

FY2010 Semi-Annual Consolidated Financial Results (December 1, 2009 - May 31, 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
 Contact person: : Koji Sonobe, Managing Director
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1. Consolidated Results for FY2010 Semi-Annual (December 1, 2009 - May 31, 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 semi-annual	31,956	16.0	2,531	-	2,327	-	1,322	-
FY2009 semi-annual	27,539	-	(505)	-	(433)	-	(1,300)	-

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2010 semi-annual	13.76	-
FY2009 semi-annual	(13.52)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
FY2010 semi-annual	106,910	64,642	54.5	606.58
FY2009	113,382	61,734	49.3	582.19

Reference: Equity FY2010 semi-annual: 58,274 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 semi-annual	7,211	(1,906)	(11,812)	14,467
FY2009 semi-annual	4,767	(2,778)	6,632	22,618

2. Cash Dividends

	Cash dividends per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
FY2009	0.00	3.00	3.00
FY2010	4.00		
FY2010 forecast		6.00	10.00

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	%
Annual	66,000	23.8	6,000	-	5,500	-	3,300	-

	Net income per share
	Yen
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: 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 semi-annual: 98,955,226 shares FY2009: 98,955,226 shares
 - (ii) Number of treasury stock at the end of each period:
FY2010 semi-annual: 2,884,985 shares FY2009: 2,884,100 shares
 - (iii) Average number of shares issued and outstanding in each period:
FY2010 semi-annual: 96,070,670 shares FY2009 semi-annual: 96,180,201 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 semi-annual As of May 31, 2010	Changes
Current Assets			
Cash and time deposits	13,995	14,696	
Notes and accounts receivable	11,543	13,383	
Marketable securities	9,000	2,000	
Merchandise and finished goods	14,373	12,118	
Work in process	2,250	2,573	
Raw materials and supplies	3,950	3,546	
Other	2,885	2,754	
Allowance for doubtful accounts	(154)	(155)	
Total current assets	57,845	50,918	(6,927)
Fixed Assets			
Tangible Assets			
Building and structures	15,053	14,655	
Machinery and equipment	14,113	13,824	
Land	10,962	11,119	
Other	2,337	2,194	
Total tangible assets	42,465	41,795	(670)
Intangible Assets			
Goodwill	812	724	
Other	2,069	2,602	
Total intangible assets	2,881	3,326	445
Investments and Other Assets			
Investment securities	2,854	3,855	
Other	7,617	7,315	
Allowance for doubtful accounts	(283)	(300)	
Total investments and other assets	10,188	10,870	682
Total fixed assets	55,536	55,992	456
Total	113,382	106,910	(6,472)

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets	(Millions of yen : amounts less than one million yen are omitted)		
	FY2009 As of Nov. 30, 2009	FY2010 semi-annual As of May 31, 2010	Changes
Current Liabilities			
Notes and accounts payable	2,417	3,227	
Short-term borrowings	16,395	6,207	
Long-term borrowings, current portion	3,581	6,003	
Income taxes payable	406	909	
Reserve for bonuses	166	238	
Reserve for directors' bonuses	14	16	
Other	4,646	5,045	
Total current liabilities	27,628	21,648	(5,980)
Long-term Liabilities			
Long-term borrowings	21,254	17,737	
Liabilities for employees' retirement benefits	272	304	
Retirement allowance for directors and corporate auditors	53	47	
Other	2,437	2,529	
Total long-term liabilities	24,018	20,618	(3,400)
Total liabilities	51,647	42,267	(9,380)
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	14,197	14,197	
Retained earnings	42,471	43,505	
Treasury stock	(3,870)	(3,871)	
Total shareholders' equity	63,202	64,235	1,033
Other items			
Unrealized gain on available-for-sale securities	102	679	
Foreign currency translation adjustments	(7,374)	(6,640)	
Total	(7,271)	(5,961)	1,310
Minority Interests	5,803	6,368	565
Total net assets	61,734	64,642	2,908
Total liabilities and net assets	113,382	106,910	(6,472)

