

Consolidated Summary Report on Interim Closing for the Fiscal year ending November 30, 2005

June 27, 2005

Company name : OSG Corporation
 Shares Listed : Tokyo stock exchange 1st section (Code number 6136)
 : Nagoya stock exchange 1st section
 Location of the head office : Aichi Prefecture
 Representative: : Teruhide Osawa, President
 Contact person: : Koji Sonobe, Director, Head of Support Center
 TEL: 0533-82-1113 URL http://www.osg-ir.com
 Date of the meeting of the Board of Directors : Monday, June 27, 2005
 for FY 2005 semi-annual financial results

1. Interim Results of FY2005 (December 1, 2004 - May 31, 2005)

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

	Net Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2005 semi-annual	37,094	19.6	6,603	29.8	6,391	32.9
FY2004 semi-annual	31,011	16.2	5,089	45.8	4,808	50.7
FY2004	65,975	20.8	11,029	48.6	10,529	57.0

	Net income		Net income per share - basic		Net income per share - diluted	
	Million yen	%	Yen	Yen	Yen	Yen
FY2005 semi-annual	4,466	70.7	47.61		45.46	
FY2004 semi-annual	2,616	6.5	28.52		26.25	
FY2004	5,647	25.2	60.32		55.66	

Note 1: Equity in earnings of affiliated companies: FY 2005 semi-annual ¥39 million, FY2004 semi-annual ¥28 million, FY2004 ¥138 million.

Note 2: Average number of shares issued and outstanding in each period (consolidated): FY2005 semi-annual 93,817,006 shares, FY2004 semi-annual 91,727,020 shares, FY2004 91,356,755 shares

Note 3: Whether or not to change the accounting method: No

Note 4: Regarding net sales, operating income, ordinary income, net income, the right figures show percentage of changes from the corresponding period of the preceding year.

(2) Consolidated financial condition

	Total assets		Shareholders' equity		Equity ratio		Equity per share	
	Million yen		Million yen		%		yen	
FY2005 semi-annual	84,474		50,067		59.3		509.82	
FY2004 semi-annual	75,555		37,163		49.2		409.51	
FY2004	81,150		40,464		49.9		442.03	

Note: Numbers of shares issued (consolidated)

<FY2005 semi-annual> 98,204,494 shares, <FY2004 semi-annual> 90,752,861 shares, <FY2004> 91,233,289 shares

(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	
FY2005 semi-annual	3,454		(3,020)		(1,180)		5,423	
FY2004 semi-annual	3,946		(3,036)		(1,450)		4,226	
FY2004	11,585		(7,496)		(2,870)		6,112	

(4) Scope of consolidation and equity method

Number of Consolidated subsidiaries 42 companies
 Number of affiliated companies 0 companies
 Number of affiliated companies accounted for under the equity method 2 companies

(5) Changes in scope of consolidation and equity method

Consolidated subsidiaries (increase) 1 (decrease) 0
 Affiliated companies (increase) 0 (decrease) 0
 Affiliated companies accounted for under the equity method (increase) 0 (decrease) 0

2 . Business forecast for the year ending November 30, 2005
(December1, 2004 - November 30, 2005)

	Net sales	Operating income	Ordinary income	Net income
	Million yen	Million yen	Million yen	Million yen
Annual	77,000	14,000	13,800	8,200

Re: Net income per share 82.10 yen

[Note regarding forecast]

The above forecasts for operating 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.

2. Management Policy

[Basic Policy and Vision]

In keeping with our corporate vision of "contributing to the advance of manufacturing on a global scale", our basic policy consists of four major components as follows:

- 1) Companies must remain ever-conscious of their social responsibilities and supply products that are truly needed by their customers.
- 2) For their employees, they must offer suitable work and a better life.
- 3) For their shareholders, they must strive for the stable allocation of fair dividends.
- 4) For themselves, they must endeavor to heighten their trustworthiness in society at large, carry out sound management, and evolve into world-class enterprises.

Under this policy, we aspire to be the kind of company that fully lives up to the expectations and trust of its customers, employees, shareholders, and general public.

[Fundamental Policy for the Distribution of Earnings]

We consider the distribution of earnings to shareholders as one of our key management tasks. We aim for "a payout ratio of at least 30% on the consolidated basis", and intend to make dividend payments in line with this ratio while also taking account of such matters as cash flow and financial position. Taking our targeted profit for the period into consideration, we intend to pay interim dividends of ¥10 per share.

