

FY2010 First Quarter Consolidated Financial Results (December 1, 2009 - February 28, 2010)

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 FY2010 First Quarter (December 1, 2009 - February 28, 2010)

(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	%
FY2010 first-quarter	14,729	(45.0)	302	(56.3)	223	(49.4)	126	-
FY2009 first-quarter	15,641	-	690	-	442	-	(556)	-

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2010 first-quarter	1.31	-
FY2009 first-quarter	(5.78)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2010 first-quarter	107,777	62,668	52.6	590.02
FY2009	113,382	61,734	49.3	582.19

Reference: Equity FY2010 first-quarter: 56,683 million yen, FY2009: 55,931 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
FY2010 first-quarter	2,368	(899)	(7,251)	15,143
FY2009 first-quarter	(144)	(2,096)	5,492	17,032

2. Cash Dividends

	Cash dividends per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
FY2009	0.00	3.00	3.00
FY2010 forecast	0.00	4.00	4.00

3. Forecast of Consolidated Results for FY2010 (December 1, 2009 - November 30, 2010)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Semi-Annual	29,200	6.0	600	-	300	-	0	-
Annual	63,000	18.1	3,600	-	2,900	-	1,200	-

	Net income per share
	Yen
Semi-Annual	0.00
Annual	12.49

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: none
 - (ii) Changes other than (3)-(i) above: none
- (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):
FY2010 first-quarter: 98,955,226 shares FY2009: 98,955,226 shares
 - (ii) Number of treasury stock at the end of each period:
FY2010 first-quarter: 2,884,470 shares FY2009: 2,884,100 shares
 - (iii) Average number of shares issued and outstanding in each period:
FY2010 first-quarter: 96,070,938 shares FY2008 first-quarter: 96,260,447 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.

Consolidated Summary Balance Sheet
OSG Corporation

Assets	(Millions of yen : amounts less than one million yen are omitted)		
	FY2009 As of Nov. 30, 2009	FY2010 first-quarter As of Feb. 28, 2010	Changes
Current Assets			
Cash and time deposits	13,995	12,575	
Notes and accounts receivable	11,543	12,274	
Marketable securities	9,000	5,000	
Merchandise and finished goods	14,373	13,197	
Work in process	2,250	2,479	
Raw materials and supplies	3,950	3,821	
Other	2,885	2,680	
Allowance for doubtful accounts	(154)	(163)	
Total current assets	57,845	51,867	(5,978)
Fixed Assets			
Tangible Assets			
Building and structures	15,053	14,874	
Machinery and equipment	14,113	13,819	
Land	10,962	11,035	
Other	2,337	2,306	
Total tangible assets	42,465	42,035	(430)
Intangible Assets			
Goodwill	812	769	
Other	2,069	2,261	
Total intangible assets	2,881	3,030	149
Investments and Other Assets			
Investment securities	2,854	3,471	
Other	7,617	7,657	
Allowance for doubtful accounts	(283)	(285)	
Total investments and other assets	10,188	10,843	655
Total fixed assets	55,536	55,909	373
Total	113,382	107,777	(5,605)

Consolidated Summary Balance Sheet
OSG Corporation

<u>Liabilities and Net Assets</u>	<u>(Millions of yen : amounts less than one million yen are omitted)</u>		
	<u>FY2009</u> <u>As of Nov. 30, 2009</u>	<u>FY2010 first-quarter</u> <u>As of Feb. 28, 2010</u>	<u>Changes</u>
<u>Current Liabilities</u>			
Notes and accounts payable	2,417	2,873	
Short-term borrowings	16,395	10,018	
Long-term borrowings, current portion	3,581	3,573	
Income taxes payable	406	502	
Reserve for bonuses	166	704	
Reserve for directors' bonuses	14	4	
Other	4,646	3,771	
<u>Total current liabilities</u>	<u>27,628</u>	<u>21,449</u>	<u>(6,179)</u>
<u>Long-term Liabilities</u>			
Long-term borrowings	21,254	20,824	
Liabilities for employees' retirement benefits	272	283	
Retirement allowance for directors and corporate auditors	53	46	
Other	2,437	2,505	
<u>Total long-term liabilities</u>	<u>24,018</u>	<u>23,659</u>	<u>(359)</u>
<u>Total liabilities</u>	<u>51,647</u>	<u>45,109</u>	<u>(6,538)</u>
<u>Shareholders' Equity</u>			
Common stock	10,404	10,404	
Capital surplus	14,197	14,197	
Retained earnings	42,471	42,309	
Treasury stock	(3,870)	(3,870)	
<u>Total shareholders' equity</u>	<u>63,202</u>	<u>63,040</u>	<u>(162)</u>
<u>Other items</u>			
Unrealized gain on available-for-sale securities	102	469	
Foreign currency translation adjustments	(7,374)	(6,825)	
<u>Total</u>	<u>(7,271)</u>	<u>(6,356)</u>	<u>915</u>
<u>Minority Interests</u>	<u>5,803</u>	<u>5,984</u>	<u>181</u>
<u>Total net assets</u>	<u>61,734</u>	<u>62,668</u>	<u>934</u>
<u>Total liabilities and net assets</u>	<u>113,382</u>	<u>107,777</u>	<u>(5,605)</u>

