

Consolidated Summary Report

FY2005 Third Quarter

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
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1. Results of FY2005 third quarter (December 1, 2004 - August 31, 2005)

(1) Consolidated operating 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	%
FY2005 third quarter	56,650	(17.7)	10,407	(24.3)	10,119	(26.8)	6,600	(52.3)
FY2004 third quarter	48,113	(21.3)	8,371	(61.9)	7,982	(68.2)	4,334	(28.2)
FY2004	65,975		11,029		10,529		5,647	

	Net income per share		Net income per share	
	- basic		- diluted	
	Yen		Yen	
FY2005 third quarter	69.39		67.18	
FY2004 third quarter	47.39		43.68	
FY2004	60.32		55.66	

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

[Results of Operations]

During this quarter, we increased both sales and income compared with the same period last year.

The precision machine tools market continued to enjoy active demand supported by steady orders from auto industry and capital investment.

The increases in sales and operating income were spread across all geographical segments: Japan, the Americas, Europe, and Asia. Especially, the Americas achieved high percentages of the growth, thanks to the reorganization of the production and the sales structure. Asia also recorded good business results in the profits supported by expanding market.

The overseas sales ratio became 38.0% (same period last year: 34.9%).

As for products segments, sales increased in all main products, such as cutting tools. The carbide long drill, which was appreciated as high-performance drill in main markets in the world, had the high percentage gain.

The rolling dies also performed well, which increased sales in the U.S.A., thanks to the good business of Sterling Die, Inc., which joined OSG Group last year.

As a result, net sales for the third quarter FY2005 increased 17.7% to ¥56,650 million. Operating income increased 24.3% to ¥10,407 million. Ordinary income increased 26.8% to ¥10,119 million. Net income increased 52.3% to ¥6,600 million.

(2) Consolidated financial position

	Total assets		Shareholders' equity		Equity ratio		Equity per share	
	Million yen		Million yen		%		yen	
FY2005 third quarter	88,846		51,375		57.8		524.18	
FY2004 third quarter	78,754		38,416		48.8		422.79	
FY2004	81,150		40,464		49.9		442.03	

(3) Consolidated cash flows

	Operating activities			Investing activities			Financing activities			Cash & cash equivalents at end of period		
	Million yen			Million yen			Million yen			Million yen		
FY2005 third quarter	3,484			(5,271)			1,111			5,513		
FY2004 third quarter	6,737			(6,200)			(168)			5,154		
FY2004	11,585			(7,496)			(2,870)			6,112		

(4) Change in scope of consolidation and equity method

Consolidated subsidiaries (increase) 2 (decrease) 0

[Financial position]

Cash Flow

The balance of consolidated cash and cash equivalents at the end of the third quarter was ¥5,513 million, ¥599 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 ¥3,484 million (¥3,253 million down from the same period last year). This consists primarily of income before income taxes and minority interest ¥10,672 million and other non-cash items, such as allowances for depreciation, change in inventories ¥3,441 million and income tax payments of ¥5,300 million.

(Net Cash Used in Investing Activities)

Net cash used in investing activities totaled ¥5,271 million (¥928 million down from the same period last year). This consists primarily of proceeds from sales of marketable securities of ¥1,185 million, and acquisitions of property, plant and plant and equipment of ¥6,203 million.

(Net Cash Provided by Financing Activities)

Net cash provided by Financing activities totaled ¥1,111 million (¥1,279 million up from the same period last year). This consists primarily of change in short-term borrowings ¥4,486 million, purchase of treasury stock ¥604 million, and dividends paid ¥1,882 million.

(Reference: 1)

Unconsolidated financial results

(December 1, 2004 - August 31, 2005)

(Amounts less than one million yen are omitted)

	Net Sales	Operating income	Ordinary income	Net income
	Million yen	Million yen	Million yen	Million yen
FY2005 third quarter	33,023	4,216	4,782	3,303

	Total assets	Shareholders' equity
	Million yen	Million yen
FY2005 third quarter	62,156	42,461

2. Business forecast for the year ending November 30, 2005

(December 1, 2004 - November 30, 2005)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	yen
FY2005	77,000	14,000	13,800	8,200	82.27

Note: Estimated net income per share has been recalculated based on a change in the number of the shares.

(Reference: 2)

Unconsolidated business forecast for the year ending November 30, 2005

(December 1, 2004 - November 30, 2005)

	Net sales	Operating income	Ordinary income	Net income	Dividend per share		
					Interim	end of the year	total
	Million yen	Million yen	Million yen	Million yen	yen	yen	yen
FY2005	45,200	6,000	6,600	4,200	10.00	10.00	20.00

Estimation of net income per share (Annual) : ¥41.91

Note: Estimated net income per share has been recalculated based on a change in the number of the shares.

