

FY2007 Third Quarter Consolidated Financial Results (December 1, 2006 - August 31, 2007)

September 25, 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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1. Consolidated Results for FY2007 Third Quarter (December 1, 2006 - August 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 third-quarter	69,046	4.0	11,243	-9.2	10,824	-10.0	6,102	-10.4
FY2006 third-quarter	66,374	17.2	12,380	19.0	12,027	18.9	6,807	3.1
FY2006	88,862	-	15,455	-	14,940	-	7,917	-

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2007 third-quarter	62.64	-
FY2006 third-quarter	69.63	69.61
FY2006	81.00	80.97

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2007 third-quarter	127,699	72,393	50.7	666.66
FY2006 third-quarter	121,212	65,423	48.3	598.86
FY2006	122,451	66,961	49.1	615.07

(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 third-quarter	10,684	-7,434	-2,873	6,986
FY2006 third-quarter	4,326	-27,747	23,280	6,296
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)

<Reference>

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2007	93,000	4.7	15,000	-2.9	14,400	-3.6	8,100	2.3

	Net income per share
	Yen
FY2007	83.42

4. Others

- (1) Changes in significant subsidiaries during the period: No
 (changes in specified subsidiaries resulting in changes in scope of consolidation)
- (2) Adoption of the simplified method as the accounting standard Yes
- (3) Changes in accounting methods from the previous fiscal year No

Reference : Overview of the Unconsolidated Financial Results

1. Unconsolidated Results for FY2007 Third Quarter
(December 1, 2006 - August 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 third-quarter	34,917	-0.3	3,322	-20.1	3,858	-18.8	4,452	38.8
FY2006 third-quarter	35,031	6.1	4,158	-1.4	4,752	-0.6	3,208	-2.9
FY2006	46,971	-	4,764	-	5,806	-	3,994	-

	Net income per share - basic
	Yen
FY2007 third-quarter	45.70
FY2006 third-quarter	32.82
FY2006	40.86

(2)Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	yen
FY2007 third-quarter	86,013	45,153	52.5	465.05
FY2006 third-quarter	83,917	43,684	52.1	447.21
FY2006	85,771	44,330	51.7	453.83

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	47,200	0.5	4,700	-1.3	5,600	-3.6	5,500	37.7

	Net income per share
	Yen
FY2007	56.65

[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. OSG Corporation today revised its full-year consolidated financial forecasts for the fiscal year ended November 30, 2007, previously disclosed on June 27, 2007.

Revision of consolidated financial forecast for the full fiscal year ended November 30, 2007

	Millions of yen			
	Net sales	Operating income	Ordinary income	Net income
Forecast of Jun, 27, 2007 (A)	94,200	16,500	15,700	8,700
Forecast of Sep, 25, 2007 (B)	93,000	15,000	14,400	8,100
Difference (B-A)	-1,200	-1,500	-1,300	-600
Change (%)	-1.3	-9.1	-8.3	-6.9
Fiscal year ended Nov. 30, 2006	88,862	15,455	14,940	7,917

Revision of unconsolidated financial forecast for the full fiscal year ended November 30, 2007

	Millions of yen			
	Net sales	Operating income	Ordinary income	Net income
Forecast of Jun, 27, 2007 (A)	47,500	5,300	5,800	5,500
Forecast of Sep, 25, 2007 (B)	47,200	4,700	5,600	5,500
Difference (B-A)	-300	-600	-200	-
Change (%)	-0.6	-11.3	-3.4	-
Fiscal year ended Nov. 30, 2006	46,971	4,764	5,806	3,994