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2009 first-quarter (2008/12/1 - 2009/2/28)	FY2010 first-quarter (2009/12/1 - 2010/2/28)	Changes
Net Sales	15,641	14,729	(912)
Cost of Sales	10,172	10,371	199
Gross profit	5,469	4,357	(1,112)
Selling, general and administrative expenses	4,778	4,055	(723)
Operating income	690	302	(388)
Other Income			
Interest income	38	51	
Dividend income	25	15	
Foreign exchange gain	-	47	
Other - net	141	118	
Total other income	205	232	27
Other Expenses			
Interest expense	153	155	
Sales discounts	119	96	
Foreign exchange loss	129	-	
Other - net	52	59	
Total other expenses	454	311	(143)
Ordinary income	442	223	(219)
Extraordinary gain	5	43	38
Extraordinary loss	161	37	(124)
Income before income taxes	286	229	(57)
Income taxes	716	(49)	(765)
Minority interests	126	153	27
Net income	(556)	126	682

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2009 first-quarter (2008/12/1 - 2009/2/28)	FY2010 first-quarter (2009/12/1 - 2010/2/28)
Operating Activities:		
Income before income taxes and minority interest	286	229
Depreciation and amortization	1,441	1,313
Loss on impairment	-	15
Amortization of good will	184	41
Gain on liquidation of subsidiaries	-	(31)
Loss on disposal of tangible assets	38	15
Gain on sales of tangible assets	(1)	(5)
Write-down of securities	12	-
Interest and dividend income	(64)	(66)
Interest expense	153	155
Equity in earnings of affiliates	2	(0)
Change in notes and accounts receivable	3,611	(556)
Change in inventories	(2,149)	1,286
Change in notes and accounts payable	(621)	377
Change in accrued expenses	(2,793)	(1,098)
Other - net	1,142	1,052
Sub-total	1,242	2,729
Interest and dividend income received	64	50
Interest expense paid	(130)	(172)
Income taxes - paid	(1,321)	(239)
Net cash provided by (used in) operating activities	(144)	2,368
Investing Activities:		
Payments for time deposits	(804)	(350)
Proceeds from refund of time deposits	8	166
Proceeds from sales of investment securities	(2)	(2)
Acquisitions of property, plant and equipment	(996)	(558)
Proceeds from sales of property, plant and equipment	11	18
Payment for purchase of subsidiaries' stock	(48)	-
Other - net	(263)	(171)
Net cash used in investing activities	(2,096)	(899)
Financing Activities:		
Change in short-term borrowings - net	7,576	(6,426)
Repayment of long-term borrowings	(698)	(466)
Dividends paid	(1,068)	(267)
Dividends paid to minority shareholders	(146)	(90)
Purchase of treasury stock	(170)	(0)
Net cash provided by (used in) financing activities	5,492	(7,251)
Effect of exchange rate change on cash and cash equivalents	(776)	108
Net increase in cash and cash equivalents	2,474	(5,673)
Cash and cash equivalents at beginning of year	14,557	20,816
Cash and cash equivalents at end of year	17,032	15,143

Operations by Geographical Segment

Results for FY2010 first-quarter (Dec. 1, 2009 through Feb. 28, 2010)

							Millions of yen	
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated	
Sales to customers	7,613	2,395	1,290	3,430	14,729	-	14,729	
Interarea transfers	2,090	20	2	124	2,239	(2,239)	-	
Total sales	9,703	2,416	1,292	3,555	16,968	(2,239)	14,729	
Operating expenses	10,215	2,297	1,219	2,951	16,683	(2,256)	14,427	
Operating income	(511)	118	73	603	284	17	302	

(Reference)

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	

Sales to Foreign Customers

Results for FY2010 first-quarter (Dec. 1, 2009 through Feb. 28, 2010)

						Millions of yen		
	The Americas	Europe	Asia	Other	Total			
Foreign sales	2,379	1,304	3,565	0	7,249			
Net sales						14,729		
Ratio of foreign sales to net sales	16.1%	8.9%	24.2%	0.0%	49.2%			

(Reference)

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%			

Net sales by Products Segment

	Millions of yen	
	FY2009 first-quarter As of Feb 28, 2009	FY2010 first-quarter As of Feb 28, 2010
Cutting tools:		
Taps	5,284	4,736
End mills	3,688	3,484
Drills and other cutting tools	3,439	3,503
Total	12,412	11,724
Rolling dies	1,378	1,479
Gauges	252	233
Other	1,599	1,291
Total	15,641	14,729