[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.

[Attached documents]

- Consolidated Summary Balance Sheets FY2005 Third Quarter
- Consolidated Summary Statements of Income FY2005 Third Quarter
- Consolidated Summary Statements of Cash Flows FY2005 Third Quarter
- Operations by Geographical Segment
- Sales to Foreign Customers
- Net sales, broken down by Products Segment

Consolidated Summary Balance Sheets
OSG Corporation

Assets	(Millions of yen : amounts less than one million yen are omitted)			
	FY2005 Third Quarter	FY2004 Third Quarter	Increase (Decrease)	FY2004
Current Assets				
Cash and time deposits	5,678	5,357	320	6,269
Notes and accounts receivable	15,374	13,473	1,901	13,772
Marketable securities	0	1	(1)	1
Inventories	18,772	14,761	4,011	15,069
Other	2,459	2,173	285	2,518
Allowance for doubtful accounts	(177)	(153)	(24)	(176)
Total current assets	42,107	35,613	6,493 18.2%	37,455
Fixed Assets				
Tangible Assets				
Building and structures	12,055	9,357	2,698	10,575
Machinery and equipment	15,067	13,063	2,004	13,718
Land	9,681	9,364	317	9,614
Other	2,859	3,108	(249)	2,492
Total tangible assets	39,664	34,893	4,771 13.7%	43,694
Intangible Assets				
Goodwill	613	744	(131)	752
Other	691	441	249	556
Total intangible assets	1,304	1,186	118 10.0%	1,309
Investments and Other Assets				
Investment securities	2,883	3,521	(638)	3,458
Other	3,100	3,813	(712)	2,798
Allowance for doubtful accounts	(212)	(273)	60	(272)
Total investments and other assets	5,771	7,061	(1,290) (18.3%)	5,984
Total fixed assets	46,739	43,141	3,598 8.3%	43,694
Total	88,846	78,754	10,091 12.8%	81,150

Consolidated Summary Balance Sheets
OSG Corporation

Liabilities and Capital

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

	FY2005	FY2004	Increase		FY2004
	Third Quarter	Third Quarter	(Decrease)		
Current Liabilities					
Notes and accounts payable	5,435	4,459	975		4,749
Short-term borrowings	7,793	5,791	2,002		3,266
Long-term borrowings, current portion	547	677	(129)		573
Income taxes payable	1,472	1,984	(512)		3,006
Accrued expenses	3,624	2,895	728		4,578
Other	1,479	1,748	(268)		1,847
Total current liabilities	20,353	17,557	2,795	15.9%	18,021
long-term Liabilities					
Bonds	50	6,490	(6,440)		6,160
Long-term borrowings	7,627	7,653	(26)		7,675
Liabilities for employees' retirement benefits	2,935	2,892	42		2,987
Retirement allowance					
for directors and corporate auditors	72	341	(269)		306
Other	824	798	25		879
Total long-term liabilities	11,508	18,175	(6,667)	(36.7%)	18,009
Total liabilities	31,862	35,733	(3,871)	(10.8%)	36,030
Minority Interests	5,609	4,605	1,004	21.8%	4,654
Shareholders' Equity					
Common stock	10,404	10,404	-	-	10,404
Capital surplus	14,156	12,236	1,919	15.7%	12,333
Retained earnings	30,198	24,322	5,875	24.2%	25,636
Unrealized gain on					
available-for-sale securities	663	788	(125)	(15.9%)	737
Foreign currency translation adjustments	(3,134)	(4,305)	1,171	(27.2%)	(3,842)
Treasury stock	(913)	(5,030)	4,117	(81.9%)	(4,804)
Total shareholders' equity	51,375	38,416	12,959	33.7%	40,464
Total	88,846	78,754	10,091	12.8%	81,150

