

FY2007 Consolidated Financial Results (December 1, 2006 – November 30, 2007)

January 7, 2008

Company name : OSG Corporation
 Shares Listed : 1st section of Tokyo and Nagoya Stock Exchanges
 Code Number : 6136
 Representative: : Norio Ishikawa, President
 Contact person: : Koji Sonobe, Managing Director
 TEL: 0533-82-1113 URL <http://www.osg-ir.com>
 Date of the shareholders' meeting : February 23, 2008
 Payment date of cash dividends : February 25, 2008
 Filing date of financial statements : February 25, 2008

1. Consolidated Results for FY2007 (December 1, 2006 – November 30, 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	94,164	6.0	15,356	-0.6	14,570	-2.5	8,013	1.2
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	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%	%	%
FY2007	82.42	-	12.9	11.7	16.3
FY2006	81.00	80.97	13.8	13.8	17.4

Reference: Equity in earnings of affiliates

FY2007: 49 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	127,044	71,823	50.6	667.01
FY2006	122,451	66,961	49.1	615.07

Reference: Equity FY2007: 64,295 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	16,733	-9,019	-6,821	7,323
FY2006	9,546	-30,616	20,699	6,155

2. Cash Dividends

	Cash dividends per share			Total amount of dividends for the year
	Interim	Year-end	Annual	
FY2006	12.00 Yen	14.00 Yen	26.00 Yen	2,539 Million yen
FY2007	12.00	14.00	26.00	2,514
FY2008 Forecast	12.00	14.00	26.00	-

	Dividend payout ratio	Dividend on equity ratio
	%	%
FY2006	32.1	4.4
FY2007	31.5	4.1
FY2008 Forecast	30.9	-

3. Forecast of Consolidated Results for FY2008 (December 1, 2007 – November 30, 2008)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2008 Semi-annual	47,300	3.4	7,400	1.1	7,000	-3.1	3,800	-3.9
FY2008	97,200	3.2	15,800	2.9	15,000	2.9	8,100	1.1

	Net income per share
	Yen
FY2008 Semi-annual	39.42
FY2008	84.03

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: Yes
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: 98,955,226 shares, FY2006: 98,955,226 shares
b. Number of treasury shares at the end of each fiscal year:
FY2007: 2,562,143 shares, FY2006: 1,273,863 shares

Reference : Overview of the Unconsolidated Financial Results

1. Unconsolidated Results for FY2007 (December 1, 2006 – November 30, 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	48,661	3.6	4,637	-2.7	5,823	0.3	5,885	47.4
FY2006	46,971	2.6	4,764	-18.4	5,806	-14.4	3,994	-12.4

	Net income per share - basic		Net income per share - diluted	
	Yen		Yen	
FY2007	60.53		-	
FY2006	40.86		40.85	

(2)Unconsolidated financial position

	Total assets		Net assets		Equity ratio		Equity per share	
	Million yen		Million yen		%		yen	
FY2007	86,686		45,580		52.6		472.86	
FY2006	85,771		44,330		51.7		453.83	

Reference: Equity FY2007 : 45,580 million yen, FY2006 : 44,330 million yen

2. Forecast of Unconsolidated Results for FY2008 (December 1, 2007 – November 30, 2008)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2008 Semi-annual	23,900	2.3	2,300	1.9	3,100	5.4	3,800	-4.2
FY2008	49,000	0.7	4,900	5.7	6,500	11.6	6,000	2.7

	Net income per share	
	Yen	
FY2008 Semi-annual	39.42	
FY2008	62.25	

[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)					
	FY2006 As of Nov. 30, 2006		FY2007 As of Nov. 30, 2007		Changes	
Current Assets						
Cash and time deposits		6,321		7,460		
Notes and accounts receivable		17,901		19,861		
Marketable securities		1		10		
Inventories		21,557		22,617		
Deffered tax assets		1,238		1,578		
Other		2,131		1,212		
Allowance for doubtful accounts		(191)		(215)		
Total current assets		48,961	40.0%	52,525	41.3%	3,564
Fixed Assets						
Tangible Assets						
Building and structures		28,183		33,320		
Accumulated depreciation		14,072	14,111	15,073	18,247	
Machinery and equipment		71,257		75,229		
Accumulated depreciation		52,969	18,287	56,793	18,435	
Tools, Furniture and Fixtures		4,618		5,063		
Accumulated depreciation		3,272	1,345	3,346	1,716	
Land			10,289		11,125	
Construction in progress			6,098		1,219	
Other		281		277		
Accumulated depreciation		224	57	232	45	
Total tangible assets		50,190	41.0%	50,790	40.0%	600
Intangible Assets						
Goodwill			1,150		1,260	
Other			850		1,690	
Total intangible assets		2,000	1.6%	2,951	2.3%	950
Investments and Other Assets						
Investment securities			18,901		17,752	
Investments			173		399	
Long-term loans			145		124	
Deffered tax assets			689		892	
Other			1,621		1,846	
Allowance for doubtful accounts			(231)		(238)	
Total investments and other assets		21,299	17.4%	20,777	16.4%	(522)
Total fixed assets		73,490	60.0%	74,518	58.7%	1,028
Total		122,451	100.0%	127,044	100.0%	4,592

