

## FY2009 Semi-Annual Consolidated Financial Results (December 1, 2008 - May 31, 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  
 Contact person: : Koji Sonobe, Managing Director  
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### 1. Consolidated Results for FY2009 Semi-Annual (December 1, 2008 - May 31, 2009)

(1) Consolidated financial results (Amounts less than one million yen are omitted)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2009 semi-annual	27,539	-	(505)	-	(433)	-	(1,300)	-
FY2008 semi-annual	48,374	5.8	7,559	3.3	7,099	(1.7)	3,814	(3.5)

	Net profit (loss) per share basic	Net profit (loss) per share diluted
	Yen	Yen
FY2009 semi-annual	(13.52)	-
FY2008 semi-annual	39.58	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2009 semi-annual	118,061	64,366	49.9	613.04
FY2008	122,383	70,453	52.5	666.71

Reference: Equity FY2009 semi-annual: 58,896 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 loss		Ordinary loss		Net loss	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Annual	54,000	(44.3)	(3,400)	-	(3,300)	-	(3,400)	-

	Net loss per share
Annual	(35.39)

### 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 semi-annual: 98,955,226 shares    FY2008: 98,955,226 shares
  - (ii) Number of treasury stock at the end of each period:  
FY2009 semi-annual: 2,882,571 shares    FY2008: 2,583,649 shares
  - (iii) Average number of shares issued and outstanding in each period:  
FY2009 semi-annual: 96,180,201 shares    FY2008 semi-annual: 96,391,899 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]**

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

	Net Sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)	Net income (loss) per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	60,000	(2,100)	(2,700)	(3,300)	(34.35)
Revised forecasts (B)	54,000	(3,400)	(3,300)	(3,400)	(35.39)
Amount changed (B-A)	(6,000)	(1,300)	(600)	(100)	-
% of change	(10.0)	-	-	-	-
(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		
	FY2008 As of Nov. 30, 2008	FY2009 As of May 31, 2009	Changes
<b>Current Assets</b>			
Cash and time deposits	15,232	16,893	
Notes and accounts receivable	18,908	11,000	
Marketable securities	6	7,003	
Merchandise and finished goods	15,464	16,995	
Work in process	3,257	2,327	
Raw materials and supplies	3,920	4,115	
Other	6,875	2,456	
Allowance for doubtful accounts	(196)	(161)	
<b>Total current assets</b>	<b>63,469</b>	<b>60,631</b>	<b>(2,838)</b>
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Building and structures	16,509	15,666	
Machinery and equipment	17,282	15,345	
Land	10,388	11,110	
Other	2,784	2,555	
<b>Total tangible assets</b>	<b>46,964</b>	<b>44,677</b>	<b>(2,287)</b>
<b>Intangible Assets</b>			
Goodwill	1,295	953	
Other	2,805	3,004	
<b>Total intangible assets</b>	<b>4,101</b>	<b>3,958</b>	<b>(143)</b>
<b>Investments and Other Assets</b>			
Investment securities	2,495	3,314	
Other	5,625	5,744	
Allowance for doubtful accounts	(273)	(264)	
<b>Total investments and other assets</b>	<b>7,848</b>	<b>8,794</b>	<b>946</b>
<b>Total fixed assets</b>	<b>58,914</b>	<b>57,429</b>	<b>(1,485)</b>
<b>Total</b>	<b>122,383</b>	<b>118,061</b>	<b>(4,322)</b>

Consolidated Summary Balance Sheet  
OSG Corporation

Liabilities and Net Assets			Millions of yen
	FY2008 As of Nov. 30, 2008	FY2009 As of May 31, 2009	Changes
<b>Current Liabilities</b>			
Notes and accounts payable	5,844	2,967	
Short-term borrowings	13,476	22,286	
Long-term borrowings, current portion	3,922	3,714	
Income taxes payable	1,578	635	
Reserve for bonuses	184	170	
Reserve for directors' bonuses	210	8	
Other	7,677	4,685	
<b>Total current liabilities</b>	<b>32,894</b>	<b>34,469</b>	<b>1,575</b>
<b>Long-term Liabilities</b>			
Long-term borrowings	17,385	16,495	
Liabilities for employees' retirement benefits	310	292	
Retirement allowance for directors and corporate auditors	45	48	
Other	1,294	2,388	
<b>Total long-term liabilities</b>	<b>19,035</b>	<b>19,225</b>	<b>190</b>
<b>Total liabilities</b>	<b>51,930</b>	<b>53,694</b>	<b>1,764</b>
<b>Shareholders' Equity</b>			
Common stock	10,404	10,404	
Capital surplus	14,351	14,197	
Retained earnings	47,665	44,950	
Treasury stock	(3,697)	(3,869)	
<b>Total shareholders' equity</b>	<b>68,723</b>	<b>65,683</b>	<b>(3,040)</b>
<b>Other items</b>			
Unrealized gain (loss) on available-for-sale securities	(141)	393	
Deferred gain (loss) on derivatives under hedge accounting	(62)	(15)	
Foreign currency translation adjustments	(4,268)	(7,165)	
<b>Total</b>	<b>(4,471)</b>	<b>(6,787)</b>	<b>(2,316)</b>
<b>Minority Interests</b>	<b>6,201</b>	<b>5,470</b>	<b>(731)</b>
<b>Total net assets</b>	<b>70,453</b>	<b>64,366</b>	<b>(6,087)</b>
<b>Total liabilities and net assets</b>	<b>122,383</b>	<b>118,061</b>	<b>(4,322)</b>