Regarding free cash flow, we accord top priority to investment in areas that heighten corporate value, such as the expansion of our current core business and the global development of operations. We also acquire the Company's own shares as appropriate for the distribution of earnings to our shareholders and are working to increase our investment efficiency as viewed from the long-term perspective.

We strive to make effective use of retained earnings to reinforce and expand our new product development and setup for production and sales inside and outside Japan as part of our efforts to strengthen our financial health and business base in the long term.

[Matters Regarding Reduction in Share Trading Unit]

We regard reducing the share trading unit as an effective means of expanding the base of individual investors and increasing the liquidity of our shares. A meeting of our board held on June 11, 2004 decided upon a reduction in the number of shares per unit from 1,000 to 100, and the trading unit of shares of the Company was lowered to 100 as of August 2, 2004. This step is anticipated to further increase the liquidity of our shares and expand the base of individual investors.

[Targeted Management Goals]

To maximize our corporate value, we have posted the goals of a return on equity (ROE) of 14% and operating margin of 20% (both on the consolidated basis). We hope to attain these goals by increasing profit through the effective use of Group resources, making the most of our assets, compressing our liabilities, and otherwise raising our management efficiency.

[Medium- and Long-Term Management Strategies and Tasks]

We are aiming to be an "all-around, globally-active tool manufacturer". More specifically, we want to bring the ratio of overseas sales to net sales to at least 50% by the establishment of a structure enabling production, procurement, and sales in the optimal markets wherever they are around the world through the organic linkage of overseas production and sales bases. The scope of activity of

many industries, most importantly the auto industry and IT-related industries, are already extensively globalized. In the process of globalization, the tool requirements are shifting to higher standards of quality and performance with procurement arrangements premised on global schemes for supply and technical support. Under these circumstances, we are constructing a distinctive setup for support that seamlessly integrates our sales and manufacturing locations in 22 countries around the world.

We are aiming at reducing costs substantially, shortening lead-times, and meeting all delivery deadlines by revising all production and business processes.

We shall continue to promote environment-aware management as a social imperative through the creation of environmentally-friendly products. Under our second environmental plan, which was initiated in December 2002, we are taking approaches that are not confined to the mitigation of environmental impact but extend to environmental preservation and improvement at all stages of the product life cycle. In more specific terms, our objectives include dry cutting (i.e., without use of oil), the reduction of waste, and recycling.

We are developing human resources capable of acting on the global stage. The growth of borderless, globalized business operations demands personnel with such capabilities. We view it as indispensable to employ people who can understand other cultures and customs and who are capable of doing business on an equal footing with other globalized firms anywhere in the world. In our efforts to develop human resources with global skills, we are building up our Group personnel data bank (which now contains about 4,000 entries), promoting programs of interchange with overseas offices, and sending employees abroad for study.

We are reinforcing our capabilities to develop new products. It is essential that we strengthen our competitiveness to cope with demand for higher levels of performance and precision in machine tools and other equipment as well as the emergence of newly developed materials. We have begun to take action in implementing a far-reaching reconstruction of our development process to accurately capture customer seeds and needs for timely development.

[Basic Recognition of Corporate Governance Principles and the Implementation of Related Policies]

1) Basic Recognition of Corporate Governance Principles

As well as being one of our basic principles, we believe that operating our business in a fair and transparent manner, both legally and morally, contributes to the continued expansion of our operations and increase of our corporate value. To achieve this goal, we recognize the importance of issues such as reinforcing corporate governance through the development of systems for the fair and speedy disclosure of accurate information, and the establishment of an efficient, transparent operational structure.

2) Operational Management Structure and Corporate Governance Regarding Operational Decision Making, Execution, and Supervision

Our board has a membership of nine and board meetings are held regularly once a month and extraordinary board meetings held as necessary, enabling quick decision-making on the part of management and careful monitoring of the execution of business activities. Aiming to stimulate the board, the term for a director is set at one year.

An Executive Officer system has been introduced to strengthen our executive operation and accurate responses to changes in our operational environment. There are currently nine executives, three of whom are also directors in the Company. Executive Officers, elected by the board of directors, take responsibility for executive operations, pursuing operation in a flexible yet speedy manner.

