

FY2007 Semi-Annual Consolidated Financial Results (December 1, 2006 - May 31, 2007)

June 27, 2007

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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 Filing date of financial statements : August 20, 2007
 Payment date of cash dividends : August 1, 2007

1. Consolidated Results for FY2007 Semi-Annual (December 1, 2006 - May 31, 2007)

(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	%
FY2007 semi-annual	45,731	3.5	7,317	-11.9	7,222	-9.2	3,953	-8.9
FY2006 semi-annual	44,177	19.1	8,301	25.7	7,950	24.4	4,338	-2.9
FY2006	88,862	13.7	15,455	9.4	14,940	7.6	7,917	-9.6

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2007 semi-annual	40.53	-
FY2006 semi-annual	44.36	44.34
FY2006	81.00	80.97

Reference: Equity in earnings of affiliates

FY2007 semi-annual : 49 million yen, FY2006 semi-annual : -9 million yen, FY2006 : 43 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2007 semi-annual	124,053	69,342	50.2	641.25
FY2006 semi-annual	103,734	64,036	55.4	587.88
FY2006	122,451	66,961	49.1	615.07

Reference: Equity FY2007 semi-annual : 62,263 million yen, FY2006 semi-annual : 57,426 million yen, FY2006: 60,081 million yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2007 semi-annual	8,513	-5,025	-3,370	6,424
FY2006 semi-annual	4,520	-7,982	3,210	6,127
FY2006	9,546	-30,616	20,699	6,155

2. Cash Dividends

	Cash dividends per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
FY2006	12.00	14.00	26.00
FY2007	12.00		26.00
FY2007 Forecast		14.00	

3. Forecast of Consolidated Results for FY2007 (December 1, 2006 - November 30, 2007)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2007	94,200	6.0	16,500	6.8	15,700	5.1	8,700	9.9

	Net income per share
	Yen
FY2007	89.60

[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.

4. Others

- (1) Changes in significant subsidiaries during FY2007: No
(changes in specified subsidiaries resulting in changes in scope of consolidation)
- (2) Changes in accounting policy, procedure, and method of presentation for preparing consolidated financial statements
 a. Change due to amendment of accounting standard: No
 b. Change due to other reasons: No
- (3) Number of shares issued and outstanding (common stock)
 a. Number of shares issued and outstanding at the end of each fiscal year:
 FY2007 semi-annual : 98,955,226 shares, FY2006 semi-annual : 98,955,226 shares, FY2006 : 98,955,266 shares
 b. Number of treasury shares at the end of each fiscal year:
 FY2007 semi-annual : 1,858,932 shares, FY2006 semi-annual : 1,270,953 shares, FY2006 : 1,273,863 shares

Reference : Overview of the Unconsolidated Financial Results

1. Unconsolidated Results for FY2007 Semi-Annual (December 1, 2006 - May 31, 2007)

(1) Unconsolidated 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	%
FY2007 semi-annual	23,352	-0.3	2,257	-19.6	2,942	-10.4	3,964	81.4
FY2006 semi-annual	23,426	6.7	2,806	4.1	3,282	3.6	2,185	-2.2
FY2006	46,971	2.6	4,764	-18.4	5,806	-14.4	3,994	-12.4

	Net income per share - basic
	Yen
FY2007 semi-annual	40.64
FY2006 semi-annual	22.35
FY2006	40.86

(2) Unconsolidated financial position

	Total assets		Net assets		Equity ratio		Equity per share	
	Million yen	%	Million yen	%	%	yen	yen	
FY2007 semi-annual	87,312		45,956		52.6	473.31		
FY2006 semi-annual	67,077		43,915		65.5	449.56		
FY2006	85,771		44,330		51.7	453.83		

Reference: Equity FY2007 semi-annual : 45,956 million yen, FY2006 semi-annual : 43,915 million yen, FY2006 : 44,330 million yen

2. Forecast of Unconsolidated Results for FY2007 (December 1, 2006 - November 30, 2007)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2007	47,500	1.1	5,300	11.2	5,800	-0.1	5,500	37.7