Consolidated Summary Statement of Income  
OSG Corporation

	FY2008 (2007/12/1 - 2008/5/31)	FY2009 (2008/12/1 - 2009/5/31)	Millions of yen Changes
Net sales	48,374	27,539	(20,835)
Cost of sales	29,958	19,257	(10,701)
Gross profit	18,415	8,282	(10,133)
Selling, general and administrative expenses	10,856	8,787	(2,069)
Operating profit (loss)	7,559	(505)	(8,064)
Other income			
Interest income	84	99	
Dividend income	9	25	
Subsidies for employment adjustment	-	394	
Other - net	379	291	
Total other income	473	812	339
Other expenses			
Interest expense	338	312	
Sales discounts	335	190	
Foreign exchange loss	76	121	
Other - net	183	115	
Total other expenses	933	740	(193)
Ordinary profit (loss)	7,099	(433)	(7,532)
Extraordinary gain	75	8	(67)
Extraordinary loss	151	174	23
Income (loss) before income taxes	7,023	(599)	(7,622)
Income taxes	2,751	569	(2,182)
Minority interests in net income	457	131	(326)
Net profit (loss)	3,814	(1,300)	(5,114)

Consolidated Summary Statement of Cash Flows  
OSG Corporation

	Millions of yen
	FY2009
	(2008/12/1 - 2009/5/31)
<b>Operating Activities:</b>	
Loss before income taxes and minority interest	(599)
Depreciation and amortization	2,864
Amortization of good will	241
Loss on disposal of tangible assets	47
Loss on sales of tangible assets	1
Write-down of securities	11
Interest and dividend income	(125)
Interest expense	312
Equity in earnings of affiliates	(0)
Change in notes and accounts receivable	6,482
Change in inventories	(1,912)
Change in notes and accounts payable	(2,335)
Change in accrued expenses	(2,126)
Other - net	(216)
Sub-total	2,646
Interest and dividend income received	109
Interest expense paid	(266)
Income taxes - paid	(1,469)
Income taxes - refunded	3,747
Net cash provided by operating activities	4,767
<b>Investing Activities:</b>	
Payments for time deposits	(742)
Proceeds from refund of time deposits	8
Acquisitions of property, plant and equipment	(1,599)
Proceeds from sales of property, plant and equipment	21
Purchases of investment securities	(3)
Payment for purchase of subsidiaries' stock	(52)
Other - net	(409)
Net cash used in investing activities	(2,778)
<b>Financing Activities:</b>	
Change in short-term borrowings - net	8,992
Proceeds from long-term borrowings	1,000
Repayment of long-term borrowings	(1,882)
Purchases of treasury stock	(171)
Dividends paid	(1,156)
Dividends paid to minority shareholders	(150)
Net cash provided by financing activities	6,632
Effect of exchange rate change on cash and cash equivalents	(560)
Net increase in cash and cash equivalents	8,060
Cash and cash equivalents at beginning of year	14,557
Cash and cash equivalents at end of period	22,618

## **Operations by Geographical Segment**

Results for FY2009 semi-annual (Dec. 1, 2008 through May. 31, 2009)

Millions of yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	13,936	4,902	2,932	5,768	27,539	-	27,539
Interarea transfers	3,105	131	2	421	3,660	(3,660)	-
Total sales	17,041	5,033	2,935	6,189	31,200	(3,660)	27,539
Operating expenses	18,863	4,802	2,834	5,425	31,925	(3,880)	28,044
Operating income	(1,821)	231	100	764	(725)	220	(505)

(Reference)

Results for FY2008 semi-annual (Dec. 1, 2007 through May. 31, 2008)

Millions of yen

	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	26,763	8,013	4,597	8,909	48,374	-	48,374
Interarea transfers	5,599	208	19	555	6,382	(6,382)	-
Total sales	32,363	8,311	4,616	9,465	54,756	(6,382)	48,374
Operating expenses	28,896	7,070	3,863	7,739	47,571	(6,756)	40,814
Operating income	3,466	1,240	752	1,725	7,185	374	7,559

## **Sales to Foreign Customers**

Results for FY2009 semi-annual (Dec. 1, 2008 through May. 31, 2009)

Millions of yen

	The Americas	Europe	Asia	Other	Total
Foreign sales	4,829	3,069	5,863	1	13,764
Net sales					27,539
Ratio of foreign sales to net sales	17.5%	11.2%	21.3%	0.0%	50.0%

(Reference)

Results for FY2008 semi-annual (Dec. 1, 2007 through May. 31, 2008)

Millions of yen

	The Americas	Europe	Asia	Other	Total
Foreign sales	7,975	4,764	9,236	2	21,978
Net sales					48,374
Ratio of foreign sales to net sales	16.5%	9.8%	19.1%	0.0%	45.4%

## **Net sales by Products Segment**

Millions of yen

	FY2008 semi-annual (2007/12/1 - 2008/5/31)	FY2009 semi-annual (2008/12/1 - 2009/5/31)
<b>Cutting tools:</b>		
Taps	14,686	8,763
End mills	12,422	6,624
Drills and other cutting tools	10,828	6,047
Total	37,937	21,435
Rolling dies	4,035	2,241
Gauges	744	435
<b>Other</b>		
Machine tools	2,222	1,601
Line head systems	545	349
Other	2,889	1,476
Total	5,657	3,426
<b>Total</b>	<b>48,374</b>	<b>27,539</b>