OSG applies the system of corporate auditors, who number three (one full-time corporate auditor and two corporate auditors, including one outside corporate auditor). The auditors hold meetings as necessary, and also attend such important meetings as board meetings and management conferences to audit the status of director's business execution activities.

Management conferences, consisting of the directors, executive officers, and the head of each company division, are held once a month. Discussions include the communication of policies and business projects decided upon at the board of directors' meetings, as well as operation status reports from the executive officers and division heads.

Financial auditing has been contracted to Deloitte Touche Tohmatsu, with audits and discussions being held on both a regular basis and as required.

3. Operating Results and Financial Condition

1. Operating Results

(1) Current Interim Period Summary

(Unit: Millions of Yen)

	Net Sales	Operating income	Ordinary income	Interim net income
May 2005 Interim Period	37,094	6,603	6,391	4,466
May 2004 Interim Period	31,011	5,089	4,808	2,616
Percentage change	19.6%	29.8%	32.9%	70.7%

The interim period saw increases in both sales and profit as compared to the same period last year.

Demand of precision machine tools continued its upward trends due to steady orders from the automotive and capital investment related sectors. The Group also performed strongly with steady orders for our main products, such as cutting tools and rolling dies. The increases in sales and operating income were spread across all area segments: Japan, The Americas, Europe, and Asia. We believe that this is not only a reflection of the steady business condition of tooling industry in general, but also the result of our overseas group companies' performance in increasing their local market share.

A medium-long term goal of a 50% international sales ratio has been set, which we hope to achieve through expanding the number of overseas offices and increasing our share in the automotive industry.

International sales made up 37.1% of our sales for this period, compared with 34.1% in the same period last year. We are utilizing coordination with our offices in Japanese and international automotive manufacturing districts to increase our share in the automotive industry, at the initiative of our Auto World Department. Steady results have been achieved with increased sales in taps and carbide drills designed for automotive parts manufacturing. In particular, we have been recognized as the pioneer of high-quality carbide drills by the German automotive industry, thus extending our sales in the major world markets.

Material costs increased during the period, increasing their proportion in production costs, however, increases in sales were enough to absorb these extra costs, with profit also increasing for the period. In the international marketplace, in accordance with increased orders, we have passed on these increased production costs in our sales prices, but increased costs have not been fully reflected in our sales prices.

The result of above were sales of ¥37,094 million (19.6% up from the previous period), ordinary income of ¥6,391 million (32.9% up from the previous period), and a net income for the period of ¥4,466 million (70.7% up from the previous period).

The supply-demand situation is tightening due to continued high order levels of our main products; cutting tools such as taps and drills. Prioritizing the increase of our production levels to meet market demand, we have taken measures such as capital investment, overtime operations, and altering the production quotients of overseas subsidiaries. Although we were unable to completely

bridge the supply-demand gap in this interim period, production figures have been steadily increased.

(2) Current Interim Period Segment Summaries

1) Geographical segments

(Japan)

Sales totaled ¥28,005 million (14.9% up from the same period last year) and operating income for the period totaled ¥4,385 million (17.9% up from the same period last year).

High levels of demand were sustained by our main customers in the automotive manufacturing industry and capital investment related areas, and a tight supply-demand situation continued with demand overcoming production for our main product ranges; cutting tools, such as taps, carbide end mills, and carbide drills, and rolling dies.

(The Americas)

Sales totaled ¥5,950 million (32.7% up from the same period last year) and operating income for the period totaled ¥871 million (97.8% up from the same period last year).

Demand increased from our main customers in Canada and America, the automotive, aviation, and machine tool industries.

The sales of forming tools in the North American area were dramatically increased by the performance of our consolidated subsidiary Sterling Die, Inc., a forming tool manufacturer. Increased demand from the local and American industries is dramatically increasing the performance of our subsidiaries in Mexico and Brazil.

(Europe)

Sales totaled ¥2,296 million (20.3% up from the same period last year) and operating income for the period totaled ¥333 million (27.2% up from the same period last year).

Our subsidiaries operate in 8 countries in the region, including England, Belgium, Germany, France, and Italy. Expanding sales of cutting tools for the automotive industry saw increased sales of taps in England and France, and carbide drills in Germany.

(Asia)

Sales totaled ¥5,871 million (42.9% up from the same period last year) and operating income for the period totaled ¥973 million (64.5% up from the same period last year).