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2009 semi-annual (2008/12/1 - 2009/5/31)	FY2010 semi-annual (2009/12/1 - 2010/5/31)	Changes
Net Sales	27,539	31,956	4,417
Cost of Sales	19,257	21,254	1,997
Gross profit	8,282	10,702	2,420
Selling, general and administrative expenses	8,787	8,170	(617)
Operating income	(505)	2,531	3,036
Other Income			
Interest income	99	94	
Dividend income	25	16	
Subsidies for employment adjustment	394	22	
Foreign exchange gain	-	64	
Other - net	291	222	
Total other income	812	419	(393)
Other Expenses			
Interest expense	312	282	
Sales discounts	190	221	
Foreign exchange loss	121	-	
Other - net	115	119	
Total other expenses	740	623	(117)
Ordinary income	(433)	2,327	2,760
Extraordinary gain	8	46	38
Extraordinary loss	174	84	(90)
Income before income taxes	(599)	2,289	2,888
Income taxes	569	601	32
Minority interests	131	365	234
Net income	(1,300)	1,322	2,622

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 semi-annual (2008/12/1 - 2009/5/31)	FY2010 semi-annual (2009/12/1 - 2010/5/31)
Operating Activities:		
Income (loss) before income taxes and minority interest	(599)	2,289
Depreciation and amortization	2,864	2,606
Loss on impairment	-	16
Amortization of good will	241	82
Gain on liquidation of subsidiaries	-	(31)
Loss on disposal of tangible assets	47	44
Gain on sales of tangible assets	1	2
Write-down of securities	11	-
Interest and dividend income	(125)	(110)
Interest expense	312	282
Equity in earnings of affiliates	(0)	(0)
Change in notes and accounts receivable	6,482	(1,611)
Change in inventories	(1,912)	2,612
Change in notes and accounts payable	(2,335)	723
Change in accrued expenses	(2,126)	124
Other - net	(216)	380
Sub-total	2,646	7,413
Interest and dividend income received	109	70
Interest expense paid	(266)	(321)
Income taxes - paid	(1,469)	(356)
Income taxes - refunded	3,747	405
Net cash provided by operating activities	4,767	7,211
Investing Activities:		
Payments for time deposits	(742)	(400)
Proceeds from refund of time deposits	8	505
Proceeds from sales of investment securities	(3)	(6)
Acquisitions of property, plant and equipment	(1,599)	(1,377)
Proceeds from sales of property, plant and equipment	21	32
Payment for purchase of subsidiaries' stock	(52)	(45)
Other - net	(409)	(615)
Net cash used in investing activities	(2,778)	(1,906)
Financing Activities:		
Change in short-term borrowings - net	8,992	(10,274)
Proceeds from long-term borrowings	1,000	640
Repayment of long-term borrowings	(1,882)	(1,797)
Dividends paid	(1,156)	(289)
Dividends paid to minority shareholders	(150)	(90)
Purchase of treasury stock	(171)	(0)
Net cash provided by (used in) financing activities	6,632	(11,812)
Effect of exchange rate change on cash and cash equivalents	(560)	157
Net increase in cash and cash equivalents	8,060	(6,349)
Cash and cash equivalents at beginning of year	14,557	20,816
Cash and cash equivalents at end of year	22,618	14,467

Operations by Geographical Segment

Results for FY2010 semi-annual (Dec. 1, 2009 through May 31, 2010)

							Millions of yen	
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated	
Sales to customers	16,963	5,110	2,709	7,173	31,956	-	31,956	
Interarea transfers	4,761	61	4	301	5,129	(5,129)	-	
Total sales	21,725	5,172	2,714	7,474	37,086	(5,129)	31,956	
Operating expenses	21,185	4,867	2,485	6,064	34,602	(5,177)	29,425	
Operating income	539	304	228	1,410	2,483	48	2,531	

(Reference)

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)	

Sales to Foreign Customers

Results for FY2010 semi-annual (Dec. 1, 2009 through May 31, 2010)

						Millions of yen		
	The Americas	Europe	Asia	Other	Total			
Foreign sales	5,093	2,749	7,379	1	15,223			
Net sales						31,956		
Ratio of foreign sales to net sales	15.9%	8.6%	23.1%	0.0%	47.6%			

(Reference)

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%			

Net sales by Products Segment

	Millions of yen	
	FY2009 semi-annual (2008/12/1-2009/5/31)	FY2010 semi-annual (2009/12/1-2010/5/31)
Cutting tools:		
Taps	8,763	10,314
End mills	6,624	7,463
Drills and other cutting tools	6,047	7,600
Total	21,435	25,379
Rolling dies	2,241	3,153
Gauges	435	504
Other	3,426	2,920
Total	27,539	31,956