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Equity

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

	FY2006		FY2007		Changes
	As of Nov. 30, 2006		As of Nov. 30, 2007		
Current Liabilities					
Notes and accounts payable	5,039		5,347		
Short-term borrowings	15,650		14,958		
Long-term borrowings, current portion	8,142		3,338		
Income taxes payable	1,677		2,941		
Accrued expenses	5,155		5,546		
Deferred tax liabilities	0		9		
Allowance for payment of bonuses to directors	219		246		
Other	2,445		2,402		
Total current liabilities	38,329	31.3%	34,790	27.4%	(3,538)
Long-term Liabilities					
Long-term borrowings	15,582		18,772		
Deferred tax liabilities	331		334		
Liabilities for employees' retirement benefits	694		469		
Retirement allowance for directors and corporate auditors	38		39		
Other	513		814		
Total long-term liabilities	17,161	14.0%	20,430	16.1%	3,268
Total liabilities	55,490	45.3%	55,220	43.5%	(269)
Shareholders' Equity					
Common stock	10,404		10,404		
Capital surplus	14,351		14,351		
Retained earnings	37,300		42,773		
Treasury stock	(1,786)		(3,677)		
Total shareholders' equity	60,269	49.2%	63,851	50.3%	3,581
Other items					
Unrealized gain on available-for-sale securities	909		674		
Net unrealized gain on derivative financial instruments	1		1		
Foreign currency translation adjustments	(1,099)		(232)		
Total	(188)	(0.1%)	443	0.3%	632
Minority Interests	6,879	5.6%	7,528	5.9%	648
Total equity	66,961	54.7%	71,823	56.5%	4,862
Total	122,451	100.0%	127,044	100.0%	4,592

Consolidated Summary Statement of Income
OSG Corporation

	FY2006 2005/12/1- 2006/11/30		FY2007 2006/12/1- 2007/11/30		Changes
Net Sales	88,862	100.0%	94,164	100.0%	5,301
Cost of Sales	54,376	61.2%	58,159	61.8%	3,783
Gross profit	34,485	38.8%	36,004	38.2%	1,518
Selling, general and administrative expenses	19,030	21.4%	20,647	21.9%	1,616
Operating income	15,455	17.4%	15,356	16.3%	(98)
Other Income					
Interest income	150		173		
Dividend income	31		38		
Foreign exchange gain	36		-		
Purchase discount	92		88		
Investment income on equity method	43		49		
Other - net	433		493		
Total other income	787	0.9%	843	0.9%	55
Other Expenses					
Interest expense	450		615		
Sales discount	678		667		
Foreign exchange loss	-		224		
Other - net	172		121		
Total other expenses	1,301	1.5%	1,629	1.7%	327
Ordinary income	14,940	16.8%	14,570	15.5%	(370)
Extraordinary gain					
Gain on sales of fixed assets	34		134		
Gain on sales of securities	327		58		
Allowance for bad debts	6		14		
Gain on revision of retirement benefit	75		-		
Gain on sales of golf club memberships	-		1		
Total extraordinary gain	443	0.5%	207	0.2%	(235)
Extraordinary loss					
Loss on disposal of fixed assets	231		150		
Loss on sales of fixed assets	67		52		
Write-off of investment securities	0		-		
Loss on impairment	56		-		
Write-off of golf club memberships	13		1		
Retirement bonuses for directors	34		14		
Loss on liquidation of subsidiaries	-		47		
Loss on cancellation of lease contracts	-		81		
Loss on change holding ratio of subsidiary	-		25		
Loss on revision of retirement benefit	-		52		
Other - net	3		5		
Total extraordinary loss	407	0.5%	433	0.5%	25
Income before income taxes	14,976	16.8%	14,344	15.2%	(631)
Income taxes - current	4,842		5,795		
Income taxes - deferred	1,050		(381)		
Minority interests	1,165	1.3%	917	1.0%	(248)
Net income	7,917	8.9%	8,013	8.5%	96