A high expansion rate is expected in the Asian market. Our Group has achieved growth that greatly exceeds the expansion rate of this market. Stable demand has been received from our main customers in the region: The Chinese heavy-electric, precision tool, and automotive industries, the South-East Asian automotive and motorcycle industries, the Taiwanese screw industry, and the South Korean automotive and molding industries.

2) Segments by Type of Business

Our Group consists of companies specialized in the production and sales of precision machine tools, and primarily, precision cutting tools. Operations can be divided into the “precision machine tools” division and “others”. The precision machine tools division accounts for more than 90% of both sales and profit across the Group, and hence, the breakdown of the remaining divisions has been excluded. The performance by our main product categories is as follows:

(Precision Cutting Tools Segment)

Sales of precision cutting tools totaled ¥28,080 million, 17.9% up from the same period last year. Influenced by both domestic and international automotive industries, sales increased for taps, end mills, and drills, all of our main products. Most predominant, however, was the increase in demand for taps and carbide drills for the automotive industry.

(Forming Tools Segment)

Sales of the forming tools totaled ¥3,581 million, 34.8% up from the same period last year. Influenced by the automotive industry, sales increased, mainly in rolling die for bolts used by automotive manufacturers. The performance of Sterling Die, Inc. has greatly increased sales in the American market.

(Measuring Tools Segment)

Sales of measuring tools totaled ¥609 million, 9.0% up from the same period last year. Measuring tools, such as screw gauges that measure the manufacture quality of screws and other parts, are generally used by the same customers who use our main products, such as cutting tools and screw rolling dies. Market demand, hence, tends to move with that of these products. Demand for measuring tools has an underlying strength, as the parts manufacturing market is always moving towards higher levels of precision.

(Other Segments)

Sales of other segments totaled ¥4,823 million, 21.2% up from the same period last year. An increase in machine tools was seen based on increased capital investment. Extended sales of the ultra-small Micro Stix screws came with increased use of computer hard disks, mobile phones, game consoles, and portable music players.

(3) Forecast for the Fiscal Year Ending November 30, 2005

(Unit: Millions of Yen)

	Net Sales	Operating income	Ordinary income	Net income
Period ending November 2005 (Forecast)	77,000	14,000	13,800	8,200
Period ended November 2004 (Actual)	65,975	11,029	10,529	5,647
Percentage change	16.7%	26.9%	31.1%	45.2%

It is assumed that the tooling industry will continue to see healthy sales trends of a similar level through the second term, with automotive industry vehicle production expected to rise on a global base, and capital investment based demand moving accordingly.

Sales are expected to rise with a continuation of the current business climate and increased production capability. A positive influence on profit is expected from the increase in production, but a negative influence is expected from the rise in material costs. Investment for increased production capabilities is proceeding as planned, with production figures increasing steadily. Although all assumed cost increases have been accounted for at this point, we are monitoring supply-demand trends, and particularly material cost of carbides closely, as they have a potential to largely affect business.

Considering the above, sales for the year are expected to total ¥77,000 million (16.7% up from the previous period), ordinary income is expected to total ¥13,800 million (31.1% up from the previous period), and net income for the financial year is expected to total ¥8,200 million (45.2% up from the previous period).

[Notes on Performance Forecasts]

The above performance forecasts contain calculations based upon all present information available to the Company and the Group at the time of print. Subsequent changes in operational management and internal/external influences on the financial situation may affect these performance figures.

2. Financial Condition

Interim Period Cash Flow

The balance of consolidated cash and cash equivalents at the end of the interim period was ¥5,423 million, ¥688 million less than at the end of the previous consolidated financial year.

(Net Cash Provided by Operating Activities)

Net cash provided by operating activities totaled ¥3,454 million (¥491 million down from the same period last year). This consists primarily of pre-tax interim profits of ¥7,018 million and non-cash adjustments, such as allowances for depreciation, and corporate tax payments of ¥3,338 million.

(Net Cash Used in Investing Activities)

Net cash used in investing activities totaled ¥3,020 million (¥15 million down from the same period last year). This consists primarily of income from the sale of investment securities of ¥1,155 million, and the acquisition of tangible fixed assets costing ¥4,157 million.

(Net Cash Used in Financing Activities)

Net cash used in finance activities totaled ¥1,180 million (¥270 million down from the same period last year). This consists primarily of income from short-term borrowings of ¥471 million, but with repayments on long-term borrowings costing ¥293 million, ¥300 million in company bond redemptions, and dividend payments of ¥909 million.

