

FY2008 First Quarter Consolidated Financial Results (December 1, 2007 – February 29, 2008)

March 28, 2008

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
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1. Consolidated Results for FY2008 First Quarter (December 1, 2007 – February 29, 2008)

(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	%
FY2008 first-quarter	23,129	8.4	3,616	13.4	3,369	5.9	1,674	-3.1
FY2007 first-quarter	21,334	4.6	3,189	-15.7	3,181	-14.0	1,728	-20.2
FY2007	94,164	-	15,356	-	14,570	-	8,013	-

	Net income per share	Net income per share
	- basic	- diluted
	Yen	Yen
FY2008 first-quarter	17.37	-
FY2007 first-quarter	17.70	-
FY2007	82.42	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2008 first-quarter	128,410	71,869	50.3	669.73
FY2007 first-quarter	124,705	68,480	49.1	626.87
FY2007	127,044	71,823	50.6	667.01

(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
FY2008 first-quarter	30	-4,856	3,481	6,039
FY2007 first-quarter	2,396	-3,152	880	6,419
FY2007	16,733	-9,019	-6,821	7,323

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

<Reference>

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

	Net income per share
	Yen
Semi-Annual	39.42
Annual	84.03

3. 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 FY2008 First Quarter
(December 1, 2007 – February 29, 2008)

(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	%
FY2008 first-quarter	11,167	3.4	798	-1.3	1,730	51.1	3,234	20.8
FY2007 first-quarter	10,800	-3.3	809	-39.2	1,144	-35.3	2,676	109.8
FY2007	48,661	-	4,637	-	5,823	-	5,885	-

	Net income per share - basic
	Yen
FY2008 first-quarter	33.55
FY2007 first-quarter	27.40
FY2007	60.53

(2)Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	yen
FY2008 first-quarter	90,555	47,431	52.4	492.07
FY2007 first-quarter	88,142	45,754	51.9	468.41
FY2007	86,686	45,580	52.6	472.86

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	%
Semi-Annual	23,900	2.3	2,300	1.9	3,100	5.4	3,800	-4.2
Annual	49,000	0.7	4,900	5.7	6,500	11.6	6,000	2.7

	Net income per share
	Yen
Semi-Annual	39.42
Annual	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)			
	FY2007 As of Nov. 30, 2007	FY2008 first-quarter As of Feb. 29, 2008	Changes	FY2007 first-quarter As of Feb. 28, 2007
Current Assets				
Cash and time deposits	7,460	6,506	(954)	6,539
Notes and accounts receivable	19,861	19,150	(710)	16,868
Inventories	22,617	23,988	1,371	22,306
Other	2,802	2,477	(325)	3,205
Allowance for doubtful accounts	(215)	(211)	4	(191)
Total current assets	52,525	51,911	(613) (1.2%)	48,728
Fixed Assets				
Tangible Assets				
Building and structures	18,247	18,012	(234)	17,516
Machinery and equipment	18,435	18,343	(91)	18,915
Land	11,125	11,078	(46)	11,161
Other	2,982	3,451	469	4,488
Total tangible assets	50,790	50,886	96 0.2%	52,082
Intangible Assets				
Goodwill	1,260	1,211	(49)	1,107
Other	1,690	1,732	42	1,081
Total intangible assets	2,951	2,943	(7) (0.3%)	2,189
Investments and Other Assets				
Investment securities	17,752	19,531	1,778	19,223
Other	3,263	3,384	120	2,728
Allowance for doubtful accounts	(238)	(246)	(8)	(247)
Total investments and other assets	20,777	22,668	1,891 9.1%	21,704
Total fixed assets	74,518	76,499	1,980 2.7%	75,976
Total	127,044	128,410	1,366 1.1%	124,705

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets

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

	FY2007 As of Nov. 30, 2007	FY2008 first-quarter As of Feb. 29, 2008	Changes	FY2007 first-quarter As of Feb. 28, 2007
Current Liabilities				
Notes and accounts payable	5,347	5,069	(278)	4,778
Short-term borrowings	14,958	17,130	2,172	21,687
Long-term borrowings, current portion	3,338	3,971	633	4,962
Income taxes payable	2,941	1,451	(1,489)	1,449
Accrued expenses	5,546	3,989	(1,557)	3,664
Other	2,657	2,281	(375)	2,912
Total current liabilities	34,790	33,895	(895) (2.6%)	39,455
Long-term Liabilities				
Long-term borrowings	18,772	20,841	2,069	15,152
Liabilities for employees' retirement benefits	469	466	(2)	696
Retirement allowance for directors and corporate auditors	39	40	0	33
Other	1,148	1,297	148	886
Total long-term liabilities	20,430	22,646	2,216 10.8%	16,768
Total liabilities	55,220	56,541	1,321 2.4%	56,224
Shareholders' Equity				
Common stock	10,404	10,404	-	10,404
Capital surplus	14,351	14,351	-	14,351
Retained earnings	42,773	43,097	324	37,672
Treasury stock	(3,677)	(3,677)	0	(1,789)
Total shareholders' equity	63,851	64,175	324 0.5%	60,638
Other items				
Unrealized gain on available-for-sale securities	674	555	(118)	1,052
Net unrealized gain on derivative financial instruments	1	11	9	(2)
Foreign currency translation adjustments	(232)	(186)	46	(456)
Total	443	380	(62) (14.2%)	593
Minority Interests	7,528	7,312	(215) (2.9%)	7,248
Total net assets	71,823	71,869	45 0.1%	68,480
Total liabilities and net assets	127,044	128,410	1,366 1.1%	124,705