	Net income per share
	Yen
FY2007	56.64

[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	(Millions of yen : amounts less than one million yen are omitted)					
	FY2007 semi-annual As of May 31, 2007		FY2006 semi-annual As of May 31, 2006		FY2006 As of Nov. 30, 2006	
Current Assets						
Cash and time deposits	6,544		6,243		6,321	
Notes and accounts receivable	18,667		17,648		17,901	
Marketable securities	0		2		1	
Inventories	21,604		21,602		21,557	
Deferred tax assets	1,144		1,701		1,238	
Other	1,474		1,982		2,131	
Allowance for doubtful accounts	(206)		(210)		(191)	
Total current assets	49,228	39.7%	48,970	47.2%	48,961	40.0%
Fixed Assets						
Tangible Assets						
Building and structures	18,866		13,538		14,111	
Machinery and equipment	18,812		16,661		18,287	
Land	11,153		10,093		10,289	
Other	2,997		6,046		7,501	
Total tangible assets	51,830	41.8%	46,339	44.7%	50,190	41.0%
Intangible Assets						
Goodwill	1,059		1,007		1,150	
Other	1,181		777		850	
Total intangible assets	2,241	1.8%	1,785	1.7%	2,000	1.6%
Investments and Other Assets						
Investment securities	18,175		3,986		18,901	
Deferred tax assets	602		1,252		689	
Other	2,209		1,630		1,940	
Allowance for doubtful accounts	(234)		(231)		(231)	
Total investments and other assets	20,753	16.7%	6,638	6.4%	21,299	17.4%
Total fixed assets	74,824	60.3%	54,764	52.8%	73,490	60.0%
Total	124,053	100.0%	103,734	100.0%	122,451	100.0%

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets	(Millions of yen : amounts less than one million yen are omitted)					
	FY2007 semi-annual As of May 31, 2007		FY2006 semi-annual As of May 31, 2006		FY2006 As of Nov. 30, 2006	
Current Liabilities						
Notes and accounts payable	5,126		5,222		5,039	
Short-term borrowings	20,109		4,401		15,650	
Long-term borrowings, current portion	4,696		5,361		8,142	
Income taxes payable	2,287		2,585		1,677	
Accrued expenses	4,872		5,174		5,155	
Other	2,246		2,378		2,664	
Total current liabilities	39,338	31.7%	25,124	24.2%	38,329	31.3%
Long-term Liabilities						
Long-term borrowings	13,727		10,591		15,582	
Liabilities for employees' retirement benefits	689		3,072		694	
Retirement allowance for directors and corporate auditors	35		27		38	
Deferred tax liabilities	372		405		331	
Other	547		477		513	
Total long-term liabilities	15,372	12.4%	14,574	14.1%	17,161	14.0%
Total liabilities	54,710	44.1%	39,698	38.3%	55,490	45.3%
Shareholders' Equity						
Common stock	10,404		10,404		10,404	
Capital surplus	14,351		14,351		14,351	
Retained earnings	39,886		34,904		37,300	
Treasury stock	(2,793)		(1,781)		(1,786)	
Total shareholders' equity	61,848	49.9%	57,878	55.7%	60,269	49.2%
Other items						
Unrealized gain on available-for-sale securities	926		1,172		909	
Net unrealized gain on derivative financial instruments	15		4		1	
Foreign currency translation adjustments	(526)		(1,628)		(1,099)	
Total	415	0.3%	(451)	(0.4%)	(188)	(0.1%)
Minority Interests	7,079	5.7%	6,609	6.4%	6,879	5.6%
Total net assets	69,342	55.9%	64,036	61.7%	66,961	54.7%
Total liabilities and net assets	124,053	100.0%	103,734	100.0%	122,451	100.0%

Consolidated Summary Statement of Income
OSG Corporation

(Millions of yen : amounts less than one million yen are omitted)