Trends in cash flows indicators are as follows:

	May 2005 Interim Period	May 2004 Interim Period
Equity ratio	59.3%	49.2%
Equity ratio based on market prices	166.7%	148.5%
Interest coverage ratio	35.6	41.5

Note:

Equity ratio = shareholders' equity / total assets

Equity ratio based on market prices = total market value of common stock / total assets

Interest coverage ratio = net cash provided by operating activities / interest payments

*All indicators are calculated based on consolidated financial figures.

*Total market value of common stock is calculated by multiplying the final closing price of the Company's stock on the balance sheet date by the number of outstanding shares on the balance sheet date (less the number of treasury stock shares).

*Figures for net cash provided by operating activities are those from the consolidated cash flow statement.

*Figures for interest payments are those from the consolidated cash flow statement.

Consolidated Summary Balance Sheet
OSG Corporation

Assets	(Millions of yen : amounts less than one million yen are omitted)					
	FY2005 semi-annual As of May 31, 2005		FY2004 semi-annual As of May 31, 2004		FY2004 As of Nov. 30, 2004	
Current Assets						
Cash and time deposits	5,551		4,364		6,269	
Notes and accounts receivable	14,569		12,454		13,772	
Marketable securities	0		11		1	
Inventories	16,980		14,613		15,069	
Deferred tax assets	1,298		1,115		1,318	
Other	932		2,010		1,200	
Allowance for doubtful accounts	(169)		(148)		(176)	
Total current assets	39,163	46.4%	34,421	45.6%	37,455	46.2%
Fixed Assets						
Tangible Assets						
Building and structures	11,410		9,462		10,575	
Machinery and equipment	14,632		13,198		13,718	
Land	9,629		8,841		9,614	
Other	2,810		2,530		2,492	
Total tangible assets	38,482	45.6%	34,032	45.0%	36,400	44.8%
Intangible Assets						
Goodwill	618		847		752	
Other	678		420		556	
Total intangible assets	1,297	1.5%	1,267	1.7%	1,309	1.6%
Investments and Other Assets						
Investment securities	2,615		3,343		3,458	
Deferred tax assets	1,588		1,104		1,197	
Other	1,531		1,652		1,601	
Allowance for doubtful accounts	(204)		(265)		(272)	
Total investments and other assets	5,530	6.5%	5,833	7.7%	5,984	7.4%
Total fixed assets	45,310	53.6%	41,133	54.4%	43,694	53.8%
Total	84,474	100.0%	75,555	100.0%	81,150	100.0%

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Shareholders' equity	(Millions of yen : amounts less than one million yen are omitted)					
	FY2005 semi-annual As of May 31, 2005		FY2004 semi-annual As of May 31, 2004		FY2004 As of Nov. 30, 2004	
Current Liabilities						
Notes and accounts payable	5,077		3,860		4,749	
Short-term borrowings	3,713		3,855		3,266	
Bonds, current portion	338		300		627	
Long-term borrowings, current portion	490		736		573	
Income taxes payable	2,069		1,766		3,006	
Accrued expenses	4,691		3,979		4,578	
Other	1,333		928		1,220	
Total current liabilities	17,713	21.0%	15,427	20.4%	18,021	22.2%
long-term Liabilities						
Bonds	50		6,920		6,160	
Long-term borrowings	7,454		7,454		7,675	
Liabilities for employees' retirement benefits	3,053		2,998		2,987	
Deferred tax liabilities	375		343		404	
Other	473		895		781	
Total long-term liabilities	11,406	13.5%	18,611	24.6%	18,009	22.2%
Total liabilities	29,120	34.5%	34,039	45.0%	36,030	44.4%
Minority Interests	5,286	6.2%	4,352	5.8%	4,654	5.7%
Shareholders' Equity						
Common stock	10,404	12.3%	10,404	13.8%	10,404	12.8%
Capital surplus	14,185	16.8%	12,203	16.1%	12,333	15.2%
Retained earnings	29,048	34.5%	23,335	30.9%	25,636	31.6%
Unrealized gain on available-for-sale securities	515	0.6%	742	1.0%	737	0.9%
Foreign currency translation adjustments	(3,619)	(4.3%)	(4,433)	(5.9%)	(3,842)	(4.7%)
Treasury stock	(467)	(0.6%)	(5,089)	(6.7%)	(4,804)	(5.9%)
Total shareholders' equity	50,067	59.3%	37,163	49.2%	40,464	49.9%
Total	84,474	100.0%	75,555	100.0%	81,150	100.0%