Consolidated Summary Balance Sheet
OSG Corporation

Assets	(Millions of yen : amounts less than one million yen are omitted)			
	FY2006 third-quarter As of Aug. 31, 2006	FY2007 third-quarter As of Aug. 31, 2007	Changes	FY2006 As of Nov. 30, 2006
Current Assets				
Cash and time deposits	6,419	7,129	710	6,321
Notes and accounts receivable	16,956	18,850	1,893	17,901
Inventories	21,949	23,230	1,280	21,557
Other	4,364	2,820	(1,543)	3,371
Allowance for doubtful accounts	(205)	(212)	(6)	(191)
Total current assets	49,483	51,817	2,333 4.7%	48,961
Fixed Assets				
Tangible Assets				
Building and structures	13,563	18,919	5,355	14,111
Machinery and equipment	17,268	19,207	1,939	18,287
Land	10,098	11,323	1,225	10,289
Other	7,510	3,099	(4,410)	7,501
Total tangible assets	48,440	52,549	4,108 8.5%	50,190
Intangible Assets				
Goodwill	969	1,027	58	1,150
Other	808	1,329	521	850
Total intangible assets	1,777	2,357	(579) (32.6%)	2,000
Investments and Other Assets				
Investment securities	19,325	18,003	(1,321)	18,901
Other	2,415	3,216	801	2,630
Allowance for doubtful accounts	(230)	(245)	(14)	(231)
Total investments and other assets	21,510	20,974	(535) (2.5%)	21,299
Total fixed assets	71,728	75,881	4,152 5.8%	73,490
Total	121,212	127,699	6,486 5.4%	122,451

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets

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

	FY2006 third-quarter As of Aug. 31, 2006	FY2007 third-quarter As of Aug. 31, 2007	Changes		FY2006 As of Nov. 30, 2006
Current Liabilities					
Notes and accounts payable	5,153	5,784	630		5,039
Short-term borrowings	8,819	20,262	11,442		15,650
Long-term borrowings, current portion	5,397	4,805	(592)		8,142
Income taxes payable	1,111	1,466	355		1,677
Accrued expenses	3,869	3,871	1		5,155
Other	2,495	2,055	(439)		2,664
Total current liabilities	26,846	38,245	11,399	42.5%	38,329
Long-term Liabilities					
Bonds	15,500	-	(15,500)		-
Long-term borrowings	11,762	15,542	3,779		15,582
Liabilities for employees' retirement benefits	690	513	(177)		694
Retirement allowance for directors and corporate auditors	32	37	4		38
Other	955	966	11		845
Total long-term liabilities	28,941	17,059	(11,882)	(41.1%)	17,161
Total liabilities	55,788	55,305	(482)	(0.9%)	55,490
Shareholders' Equity					
Common stock	10,404	10,404	-		10,404
Capital surplus	14,351	14,351	-		14,351
Retained earnings	36,184	40,870	4,685		37,300
Treasury stock	(1,783)	(2,796)	(1,013)		(1,786)
Total shareholders' equity	59,156	62,828	3,672	6.2%	60,269
Other items					
Unrealized gain on available-for-sale securities	1,057	812	(244)		909
Net unrealized gain on derivative financial instruments	(10)	9	20		1
Foreign currency translation adjustments	(1,705)	1,077	2,783		(1,099)
Total	(658)	1,900	2,558	388.7%	(188)
Minority Interests	6,925	7,664	738	10.7%	6,879
Total net assets	65,423	72,393	6,969	10.7%	66,961
Total liabilities and net assets	121,212	127,699	6,486	5.4%	122,451

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2006 third-quarter 2005/12/1- 2006/8/31	FY2007 third-quarter 2006/12/1- 2007/8/31	Changes		FY2006 2005/12/1- 2006/11/30
Net Sales	66,374	69,046	2,671	4.0%	88,862
Cost of Sales	40,102	42,660	2,557	6.4%	54,376
Gross profit	26,272	26,386	113	0.4%	34,485
Selling, general and administrative expenses	13,892	15,142	1,250	9.0%	19,030
Operating income	12,380	11,243	(1,136)	(9.2%)	15,455
Other Income					
Interest income	101	111	10		150
Other - net	442	550	107		637
Total other income	544	662	118	21.7%	787
Other Expenses					
Interest expense	293	433	140		450
Other - net	603	647	44		850
Total other expenses	896	1,081	184	20.6%	1,301
Ordinary income	12,027	10,824	(1,203)	(10.0%)	14,940
Extraordinary gain	146	197	50	34.5%	443
Extraordinary loss	239	176	(62)	(26.2%)	407
Income before income taxes	11,935	10,845	(1,089)	(9.1%)	14,976
Income taxes	4,190	4,003	(187)	(4.5%)	5,893
Minority interests	937	740	(197)	(21.0%)	1,165
Net income	6,807	6,102	(705)	(10.4%)	7,917

