January 12, 2016

FY2015 Consolidated Financial Results (December 1, 2014 - November 30, 2015)

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
TEL: 81-533-82-1113 URL http://www.osg-ir.com

1. Consolidated Results for FY2015 (December 1, 2014 - November 30, 2015)

(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	%
FY2015	111,917	10.8	21,597	24.0	21,510	22.4	12,518	25.3
FY2014	101,031	14.3	17,415	35.8	17,568	26.3	9,989	15.9

(Note) Comprehensive income FY2015: 12,760 million yen (-25.0%)
FY2014: 17,007 million yen (-17.3%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2015	131.78	120.25	12.9	14.5	19.3
FY2014	105.20	95.96	11.7	12.7	17.2

(Reference) Equity in net income of affiliates FY2015: 3 million yen FY2014: 4 million yen

(2)Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2015	155,129	113,637	66.1	1,079.12
FY2014	142,302	100,943	64.3	963.15

(Reference) Equity FY2015: 102,566 million yen FY2014: 91,458 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
FY2015	19,588	-16,976	-6,216	19,402
FY2014	19,688	-3,119	-12,813	21,474

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	%	%
FY2014	14.00	20.00	34.00	3,228	32.3	3.8
FY2015	26.00	20.00	46.00	4,369	34.9	4.5
FY2016 forecast	22.00	28.00	50.00		33.9	

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

	Net sales		Operating income		Ordinary income		Net income		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	66.28
Annual	117,000	4.5	23,000	6.5	23,000	6.9	14,000	11.8	147.30

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: None
(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):
FY2015: 95,955,226 shares
FY2014: 95,955,226 shares
(ii) Number of treasury stock at the end of each period:
FY2015: 908,970 shares
FY2014: 997,617 shares
(iii) Average number of shares outstanding in each period:
FY2015: 94,991,265 shares
FY2014: 94,959,095 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)

	FY2014 As of Nov. 30, 2014	FY2015 As of Nov. 30, 2015	Change
Current Assets			
Cash and time deposits	22,547	21,472	
Notes and accounts receivable	21,628	21,519	
Marketable securities	1	78	
Merchandise and finished goods	16,046	19,292	
Work in process	4,874	5,297	
Raw materials and supplies	5,800	6,083	
Deferred tax assets	1,807	2,238	
Other	2,963	2,899	
Allowance for doubtful accounts	(209)	(188)	
Total current assets	75,459	78,692	3,232
Fixed Assets			
Tangible Assets			
Building and structures	15,819	16,651	
Machinery and equipment	22,716	27,428	
Tools, furniture, and fixtures	1,833	2,117	
Land	13,578	15,107	
Construction in progress	2,239	1,968	
Other	2	2	
Total tangible assets	56,190	63,276	7,086
Intangible Assets			
Goodwill	192	532	
Other	1,109	721	
Total intangible assets	1,302	1,254	(47)
Investments and Other Assets			
Investment securities	6,399	7,239	
Investment in capital	675	1,733	
Long-term loans	336	444	
Deferred tax assets	459	412	
Other	1,795	2,488	
Allowance for doubtful accounts	(317)	(411)	
Total investments and other assets	9,349	11,906	2,556
Total fixed assets	66,842	76,437	9,595
Total	142,302	155,129	12,827

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets

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

	FY2014 As of Nov. 30, 2014	FY2015 As of Nov. 30, 2015	Change
Current Liabilities			
Notes and accounts payable	4,159	4,980	
Short-term loans payable	3,934	4,052	
Current portion of long-term loans payable	523	445	
Accrued expenses	6,486	6,715	
Income taxes payable	3,751	3,486	
Deferred tax liabilities	-	7	
Reserve for directors' bonuses	449	637	
Other	2,930	3,189	
Total current liabilities	22,236	23,515	1,279
Long-term Liabilities			
Convertible bonds	15,000	14,850	
Long-term borrowings	551	847	
Deferred tax liabilities	945	1,222	
Retirement allowance for directors and corporate auditors	45	50	
Liabilities for employees' retirement benefits	261	244	
Other	2,318	761	
Total long-term liabilities	19,122	17,976	(1,145)
Total liabilities	41,358	41,491	133
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	12,051	12,090	
Retained earnings	66,837	75,719	
Treasury stock	(1,209)	(1,104)	
Total shareholders' equity	88,084	97,109	9,025
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	2,044	2,709	
Deferred gain on derivatives under hedge accounting	-	2	
Foreign currency translation adjustments	1,328	2,745	
Total accumulated other comprehensive income	3,373	5,456	2,083
Minority Interests	9,485	11,071	1,585
Total net assets	100,943	113,637	12,694
Total liabilities and net assets	142,302	155,129	12,827

