

FY2008 Consolidated Financial Results (December 1, 2007 - November 30, 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 (December 1, 2007 - November 30, 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	97,024	3.0	14,416	-6.1	13,505	-7.3	7,376	-8.0
FY2007	94,164	6.0	15,356	-0.6	14,570	-2.5	8,013	1.2

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2008	76.53	-
FY2007	82.42	-

Reference: Equity in earnings of affiliates
 FY2008: - million yen, FY2007: 49 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2008	122,383	70,453	52.5	666.71
FY2007	127,044	71,823	50.6	667.01

Reference: Equity FY2008: 64,251 million yen, FY2007: 64,295 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
FY2008	10,653	1,678	-4,500	14,557
FY2007	16,733	-9,019	-6,821	7,323

2. Cash Dividends

	Cash dividends per share			Dividend payout ratio
	Interim	Year-end	Annual	Annual
	Yen	Yen	Yen	%
FY2007	12.00	14.00	26.00	31.5
FY2008	12.00	12.00	24.00	31.4
FY2009 Forecast		3.00	3.00	36.1

3. Forecast of Consolidated Results for FY2009 (December 1, 2008 - November 30, 2009)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Semi-annual	34,900	-27.9	-100	-	-400	-	-500	-
Annual	74,000	-23.7	2,800	-80.6	2,250	-83.3	800	-89.2

	Net income per share
Semi-annual	-5.19
Annual	8.30

4. Others

- (1) Changes in significant subsidiaries during FY2008: 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: Yes
- (3) Number of shares issued and outstanding (common stock)
 a. Number of shares issued and outstanding at the end of each fiscal year:
 FY2008: 98,955,226 shares, FY2007: 98,955,226 shares
 b. Number of treasury shares at the end of each fiscal year:
 FY2008: 2,583,649 shares, FY2007: 2,562,143 shares

Reference : Overview of the Unconsolidated Financial Results

1. Unconsolidated Results for FY2008 (December 1, 2007 - November 30, 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	47,898	-1.6	3,357	-27.6	4,398	-24.5	5,022	-14.7
FY2007	48,661	3.6	4,637	-2.7	5,823	0.3	5,885	47.4

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2008	52.11	-
FY2007	60.53	-

(2) Unconsolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	yen
FY2008	87,291	47,323	54.2	491.05
FY2007	86,686	45,580	52.6	472.86

Reference: Equity FY2008: 47,323 million yen, FY2007 : 45,580 million yen

2. Forecast of Unconsolidated Results for FY2009 (December 1, 2008 - November 30, 2009)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Semi-annual	16,300	-32.6	-1,300	-	-870	-	-410	-
Annual	36,000	-24.8	-800	-	-80	-	10	-99.8

	Net income per share
	Yen
Semi-annual	-4.25
Annual	0.10

[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 As of Nov. 30, 2008	Changes
Current Assets			
Cash and time deposits	7,460	15,232	
Notes and accounts receivable	19,861	18,908	
Inventories	22,617	22,642	
Other	2,802	6,883	
Allowance for doubtful accounts	(215)	(196)	
Total current assets	52,525	63,469	10,943
Fixed Assets			
Tangible Assets			
Building and structures	18,247	16,509	
Machinery and equipment	18,435	17,282	
Land	11,125	10,388	
Other	2,983	2,785	
Total tangible assets	50,790	46,964	(3,825)
Intangible Assets			
Goodwill	1,260	1,295	
Other	1,690	2,805	
Total intangible assets	2,951	4,101	1,150
Investments and Other Assets			
Investment securities	17,752	2,495	
Other	3,263	5,626	
Allowance for doubtful accounts	(238)	(273)	
Total investments and other assets	20,777	7,848	(12,929)
Total fixed assets	74,518	58,914	(15,604)
Total	127,044	122,383	(4,660)

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 As of Nov. 30, 2008	Changes
Current Liabilities			
Notes and accounts payable	5,347	5,844	
Short-term borrowings	14,958	13,476	
Long-term borrowings, current portion	3,338	3,922	
Income taxes payable	2,941	1,578	
Accrued expenses	5,546	5,613	
Other	2,657	2,461	
Total current liabilities	34,790	32,894	(1,895)
Long-term Liabilities			
Long-term borrowings	18,772	17,385	
Liabilities for employees' retirement benefits	469	310	
Retirement allowance for directors and corporate auditors	39	45	
Other	1,148	1,295	
Total long-term liabilities	20,430	19,035	(1,394)
Total liabilities	55,220	51,930	(3,290)
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	14,351	14,351	
Retained earnings	42,773	47,665	
Treasury stock	(3,677)	(3,697)	
Total shareholders' equity	63,851	68,723	4,872
Other items			
Unrealized gain on available-for-sale securities	674	(141)	
Deferred gain on derivatives under hedge accounting	1	(62)	
Foreign currency translation adjustments	(232)	(4,268)	
Total	443	(4,471)	(4,915)
Minority Interests	7,528	6,201	(1,326)
Total net assets	71,823	70,453	(1,370)
Total liabilities and net assets	127,044	122,383	(4,660)