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2006 third-quarter 2005/12/1- 2006/8/31	FY2007 third-quarter 2006/12/1- 2007/8/31	FY2006 2005/12/1- 2006/11/30
Operating Activities:			
Income before income taxes	11,935	10,845	14,976
Depreciation and amortization	4,392	5,282	6,120
Loss on impairment	53	-	56
Change in liability for employees' retirement benefits	(2,384)	(198)	(2,388)
Change in allowances	172	(18)	200
Other noncash items	174	52	97
Change in notes and accounts receivable	(283)	(30)	(833)
Change in inventories	(2,008)	(920)	(1,274)
Change in notes and account payable	(379)	213	(670)
Change in accrued expenses	(1,213)	(1,330)	(48)
Income taxes - paid	(5,274)	(4,035)	(6,216)
Other	(857)	824	(473)
Net cash provided by operating activities	4,326	10,684	9,546
Investing Activities:			
Purchases of investment securities	(15,722)	(70)	(15,669)
Proceeds from sales of investment securities	67	277	424
Acquisitions of property, plant and equipment	(11,823)	(7,499)	(14,840)
Proceeds from sales of property, plant and equipment	227	316	431
Payment for purchase of subsidiaries' stock	(406)	(671)	(819)
Other	(89)	212	(143)
Net cash used in investing activities	(27,747)	(7,434)	(30,616)
Financing Activities:			
Change in short-term borrowings	3,050	4,513	9,735
Proceeds from long-term debt	9,683	2,276	16,279
Repayment of long-term borrowings	(977)	(5,886)	(1,335)
Proceeds from bonds	15,500	-	15,500
Redemption of bonds	-	-	(15,500)
Purchase of treasury stock	(1,013)	(1,010)	(1,015)
Dividends paid	(2,729)	(2,523)	(2,734)
Other	(232)	(242)	(229)
Net cash provided by (used in) financing activities	23,280	(2,873)	20,699
Effect of exchange rate change on cash and cash equivalents	259	454	348
Net increase (decrease) in cash and cash equivalents	119	831	(22)
Cash and cash equivalents at beginning of year	6,075	6,155	6,075
Cash and cash equivalents of newly consolidated subsidiaries at beginning of year	101	-	101
Cash and cash equivalents at end of year	6,296	6,986	6,155

Operations by Geographical Segment

Results for FY2006 third-quarter (Dec. 1, 2005 through Aug. 31, 2006)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	39,222	11,172	4,017	11,961	66,374	-	66,374
Interarea transfers	8,334	298	59	691	9,384	(9,384)	-
Total sales	47,557	11,471	4,077	12,652	75,759	(9,384)	66,374
Operating expenses	40,395	9,570	3,502	9,733	63,201	(9,207)	53,994
Operating income	7,162	1,900	575	2,918	12,557	(176)	12,380

Results for FY2007 third-quarter (Dec. 1, 2006 through Aug. 31, 2007)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	38,969	12,150	5,577	12,349	69,046	-	69,046
Interarea transfers	8,549	229	24	640	9,444	(9,444)	-
Total sales	47,519	12,379	5,601	12,990	78,490	(9,444)	69,046
Operating expenses	41,455	10,528	4,742	10,606	67,333	(9,530)	57,802
Operating income	6,063	1,850	858	2,384	11,157	86	11,243

(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 FY2006 third-quarter (Dec. 1, 2005 through Aug. 31, 2006)

	Millions of yen					
	The Americas	Europe	Asia	Other	Total	
Foreign sales	10,794	4,268	12,607	41	27,711	
Net sales					66,374	
Ratio of foreign sales to net sales	16.3%	6.4%	19.0%	0.1%	41.8%	

Results for FY2007 third-quarter (Dec. 1, 2006 through Aug. 31, 2007)

	Millions of yen					
	The Americas	Europe	Asia	Other	Total	
Foreign sales	11,942	5,832	12,898	29	30,703	
Net sales					69,046	
Ratio of foreign sales to net sales	17.3%	8.4%	18.7%	0.1%	44.5%	

(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	
	FY2006 third-quarter (2005/12/1 - 2006/8/31)	FY2007 third-quarter (2006/12/1 - 2007/8/31)
Cutting tools:		
Thread-cutting tools	20,453	20,687
Milling cutters	17,934	17,796
Other cutting tools	12,764	14,336
Total	51,152	52,820
Forming tools	6,195	6,265
Measuring tools	1,086	1,182
Other:		
Machine	2,540	3,491
LHS	939	927
Other	4,460	4,359
Total	7,940	8,777
Total	66,374	69,046