	FY2007 semi-annual		FY2006 semi-annual		FY2006	
	2006/12/1- 2007/5/31		2005/12/1- 2006/5/31		2005/12/1- 2006/11/30	
Net Sales	45,731	100.0%	44,177	100.0%	88,862	100.0%
Cost of Sales	28,339	62.0%	26,575	60.2%	54,376	61.2%
Gross profit	17,392	38.0%	17,601	39.8%	34,485	38.8%
Selling, General and administrative expenses	10,074	22.0%	9,300	21.0%	19,030	21.4%
Operating income	7,317	16.0%	8,301	18.8%	15,455	17.4%
Other Income						
Interest income	71		62		150	
Dividend income	5		5		31	
Exchange gain	161		-		36	
Equity in earnings of subsidiaries and affiliates	49		-		43	
Other - net	379		252		525	
Total other income	666	1.5%	320	0.7%	787	0.9%
Other Expenses						
Interest expense	277		165		450	
Sales discount	335		341		678	
Exchange loss	-		60			
Other - net	149		103		172	
Total other expenses	761	1.7%	671	1.5%	1,301	1.5%
Ordinary income	7,222	15.8%	7,950	18.0%	14,940	16.8%
Extraordinary gain						
Gain on sales of property, plant and equipment	95		8		34	
Gain on sales of securities	58		41		327	
Reversal of bad debt reserve	5		-		6	
Gain on reversal of allowance for employee retirement benefits due to change of the regulation	-		-		75	
Other - net	1		-		-	
Total extraordinary gain	160	0.3%	50	0.1%	443	0.5%
Extraordinary loss						
Loss on disposal of property plant and equipment	70		129		231	
Loss on sales of property, plant and equipment	6		17		67	
Loss on valuation of securities	-		3		0	
Loss on sales of securities	5		-		3	
Retirement lumpsum payment to directors	14		-		34	
Loss on impairment	-		53		56	
Loss from evaluation of golf membership	-		9		13	
Loss on liquidation of subsidiary	47		-		-	
Other - net	-		0		-	
Total extraordinary loss	144	0.3%	213	0.5%	407	0.5%
Income before income taxes	7,238	15.8%	7,787	17.6%	14,976	16.8%
Income taxes - current	2,605	5.7%	2,892	6.5%	4,842	5.4%
Income taxes - deferred	192	0.4%	(62)	(0.1%)	1,050	1.2%
Minority interests	486	1.1%	618	1.4%	1,165	1.3%
Net income	3,953	8.6%	4,338	9.8%	7,917	8.9%

Consolidated Summary Statement of Cash Flows
OSG Corporation

(Millions of yen : amounts less than one million yen are omitted)

	FY2007 semi-annual 2006/12/1- 2007/5/31	FY2006 semi-annual 2005/12/1- 2006/5/31	FY2006 2005/12/1- 2006/11/30
Operating Activities:			
Income before income taxes and minority interest	7,238	7,787	14,976
Depreciation and amortization	3,394	2,793	6,120
Loss on impairment	-	53	56
Amortization on goodwill	-	63	148
Impairment of good will	61	-	-
Provision for doubtful receivables	16	(2)	(26)
Change in liability for directors' bonuses	(110)	106	219
Change in liability for employees' retirement benefits	(6)	(1)	(2,388)
Change in retirement allowance for directors and corporate auditors	(3)	(40)	(29)
Loss on disposals of property, plant and equipment	70	129	231
Loss on sales of property, plant and equipment	6	17	67
Gain on sales of property, plant and equipment	(95)	(8)	(34)
Gain on sales of securities	(58)	(41)	(327)
Interest and dividend income	(77)	(67)	(182)
Interest expense	277	165	450
Equity in earnings of affiliates	(49)	9	(43)
Change in notes and accounts receivable	(504)	(940)	(833)
Change in inventories	104	(1,599)	(1,274)
Change in notes and account payable	(106)	(319)	(670)
Change in accrued expenses	(200)	65	(48)
Other - net	774	(228)	(431)
Sub-total	10,731	7,941	15,982
Interest and dividend income received	78	70	214
Interest expense paid	(280)	(158)	(434)
Income taxes - paid	(2,015)	(3,332)	(6,216)
Net cash provided by operating activities	8,513	4,520	9,546
Investing Activities:			
Payments for time deposits	(3)	(6)	(53)
Proceeds from refund of time deposits	49	40	62
Proceeds from sales of marketable securities	1	-	0
Purchases of investment securities	(63)	(8)	(15,669)
Proceeds from sales of investment securities	277	67	424
Acquisitions of property, plant and equipment	(5,512)	(8,063)	(14,840)
Proceeds from sales of property, plant and equipment	199	136	431
Payment for purchase of subsidiaries' stock	(257)	(35)	(819)
Payment for purchase of affiliates' stock	(74)	-	-
Proceeds from sales of affiliates' stock	756	-	-
Other - net	(398)	(113)	(153)
Net cash used in investing activities	(5,025)	(7,982)	(30,616)
Financing Activities:			
Change in short-term borrowings - net	4,475	(1,417)	9,735
Proceeds from long-term debt	274	8,041	16,279
Repayment of long-term borrowings	(5,603)	(600)	(1,335)
Issuance of bonds	-	-	15,500
Redemption of bonds	-	-	(15,500)
Dividends paid	(1,370)	(1,564)	(2,734)
Dividends paid to minority shareholders	(139)	(238)	(248)
Purchase of treasury stock	(1,007)	(1,010)	(1,015)
Other - net	-	-	19
Net cash used in financing activities	(3,370)	3,210	20,699
Effect of exchange rate change on cash and cash equivalents	151	201	348
Net increase (decrease) in cash and cash equivalents	268	(49)	(22)
Cash and cash equivalents at beginning of year	6,155	6,075	6,075
Cash and cash equivalents of Newly consolidated subsidiaries at beginning of year	-	101	101
Cash and cash equivalents at end of year	6,424	6,127	6,155