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2007	FY2008	Changes
	As of Nov. 30, 2007	As of Nov. 30, 2008	
Net Sales	94,164	97,024	2,860
Cost of Sales	58,159	60,449	2,289
Gross profit	36,004	36,574	570
Selling, general and administrative expenses	20,647	22,158	1,510
Operating income	15,356	14,416	(940)
Other Income			
Interest income	173	198	
Other - net	669	825	
Total other income	843	1,023	180
Other Expenses			
Interest expense	615	686	
Other - net	1,014	1,248	
Total other expenses	1,629	1,934	304
Ordinary income	14,570	13,505	(1,064)
Extraordinary gain	207	114	(93)
Extraordinary loss	433	3,414	2,981
Income before income taxes	14,344	10,204	(4,140)
Income taxes	5,413	1,926	(3,487)
Minority interests	917	901	(15)
Net income	8,013	7,376	(637)

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2007	FY2008	Changes
	As of Nov. 30, 2007	As of Nov. 30, 2008	
Operating Activities:			
Income before income taxes and minority interest	14,344	10,204	
Depreciation and amortization	7,444	7,135	
Loss on impairment	-	46	
Amortization of good will	153	142	
Loss on liquidation of subsidiaries	47	-	
Loss on cancellation of lease contracts	81	-	
Loss on change holding ratio of subsidiary	25	-	
Loss on disposal of tangible assets	150	69	
Gain on sales of tangible assets	(134)	(54)	
Loss on sales of investment securities	-	1,822	
Loss on valuation of investment securities	-	1,386	
Gain on sales of investment securities	(58)	(26)	
Provision for doubtful receivables	30	51	
Change in liability for directors' bonuses	27	(35)	
Change in liability for employees' retirement benefits	(227)	(92)	
Change in retirement allowance for directors and corporate auditors	0	5	
Interest and dividend income	(212)	(415)	
Interest expense	615	686	
Equity in earnings of affiliates	(49)	-	
Change in notes and accounts receivable	(1,360)	(702)	
Change in inventories	(824)	(1,497)	
Change in notes and accounts payable	(148)	1,022	
Change in accrued expenses	288	178	
Other - net	1,504	(160)	
Sub-total	21,700	19,766	(1,933)
Interest and dividend income received	211	398	
Interest expense paid	(611)	(672)	
Income taxes - paid	(4,566)	(8,838)	
Net cash provided by operating activities	16,733	10,653	(6,079)
Investing Activities:			
Payments for time deposits	(49)	(743)	
Proceeds from refund of time deposits	79	21	
Proceeds from sales of marketable securities	1	10	
Purchases of investment securities	(73)	(3,034)	
Proceeds from sales of investment securities	57	13,888	
Acquisitions of property, plant and equipment	(8,783)	(6,455)	
Proceeds from sales of property, plant and equipment	385	386	
Purchase of intangible assets	(1,018)	(1,373)	
Payment for purchase of subsidiaries' stock	(549)	(990)	
Payment for purchase of affiliates' stock	(74)	-	
Proceeds from sales of affiliates' stock	976	-	
Other - net	29	(30)	
Net cash used in investing activities	(9,019)	1,678	10,697
Financing Activities:			
Change in short-term borrowings - net	(667)	(1,293)	
Proceeds from long-term debt	7,302	3,071	
Repayment of long-term borrowings	(8,907)	(3,501)	
Dividends paid	(2,533)	(2,502)	
Dividends paid to minority shareholders	(246)	(261)	
Purchase of treasury stock	(1,890)	(20)	
Other - net	121	7	
Net cash used in financing activities	(6,821)	(4,500)	2,321
Effect of exchange rate change on cash and cash equivalents	276	(635)	(911)
Net increase (decrease) in cash and cash equivalents	1,168	7,195	6,027
Cash and cash equivalents at beginning of year	6,155	7,323	1,168
Cash and cash equivalents of Newly consolidated subsidiaries at beginning of year	-	38	38
Cash and cash equivalents at end of year	7,323	14,557	7,234

Operations by Geographical Segment

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

Results for FY2008 (Dec. 1, 2007 through Nov. 30, 2008)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	53,221	16,689	9,216	17,896	97,024	-	97,024
Interarea transfers	11,487	421	32	1,203	13,145	(13,145)	-
Total sales	64,709	17,110	9,249	19,099	110,169	(13,145)	97,024
Operating expenses	58,130	14,733	7,778	15,621	96,263	(13,655)	82,607
Operating income	6,579	2,377	1,470	3,478	13,905	510	14,416

Sales to Foreign Customers

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%	

Results for FY2008 (Dec. 1, 2007 through Nov. 30, 2008)

	Millions of yen					
	The Americas	Europe	Asia	Other	Total	
Foreign sales	16,386	9,618	18,465	4	44,475	
Net sales					97,024	
Ratio of foreign sales to net sales	16.9%	9.9%	19.0%	0.0%	45.8%	

Net sales by Products Segment

	Millions of yen	
	FY2008 As of Nov. 30, 2008	Changes(%)
Cutting tools:		
Taps	30,430	7.2%
End mills	24,094	-2.1%
Drills and other cutting tools	21,696	10.8%
Total	76,221	5.0%
Forming tools	8,024	-4.6%
Measuring tools	1,476	-6.5%
Other	11,301	-2.6%
Total	97,024	3.0%