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2005 semi-annual 2004/12/1- 2005/5/31		FY2004 semi-annual 2003/12/1- 2004/5/31		FY2004 2003/12/1- 2004/11/30	
Net Sales	37,094	100.0%	31,011	100.0%	65,975	100.0%
Cost of Sales	22,542	60.8%	19,161	61.8%	40,807	61.9%
Gross profit	14,552	39.2%	11,850	38.2%	25,168	38.1%
Selling, General and administrative expenses	7,948	21.4%	6,761	21.8%	14,139	21.4%
Operating income	6,603	17.8%	5,089	16.4%	11,029	16.7%
Other Income						
Interest income	34		18		52	
Dividend income	12		7		30	
Equity in earnings of subsidiaries and affiliates	39		28		138	
Other - net	180		149		308	
Total other income	267	0.7%	204	0.7%	530	0.8%
Other Expenses						
Interest expense	98		98		200	
Sales discount	313		278		576	
Exchange loss	-		48		113	
Other - net	67		60		140	
Total other expenses	479	1.3%	485	1.6%	1,031	1.5%
Ordinary income	6,391	17.2%	4,808	15.5%	10,529	16.0%
Extraordinary gain						
Gain on sales of property, plant and equipment	65		20		34	
Gain on sales of securities	601		4		5	
Reversal of bad debt reserve	43		-		-	
Other - net	-		14		14	
Total extraordinary gain	710	1.9%	39	0.1%	55	0.1%
Extraordinary loss						
Loss on disposal of property plant and equipment	73		26		148	
Loss on sales of property, plant and equipment	9		5		28	
Loss from evaluation of golf membership	0		9		36	
Other - net	-		55		58	
Total extraordinary loss	83	0.2%	97	0.3%	272	0.4%
Income before income taxes	7,018	18.9%	4,750	15.3%	10,312	15.7%
Income taxes - current	2,388	6.5%	1,994	6.4%	4,474	6.8%
Income taxes - deferred	(255)	(0.7%)	(119)	(0.3%)	(404)	(0.6%)
Minority interests	419	1.1%	258	0.8%	594	0.9%
Net income	4,466	12.0%	2,616	8.4%	5,647	8.6%

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2005 semi-annual 2004/12/1- 2005/5/31	FY2004 semi-annual 2003/12/1- 2004/5/31	FY2004 2003/12/1- 2004/11/30
Operating Activities:			
Income before income taxes and minority interest	7,018	4,750	10,312
Depreciation and amortization	2,265	2,109	4,445
Amortization on goodwill	124	27	75
Provision for doubtful receivables	(6)	27	30
Change in liability for employees' retirement benefits	53	32	14
Change in retirement allowance for directors and corporate auditors	(236)	22	(3)
Loss on disposals of property, plant and equipment	73	26	148
Write-down of investment securities	-	-	0
Gain on sales of securities	(601)	(4)	(5)
Interest and dividend income	(47)	(26)	(83)
Interest expense	98	98	200
Equity in earnings of affiliates	(39)	(28)	(138)
Change in notes and accounts receivable	(656)	(811)	(1,727)
Change in inventories	(1,846)	(159)	(365)
Change in notes and account payable	358	380	1,013
Change in accrued expenses	102	(78)	423
Other - net	182	(816)	116
Sub-total	6,842	5,550	14,457
Interest and dividend income received	47	32	128
Interest expense paid	(96)	(95)	(203)
Income taxes - paid	(3,338)	(1,541)	(2,797)
Net cash provided by operating activities	3,454	3,946	11,585
Investing Activities:			
Payments for time deposits	(124)	(121)	(277)
Proceeds from refund of time deposits	152	68	244
Purchases of marketable securities	-	0	0
Proceeds from sales of marketable securities	1	0	12
Purchases of investment securities	(2)	(3)	(21)
Proceeds from sales of investment securities	1,155	7	18
Acquisitions of property, plant and equipment	(4,157)	(2,272)	(6,183)
Proceeds from sales of property, plant and equipment	130	69	137
Payment for purchase of subsidiaries' stock	(52)	(592)	(1,028)
Payment for purchase of affiliated companies's stock	-	-	(50)
Other - net	(123)	(191)	(348)
Net cash used in investing activities	(3,020)	(3,036)	(7,496)
Financing Activities:			
Change in short-term borrowings - net	471	1,803	1,142
Proceeds from long-term debt	3	37	531
Repayment of long-term borrowings	(293)	(647)	(1,131)
Redemption of bonds	(300)	-	-
Dividends paid	(909)	(550)	(1,274)
Dividends paid to minority shareholders	(144)	(102)	(120)
Purchase of treasury stock	(8)	(1,991)	(2,018)
Other - net	1	-	-
Net cash used in financing activities	(1,180)	(1,450)	(2,870)
Effect of exchange rate change on cash and cash equivalents	57	(12)	114
Net increase (decrease) in cash and cash equivalents	(688)	(553)	1,331
Cash and cash equivalents at beginning of year	6,112	4,638	4,638
Cash and cash equivalents of Newly consolidated subsidiaries at beginning of year	-	141	141
Cash and cash equivalents at end of year	5,423	4,226	6,112