Operations by Geographical Segment

Results for FY2007 semi-annual (Dec. 1, 2006 through May 31, 2007)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	26,409	7,843	3,564	7,914	45,731	-	45,731
Interarea transfers	5,468	149	13	415	6,046	(6,046)	-
Total sales	31,878	7,992	3,577	8,330	51,778	(6,046)	45,731
Operating expenses	27,755	6,915	3,040	6,792	44,504	(6,089)	38,414
Operating income	4,122	1,076	537	1,537	7,273	43	7,317

(Reference)

Results for FY2006 semi-annual (Dec. 1, 2005 through May 31, 2006)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	26,180	7,541	2,582	7,872	44,177	-	44,177
Interarea transfers	5,733	216	24	511	6,486	(6,486)	-
Total sales	31,914	7,758	2,607	8,384	50,663	(6,486)	44,177
Operating expenses	27,092	6,460	2,242	6,400	42,196	(6,320)	35,875
Operating income	4,822	1,297	364	1,984	8,467	(166)	8,301

(Reference)

Results for FY2006 (Dec. 1, 2005 through Nov. 30, 2006)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	52,787	15,063	5,423	15,588	88,862	-	88,862
Interarea transfers	11,221	370	69	849	12,510	(12,510)	-
Total sales	64,008	15,434	5,492	16,438	101,373	(12,510)	88,862
Operating expenses	54,992	12,939	4,808	13,063	85,804	(12,397)	73,407
Operating income	9,015	2,494	683	3,374	15,568	(113)	15,455

Sales to Foreign Customers

Results for FY2007 semi-annual (Dec. 1, 2006 through May 31, 2007)

	Millions of yen					
	The Americas	Europe	Asia	Other	Total	
Foreign sales	7,708	3,730	8,251	18	19,708	
Net sales					45,731	
Ratio of foreign sales to net sales	16.9%	8.2%	18.0%	0.0%	43.1%	

(Reference)

Results for FY2006 semi-annual (Dec. 1, 2005 through May 31, 2006)

	Millions of yen					
	The Americas	Europe	Asia	Other	Total	
Foreign sales	7,330	2,740	8,272	22	18,365	
Net sales					44,177	
Ratio of foreign sales to net sales	16.7%	6.2%	18.6%	0.1%	41.6%	

(Reference)

Results for FY2006 (Dec. 1, 2005 through Nov. 30, 2006)

	Millions of yen					
	The Americas	Europe	Asia	Other	Total	
Foreign sales	14,677	5,706	16,322	58	36,765	
Net sales					88,862	
Ratio of foreign sales to net sales	16.6%	6.4%	18.3%	0.1%	41.4%	

Net sales, broken down by Products Segment

	Millions of yen	
	FY2007 semi-annual (2006/12/1 - 2007/5/31)	Change (up from FY2006 semi-annual)
Cutting tools:		
Thread-cutting tools	13,486	-0.9 %
Milling cutters	11,948	0.3
Other cutting tools	9,498	11.0
Total	34,932	2.5
Forming tools	4,173	0.6
Measuring tools	785	11.8
Other:		
Machine	2,423	29.0
LHS	602	-4.2
Other	2,813	2.7
Total	5,839	11.3
Total	45,731	3.5