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2007 first-quarter 2006/12/1- 2007/2/28	FY2008 first-quarter 2007/12/1- 2008/2/29	Changes		FY2007 2006/12/1- 2007/11/30
Net Sales	21,334	23,129	1,794	8.4%	94,164
Cost of Sales	13,178	14,045	867	6.6%	58,159
Gross profit	8,156	9,083	927	11.4%	36,004
Selling, general and administrative expenses	4,967	5,467	499	10.1%	20,647
Operating income	3,189	3,616	427	13.4%	15,356
Other Income					
Interest income	38	49	11		173
Other - net	297	146	(150)		669
Total other income	335	196	(139)	(41.6%)	843
Other Expenses					
Interest expense	128	171	42		615
Other - net	215	272	56		1,014
Total other expenses	343	443	99	29.0%	1,629
Ordinary income	3,181	3,369	188	5.9%	14,570
Extraordinary gain	78	55	(23)	(30.0%)	207
Extraordinary loss	125	50	(75)	(60.1%)	433
Income before income taxes	3,134	3,374	239	7.7%	14,344
Income taxes	1,149	1,447	297	25.9%	5,413
Minority interests	256	252	(3)	(1.5%)	917
Net income	1,728	1,674	(54)	(3.1%)	8,013

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2007 first-quarter 2006/12/1- 2007/2/28	FY2008 first-quarter 2007/12/1- 2008/2/29	FY2007 2006/12/1- 2007/11/30
Operating Activities:			
Income before income taxes	3,134	3,374	14,344
Depreciation and amortization	1,622	1,706	7,444
Change in liability for employees' retirement benefits	(4)	5	(227)
Change in allowances	(171)	(195)	120
Other noncash items	22	6	316
Change in notes and accounts receivable	1,325	683	(1,360)
Change in inventories	(521)	(1,424)	(824)
Change in notes and account payable	(463)	(273)	(148)
Change in accrued expenses	(1,447)	(1,484)	288
Income taxes - paid	(1,410)	(2,696)	(4,566)
Other	310	327	1,346
Net cash provided by operating activities	2,396	30	16,733
Investing Activities:			
Acquisitions of property, plant and equipment	(3,067)	(2,403)	(8,783)
Proceeds from sales of property, plant and equipment	133	254	385
Purchase of investment securities	(62)	(2,023)	(73)
Purchase of subsidiaries' stock	(27)	(202)	(624)
Other	(129)	(483)	76
Net cash used in investing activities	(3,152)	(4,856)	(9,019)
Financing Activities:			
Change in short-term borrowings	6,004	2,184	(667)
Proceeds from long-term debt	169	3,000	7,302
Repayment of long-term borrowings	(3,872)	(288)	(8,907)
Purchase of treasury stock	(2)	0	(1,890)
Dividends paid	(1,291)	(1,241)	(2,533)
Other	(127)	(173)	(124)
Net cash provided by (used in) financing activities	880	3,481	(6,821)
Effect of exchange rate change on cash and cash equivalents	139	61	276
Net increase (decrease) in cash and cash equivalents	263	(1,283)	1,168
Cash and cash equivalents at beginning of year	6,155	7,323	6,155
Cash and cash equivalents at end of year	6,419	6,039	7,323

Operations by Geographical Segment

Results for FY2007 first-quarter (Dec. 1, 2006 through Feb 28, 2007)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	12,179	3,762	1,665	3,726	21,334	-	21,334
Interarea transfers	2,393	60	7	164	2,626	(2,626)	-
Total sales	14,573	3,823	1,672	3,891	23,961	(2,626)	21,334
Operating expenses	12,974	3,318	1,456	3,148	20,897	(2,751)	18,145
Operating income	1,599	505	216	743	3,063	125	3,189

Results for FY2008 first-quarter (Dec. 1, 2007 through Feb 29, 2008)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	12,265	4,061	2,256	4,546	23,129	-	23,129
Interarea transfers	2,576	94	7	290	2,969	(2,969)	-
Total sales	14,842	4,155	2,264	4,837	26,099	(2,969)	23,129
Operating expenses	13,362	3,562	1,925	3,889	22,740	(3,227)	19,513
Operating income	1,479	593	338	947	3,358	257	3,616

(Reference)

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

Sales to Foreign Customers

Results for FY2007 first-quarter (Dec. 1, 2006 through Feb 28, 2007)

	Millions of yen						
	The Americas	Europe	Asia	Other	Total		
Foreign sales	3,696	1,736	3,866	13	9,312		
Net sales						21,334	
Ratio of foreign sales to net sales	17.3%	8.1%	18.1%	0.1%	43.6%		

Results for FY2008 first-quarter (Dec. 1, 2007 through Feb 29, 2008)

	Millions of yen						
	The Americas	Europe	Asia	Other	Total		
Foreign sales	3,949	2,364	4,701	1	11,016		
Net sales						23,129	
Ratio of foreign sales to net sales	17.1%	10.2%	20.3%	0.0%	47.6%		

(Reference)

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 first-quarter (2006/12/1 - 2007/2/28)	FY2008 first-quarter (2007/12/1 - 2008/2/29)
Cutting tools:		
Taps	6,296	7,108
End mills	5,654	5,912
Drills and other cutting tools	4,716	5,226
Total	16,667	18,246
Rolling dies	1,924	1,985
Gauges	376	357
Other:		
Machine tools	698	902
Line head systems	305	258
Other	1,362	1,378
Total	2,366	2,539
Total	21,334	23,129