Operations by Geographical Segment

Results for FY2005 semi-annual (Dec. 1, 2004 through May 31, 2005)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	23,575	5,818	2,258	5,442	37,094	-	37,094
Interarea transfers	4,429	132	38	428	5,029	(5,029)	-
Total sales	28,005	5,950	2,296	5,871	42,124	(5,029)	37,094
Operating expenses	23,619	5,079	1,963	4,898	35,561	(5,069)	30,491
Operating income	4,385	871	333	973	6,563	39	6,603

(Reference)

Results for FY2004 semi-annual (Dec. 1, 2003 through May 31, 2004)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	20,696	4,399	1,902	4,012	31,011	-	31,011
Interarea transfers	3,669	85	5	95	3,855	(3,855)	-
Total sales	24,365	4,484	1,908	4,108	34,867	(3,855)	31,011
Operating expenses	20,644	4,044	1,646	3,516	29,852	(3,930)	25,922
Operating income	3,720	440	261	591	5,014	74	5,089

(Reference)

Results for FY2004 (Dec. 1, 2003 through Nov. 30, 2004)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	43,174	9,847	3,903	9,050	65,975	-	65,975
Interarea transfers	7,851	179	7	341	8,379	(8,379)	-
Total sales	51,026	10,027	3,910	9,391	74,355	(8,379)	65,975
Operating expenses	43,055	8,855	3,386	8,101	63,399	(8,453)	54,946
Operating income	7,970	1,171	523	1,289	10,956	73	11,029

Sales to Foreign Customers

Results for FY2005 semi-annual (Dec. 1, 2004 through May 31, 2005)

	Millions of yen					
	The Americas	Europe	Asia	Other	Total	
Foreign sales	5,580	2,435	5,720	41	13,777	
Net sales					37,094	
Ratio of foreign sales to net sales	15.0%	6.6%	15.4%	0.1%	37.1%	

(Reference)

Results for FY2004 semi-annual (Dec. 1, 2003 through May 31, 2004)

	Millions of yen					
	The Americas	Europe	Asia	Other	Total	
Foreign sales	4,309	2,024	4,217	38	10,590	
Net sales					31,011	
Ratio of foreign sales to net sales	13.9%	6.5%	13.6%	0.1%	34.1%	

(Reference)

Results for FY2004 (Dec. 1, 2003 through Nov. 30, 2004)

	Millions of yen					
	The Americas	Europe	Asia	Other	Total	
Foreign sales	9,591	4,073	9,338	33	23,037	
Net sales					65,975	
Ratio of foreign sales to net sales	14.5%	6.2%	14.1%	0.1%	34.9%	

Net sales, broken down by Products Segment

	Millions of yen	
	FY2005 semi-annual (2004/12/1 - 2005/5/31)	Change (up from FY2004 semi-annual)
Cutting tools:		
Thread-cutting tools	10,692	18.2 %
Milling cutters	10,937	18.7
Other cutting tools	6,450	16.0
Total	28,080	17.9
Forming tools	3,581	34.8
Measuring tools	609	9.0
Other:		
Machine	1,594	50.4
LHS	900	40.0
Other	2,328	2.3
Total	4,823	21.2
Total	37,094	19.6