

## FY2009 First Quarter Consolidated Financial Results (December 1, 2008 - February 28, 2009)

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 FY2009 First Quarter (December 1, 2008 - February 28, 2009)

(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	%
FY2009 first-quarter	15,641	-	690	-	442	-	-556	-
FY2008 first-quarter	23,129	8.4	3,616	13.4	3,369	5.9	1,674	-3.1

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2009 first-quarter	-5.78	-
FY2008 first-quarter	17.37	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2009 first-quarter	117,465	63,409	49.2	601.97
FY2008	122,383	70,453	52.5	666.71

Reference: Equity FY2009 first-quarter: 57,833 million yen, FY2008: 64,251 million yen

### 2. Cash Dividends

	Cash dividends per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
FY2008	12.00	12.00	24.00
FY2009	-	-	-
FY2009 Forecast		3.00	3.00

### 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	28,300	-	-1,700	-	-2,100	-	-2,660	-
Annual	60,000	-38.2	-2,100	-	-2,700	-	-3,300	-

	Net income per share
Semi-annual	-27.69
Annual	-34.35

### 4. Others

- (1) Changes in significant subsidiaries during the current period  
 (Changes in specified subsidiaries that caused a change in the scope of consolidation) : none
- (2) Simplified accounting procedures and accounting procedures specific to quarterly consolidated financial statements : yes

- (3) Changes in accounting principles, procedures, and disclosures for quarterly consolidated financial statements
  - (i) Changes by a newly issued accounting pronouncement: yes
  - (ii) Changes other than (3)-(i) above: yes
  
- (4) Number of shares issued and outstanding (common stock)
  - (i) Number of shares issued and outstanding at the end of each period (including treasury stock):  
FY2009 first-quarter: 98,955,226 shares    FY2008: 98,955,226 shares
  - (ii) Number of treasury stock at the end of each period:  
FY2009 first-quarter: 2,881,038 shares    FY2008: 2,583,649 shares
  - (iii) Average number of shares issued and outstanding in each period:  
FY2009 first-quarter: 96,260,447 shares    FY2008 first-quarter: 96,392,660 shares

[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.

**[Notice Concerning Amendments to the Forecasts for FY2009]**

(1) Amendments to the forecasts of consolidated financial results for FY2009 semi-annual  
(December 1, 2008 - May 31, 2009)

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	34,900	-100	-400	-500	-5.19
New forecasts (B)	28,300	-1,700	-2,100	-2,660	-27.69
Amount changed (B-A)	-6,600	-1,600	-1,700	-2,160	-
% of change	-18.9	-	-	-	-
(Reference) Actual results for FY2008 semi-annual	48,374	7,559	7,099	3,814	39.58

(2) Amendments to the forecasts of consolidated financial results for FY2009  
(December 1, 2008 - November 30, 2009)

	Net Sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	74,000	2,800	2,250	800	8.30
New forecasts (B)	60,000	-2,100	-2,700	-3,300	-34.35
Amount changed (B-A)	-14,000	-4,900	-4,950	-4,100	-
% of change	-18.9	-	-	-	-
(Reference) Actual results for FY2008	97,024	14,416	13,505	7,376	76.53

Consolidated Summary Balance Sheet  
OSG Corporation

Assets	(Millions of yen : amounts less than one million yen are omitted)		
	FY2008 As of Nov. 30, 2008	FY2009 As of Feb. 28, 2009	Changes
<b>Current Assets</b>			
Cash and time deposits	15,232	18,384	
Notes and accounts receivable	18,908	13,558	
Marketable securities	6	5	
Inventories	22,642	23,276	
Other	6,875	5,562	
Allowance for doubtful accounts	(196)	(137)	
<b>Total current assets</b>	<b>63,469</b>	<b>60,650</b>	<b>(2,819)</b>
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Building and structures	16,509	15,516	
Machinery and equipment	17,282	15,711	
Land	10,388	11,066	
Other	2,784	2,661	
<b>Total tangible assets</b>	<b>46,964</b>	<b>44,955</b>	<b>(2,009)</b>
<b>Intangible Assets</b>			
Goodwill	1,295	986	
Other	2,805	3,010	
<b>Total intangible assets</b>	<b>4,101</b>	<b>3,996</b>	<b>(105)</b>
<b>Investments and Other Assets</b>			
Investment securities	2,495	2,441	
Other	5,625	5,689	
Allowance for doubtful accounts	(273)	(267)	
<b>Total investments and other assets</b>	<b>7,848</b>	<b>7,863</b>	<b>15</b>
<b>Total fixed assets</b>	<b>58,914</b>	<b>56,814</b>	<b>(2,100)</b>
<b>Total</b>	<b>122,383</b>	<b>117,465</b>	<b>(4,918)</b>

