:		
Taps	28,924	34,655
End mills	20,857	22,886
Drills and other cutting tools	20,724	23,600
Total	70,506	81,142
Rolling dies	7,681	9,165
Gauges	1,232	1,419
Other	8,958	9,304
Total	88,378	101,031