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2006	FY2007	Changes
	2005/12/1- 2006/11/30	2006/12/1- 2007/11/30	
Operating Activities:			
Income before income taxes	14,976	14,344	
Depreciation and amortization	6,120	7,444	
Loss on impairment	56	-	
Amortization of consolidation goodwill	148	153	
Loss on liquidation of subsidiaries	-	47	
Loss on cancellation of lease contracts	-	81	
Loss on change holding ratio of subsidiary	-	25	
Change in allowance for bad debts	(26)	30	
Loss on disposal of tangible assets	231	150	
Loss on sales of tangible assets	-	52	
Gain on sales of tangible assets	(34)	(134)	
Write-off of investment securities	0	-	
Gain on sales of investment securities	(327)	(58)	
Change in allowance for payment of bonuses to directors	219	27	
Change in retirement allowances	(2,388)	(227)	
Change in retirement allowances for directors and corporate auditors	(29)	0	
Interest and dividend income	(182)	(212)	
Interest expense	450	615	
Investment income on equity method	(43)	(49)	
Change in notes and accounts receivable	(833)	(1,360)	
Change in inventories	(1,274)	(824)	
Change in notes and account payable	(670)	(148)	
Change in accrued expenses	(48)	288	
Other	(363)	1,451	
Total	15,982	21,700	5,718
Interest and dividend -received	214	211	
Interest -paid	(434)	(611)	
Income taxes - paid	(6,216)	(4,566)	
Net cash provided by operating activities	9,546	16,733	7,187
Investing Activities:			
Increase in time deposits	(53)	(49)	
Decrease in time deposits	62	79	
Sales of marketable securities	0	1	
Purchase of investment securities	(15,669)	(73)	
Purchase of intangible assets	-	(953)	
Sales of investment securities	424	277	
Purchase of tangible assets	(14,840)	(8,783)	
Sales of tangible assets	431	385	
Purchase of subsidiaries' stock	(819)	(624)	
Sales of subsidiaries' stock	-	756	
Other	(153)	(34)	
Net cash used in investing activities	(30,616)	(9,019)	21,597
Financing Activities:			
Change in short-term borrowings	9,735	(667)	
Proceeds from long-term debt	16,279	7,302	
Repayment of long-term borrowings	(1,335)	(8,907)	
Proceeds from bonds	15,500	-	
Redemption of bonds	(15,500)	-	
Dividends paid	(2,734)	(2,533)	
Cash dividends paid for minority shareholders	(248)	(246)	
Purchase of treasury stock	(1,015)	(1,890)	
Other	19	121	
Net cash provided by (used in) financing activities	20,699	(6,821)	(27,521)
Effect of exchange rate change on cash and cash equivalents	348	276	(72)
Net increase (decrease) in cash and cash equivalents	(22)	1,168	1,190
Cash and cash equivalents at beginning of year	6,075	6,155	79
Cash and cash equivalents of newly consolidated subsidiaries at beginning of year	101	-	(101)
Cash and cash equivalents at end of year	6,155	7,323	1,168

Operations by Geographical Segment

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

							Millions of yen	
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated	
I 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	
II Assets	79,544	13,052	5,671	26,484	124,753	(2,302)	122,451	

Results for FY2007 (Dec. 1, 2006 through Nov. 30, 2007)

							Millions of yen	
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated	
Sales to customers	53,349	16,477	7,454	16,882	94,164	-	94,164	
Interarea transfers	12,155	317	54	869	13,396	(13,396)	-	
Total sales	65,504	16,795	7,508	17,752	107,560	(13,396)	94,164	
Operating expenses	56,877	14,282	6,399	14,752	92,311	(13,504)	78,807	
Operating income	8,627	2,512	1,109	3,000	15,249	107	15,356	
II Assets	80,540	14,418	7,924	28,168	131,052	(4,008)	127,044	

Sales to Foreign Customers

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%			

Results for FY2007 (Dec. 1, 2006 through Nov. 30, 2007)

						Millions of yen		
	The Americas	Europe	Asia	Other	Total			
Foreign sales	16,202	7,800	17,675	37	41,716			
Net sales						94,164		
Ratio of foreign sales to net sales	17.2%	8.3%	18.8%	0.0%	44.3%			

Net sales, broken down by Products Segment

			Millions of yen	
	FY2007 (2006/12/1 - 2007/11/30)		Changes(%)	
Cutting tools:				
Thread-cutting tools	28,384		4.6%	
Milling cutters	24,607		2.2%	
Other cutting tools	19,577		14.5%	
Total	72,568		6.2%	
Forming tools	8,412		4.1%	
Measuring tools	1,579		6.5%	
Other	11,602		5.6%	
Total	94,164		6.0%	