Consolidated Summary Balance Sheet  
OSG Corporation

Liabilities and Net Assets	(Millions of yen : amounts less than one million yen are omitted)		
	FY2008 As of Nov. 30, 2008	FY2009 As of Feb. 28, 2009	Changes
<b>Current Liabilities</b>			
Notes and accounts payable	5,844	4,445	
Short-term borrowings	13,476	20,781	
Long-term borrowings, current portion	3,922	3,587	
Income taxes payable	1,578	709	
Accrued expenses	5,613	2,414	
Deferred tax liabilities	-		
Allowance for restructuring cost of factory closure	-		
Other	2,458	2,809	
<b>Total current liabilities</b>	<b>32,894</b>	<b>34,747</b>	<b>1,853</b>
<b>Long-term Liabilities</b>			
Long-term borrowings	17,385	16,715	
Liabilities for employees' retirement benefits	310	276	
Retirement allowance for directors and corporate auditors	45	45	
Other	1,294	2,269	
<b>Total long-term liabilities</b>	<b>19,035</b>	<b>19,307</b>	<b>272</b>
<b>Total liabilities</b>	<b>51,930</b>	<b>54,055</b>	<b>2,125</b>
<b>Shareholders' Equity</b>			
Common stock	10,404	10,404	
Capital surplus	14,351	14,197	
Retained earnings	47,665	45,694	
Treasury stock	(3,697)	(3,868)	
<b>Total shareholders' equity</b>	<b>68,723</b>	<b>66,428</b>	<b>(2,295)</b>
<b>Other items</b>			
Unrealized gain on available-for-sale securities	(141)	(190)	
Deferred gain on derivatives under hedge accounting	(62)	(41)	
Foreign currency translation adjustments	(4,268)	(8,362)	
<b>Total</b>	<b>(4,471)</b>	<b>(8,594)</b>	<b>(4,123)</b>
<b>Minority Interests</b>	<b>6,201</b>	<b>5,576</b>	<b>(625)</b>
<b>Total net assets</b>	<b>70,453</b>	<b>63,409</b>	<b>(7,044)</b>
<b>Total liabilities and net assets</b>	<b>122,383</b>	<b>117,465</b>	<b>(4,918)</b>

Consolidated Summary Statement of Income  
OSG Corporation

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

	FY2008 (2007/12/1 - 2008/2/29)	FY2009 (2008/12/1 - 2009/2/28)	Changes
Net Sales	23,129	15,641	(7,488)
Cost of Sales	14,045	10,172	(3,873)
Gross profit	9,083	5,469	(3,614)
Selling, general and administrative expenses	5,467	4,778	(689)
Operating income	3,616	690	(2,926)
Other Income			
Interest income	49	38	
Dividend income	8	25	
Other - net	138	141	
Total other income	196	205	9
Other Expenses			
Interest expense	171	153	
Sales discounts	158	119	
Foreign exchange loss	78	129	
Other - net	34	52	
Total other expenses	443	454	11
Ordinary income	3,369	442	(2,927)
Extraordinary gain	55	5	(50)
Extraordinary loss	50	161	111
Income before income taxes	3,374	286	(3,088)
Income taxes	1,447	716	(731)
Minority interests	252	126	(126)
Net income	1,674	(556)	(2,230)

# Consolidated Summary Statement of Cash Flows

OSG Corporation

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

	FY2009 (2008/12/1 - 2009/2/28)
<b>Operating Activities:</b>	
Income before income taxes and minority interest	286
Depreciation and amortization	1,441
Amortization of good will	184
Loss on disposal of tangible assets	38
Loss on sales of tangible assets	(1)
Write-down of securities	12
Interest and dividend income	(64)
Interest expense	153
Equity in earnings of affiliates	2
Change in notes and accounts receivable	3,611
Change in inventories	(2,149)
Change in notes and accounts payable	(621)
Change in accrued expenses	(2,793)
Other - net	1,142
Sub-total	1,242
Interest and dividend income received	64
Interest expense paid	(130)
Income taxes - paid	(1,321)
Net cash used in operating activities	(144)
<b>Investing Activities:</b>	
Payments for time deposits	(804)
Proceeds from refund of time deposits	8
Acquisitions of property, plant and equipment	(996)
Proceeds from sales of property, plant and equipment	11
Purchases of investment securities	(2)
Payment for purchase of subsidiaries' stock	(48)
Other - net	(263)
Net cash used in investing activities	(2,096)
<b>Financing Activities:</b>	
Change in short-term borrowings - net	7,576
Repayment of long-term borrowings	(698)
Purchase of treasury stock	(170)
Dividends paid	(1,068)
Dividends paid to minority shareholders	(146)
Net cash provided by financing activities	5,492
Effect of exchange rate change on cash and cash equivalents	(776)
Net increase in cash and cash equivalents	2,474
Cash and cash equivalents at beginning of year	14,557
Cash and cash equivalents at end of year	17,032

## **Operations by Geographical Segment**

Results for FY2009 first-quarter (Dec. 1, 2008 through Feb. 28, 2009)

Millions of yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	7,598	2,743	1,674	3,625	15,641	-	15,641
Interarea transfers	1,783	65	0	282	2,131	(2,131)	-
Total sales	9,381	2,809	1,673	3,908	17,773	(2,131)	15,641
Operating expenses	9,939	2,608	1,517	3,201	17,266	(2,315)	14,951
Operating income	(557)	200	156	706	506	184	690

(Reference)

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

## **Sales to Foreign Customers**

Results for FY2009 first-quarter (Dec. 1, 2008 through Feb. 28, 2009)

Millions of yen

	The Americas	Europe	Asia	Other	Total
Foreign sales	2,701	1,757	3,658	0	8,117
Net sales					15,641
Ratio of foreign sales to net sales	17.3%	11.2%	23.4%	0.0%	51.9%

(Reference)

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%

## **Net sales by Products Segment**

Millions of yen

	FY2008 first-quarter (2007/12/1 - 2008/2/29)	FY2009 first-quarter (2008/12/1 - 2009/2/28)
Cutting tools:		
Taps	7,108	5,284
End mills	5,912	3,688
Drills and other cutting tools	5,226	3,439
Total	18,246	12,412
Rolling dies	1,985	1,378
Gauges	357	252
Other		
Machine tools	902	625
Line head systems	258	146
Other	1,378	826
Total	2,539	1,599
Total	23,129	15,641