Consolidated Summary Statement of Income

OSG Corporation

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

	FY2014 (2013/12/1 - 2014/11/30)	FY2015 (2014/12/1 - 2015/11/30)	Change
Net Sales	101,031	111,917	10,885
Cost of Sales	58,061	61,865	3,804
Gross profit	42,970	50,051	7,081
Selling, general and administrative expenses	25,554	28,454	2,899
Operating income	17,415	21,597	4,181
Other Income			
Interest income	197	286	
Dividend income	78	118	
Foreign exchange gain	650	-	
Other	784	831	
Total other income	1,710	1,235	(474)
Other Expenses			
Interest expense	249	121	
Sales discounts	631	660	
Foreign exchange loss	-	183	
Other	677	356	
Total other expenses	1,557	1,322	(235)
Ordinary income	17,568	21,510	3,942
Extraordinary loss	148	147	(1)
Income before income taxes and minority interests	17,419	21,363	3,943
Income taxes			
Current	6,190	7,464	
Deferred	(137)	(239)	
Total income taxes	6,053	7,225	1,172
Net income before minority interests	11,366	14,137	2,771
Minority interests	1,376	1,619	242
Net income	9,989	12,518	2,528

Consolidated Statement of Comprehensive Income

OSG Corporation

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

	FY2014 (2013/12/1 - 2014/11/30)	FY2015 (2014/12/1 - 2015/11/30)	Change
Net Income before Minority Interests	11,366	14,137	2,771
Other Comprehensive Income			
Unrealized gain on available-for-sale securities	320	662	
Deferred gain on derivatives under hedge accounting	-	2	
Foreign currency translation adjustments	5,318	(2,049)	
Share of other comprehensive income in associates	2	6	
Total other comprehensive income	5,641	(1,377)	(7,019)
Comprehensive Income	17,007	12,760	(4,247)
Total Comprehensive Income Attributable to:			
Owners of the parent	14,668	11,287	
Minority interests	2,339	1,472	

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2014 (2013/12/1 - 2014/11/30)	FY2015 (2014/12/1 - 2015/11/30)
Operating Activities:		
Income before income taxes and minority interest	17,419	21,363
Depreciation and amortization	6,830	7,705
Amortization of good will	64	171
Change in allowance for doubtful receivables	24	91
Change in liability for directors' bonuses	112	182
Change in liability for employees' retirement benefits	(41)	(30)
Change in retirement allowance for directors and corporate auditors	(8)	3
Interest and dividend income	(275)	(404)
Interest expense	249	121
Equity in loss (earnings) of an associated company	(4)	(3)
Loss on valuation of stocks of subsidiaries and affiliates	14	40
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	(933)	226
Change in inventories	526	(2,302)
Change in notes and accounts payable	(269)	592
Change in accrued expenses	674	109
Other - net	(264)	(587)
Sub-total	24,245	27,278
Interest and dividend income received	286	397
Interest expense paid	(280)	(123)
Income taxes - paid	(4,563)	(7,964)
Net cash provided by operating activities	19,688	19,588
Investing Activities:		
Payments for time deposits	(1,500)	(6,317)
Proceeds from refund of time deposits	7,636	5,121
Proceeds from sales of marketable securities	2	1
Purchases of investment securities	(7)	(107)
Proceeds from sales of investment securities	0	32
Acquisitions of property, plant and equipment	(7,327)	(12,487)
Proceeds from sales of property, plant and equipment	66	90
Acquisitions of intangible assets	(299)	(323)
Payment for purchase of subsidiaries' stock	(1,108)	(2,137)
Other - net	(580)	(848)
Net cash used in investing activities	(3,119)	(16,976)
Financing Activities:		
Change in short-term borrowings - net	679	(134)
Proceeds from long-term borrowings	20	752
Repayments of long-term borrowings	(10,082)	(516)
Payments of long-term accounts payable	-	(1,390)
Dividends paid	(3,223)	(4,368)
Dividends paid to minority shareholders	(200)	(553)
Purchase of treasury stock	(6)	(6)
Other - net	0	-
Net cash used in financing activities	(12,813)	(6,216)
Effect of exchange rate change on cash and cash equivalents	915	(854)
Net increase in cash and cash equivalents	4,670	(4,458)
Cash and cash equivalents at beginning of year	16,803	21,474
Cash and cash equivalents from newly consolidated subsidiaries	-	182
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	21,474	19,402

Operations by Geographical Segment

Results for FY2015 (December 1, 2014 through November 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

(Reference)
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

Net sales by Product Segment

Million yen

	FY2014 (2013/12/1 - 2014/11/30)	FY2015 (2014/12/1 - 2015/11/30)
Cutting tools:		
Taps	34,655	38,239
End mills	22,886	26,554
Drills and other cutting tools	23,600	25,743
Total	81,142	90,537
Rolling dies	9,165	9,921
Gauges	1,419	1,538
Other	9,304	9,919
Total	101,031	111,917