Consolidated Summary Statements of Income
OSG Corporation

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

	FY2005	FY2004	Increase		FY2004
	Third Quarter	Third Quarter	(Decrease)		
Net Sales	56,650	48,113	8,536	17.7%	65,975
Cost of Sales	34,266	29,558	4,708	15.9%	40,807
Gross profit	22,383	18,555	3,828	20.6%	25,168
Selling, General and administrative expenses	11,976	10,184	1,791	17.6%	14,139
Operating income	10,407	8,371	2,036	24.3%	11,029
Other Income					
Interest income	43	31	11		52
Other - net	386	291	95		478
Total other income	429	322	106	33.1%	530
Other Expenses					
Interest expense	150	150	0		200
Other - net	567	560	6		831
Total other expenses	717	711	6	0.9%	1,031
Ordinary income	10,119	7,982	2,136	26.8%	10,529
Extraordinary gain	669	49	620	1256.4%	55
Extraordinary loss	116	143	(26)	(18.7%)	272
Income before income taxes	10,672	7,888	2,784	35.3%	10,312
Income taxes - current	3,392	3,100	291	9.4%	4,069
Minority interests	680	453	226	50.0%	594
Net income	6,600	4,334	2,265	52.3%	5,647

Consolidated Summary Statements of Cash Flows
OSG Corporation

	(Millions of yen : amounts less than one million yen are omitted)		
	FY2005 Third Quarter	FY2004 Third Quarter	FY2004
	2004/12/1- 2005/8/31	2003/12/1- 2004/8/31	2003/12/1- 2004/11/30
Operating Activities:			
Income before income taxes and minority interest	10,672	7,888	10,312
Depreciation and amortization	3,555	3,240	4,445
Change in allowances	(280)	(13)	41
Other noncash items	(459)	23	(63)
Change in notes and accounts receivable	(1,271)	(1,752)	(1,727)
Change in inventories	(3,441)	(197)	(365)
Change in notes and account payable	661	922	1,013
Income taxes - paid	(5,300)	(2,567)	(2,797)
Other	(653)	(805)	726
Net cash provided by operating activities	3,484	6,737	11,585
Investing Activities:			
Proceeds from sales of marketable securities	1,185	10	18
Acquisitions of property, plant and equipment	(6,203)	(4,146)	(6,183)
Proceeds from sales of property, plant and equipment	137	99	137
Proceeds (payment) for purchase of subsidiaries' stock	(54)	(1,030)	(1,028)
Other	(336)	(1,134)	(441)
Net cash used in investing activities	(5,271)	(6,200)	(7,496)
Financing Activities:			
Change in short-term borrowings	4,486	3,705	1,142
Proceeds from long-term debt	336	361	531
Repayment of long-term borrowings	(440)	(852)	(1,131)
Purchase of treasury stock	(604)	(2,010)	(2,018)
Dividends paid	(1,882)	(1,265)	(1,274)
Other	(783)	(106)	(120)
Net cash provided by (used in) financing activities	1,111	(168)	(2,870)
Effect of exchange rate change on cash and cash equivalents	76	5	114
Net increase (decrease) in cash and cash equivalents	(599)	374	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	5,513	5,154	6,112

Operations by Geographical Segment

Results for FY2005 Third Quarter (Dec. 1, 2004 through Aug. 31, 2005)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	35,525	8,950	3,430	8,744	56,650	-	56,650
Interarea transfers	6,909	199	47	721	7,878	(7,878)	-
Total sales	42,435	9,149	3,477	9,466	64,528	(7,878)	56,650
Operating expenses	35,622	7,797	2,988	7,727	54,135	(7,892)	46,243
Operating income	6,813	1,351	488	1,739	10,393	14	10,407

(Reference)

Results for FY2004 Third Quarter (Dec. 1, 2003 through Aug. 31, 2004)

	Millions of yen						
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated
Sales to customers	31,736	6,871	2,876	6,628	48,113	-	48,113
Interarea transfers	5,682	132	6	186	6,008	(6,008)	-
Total sales	37,418	7,004	2,883	6,815	54,122	(6,008)	48,113
Operating expenses	31,301	6,280	2,493	5,768	45,842	(6,100)	39,742
Operating income	6,117	724	390	1,047	8,279	91	8,371

Sales to Foreign Customers

Results for FY2005 Third Quarter (Dec. 1, 2004 through Aug. 31, 2005)

	Millions of yen						
	The Americas	Europe	Asia	Other	Total		
Foreign sales	8,928	3,563	8,986	48	21,525		
Net sales						56,650	
Ratio of foreign sales to net sales	15.7%	6.3%	15.9%	0.1%	38.0%		

(Reference)

Results for FY2004 Third Quarter (Dec. 1, 2003 through Aug. 31, 2004)

	Millions of yen						
	The Americas	Europe	Asia	Other	Total		
Foreign sales	6,711	3,069	6,938	68	16,789		
Net sales						48,113	
Ratio of foreign sales to net sales	14.0%	6.4%	14.4%	0.1%	34.9%		

Net sales, broken down by Products Segment

	Millions of yen	
	FY2005 Third Quarter (2004/12/1 - 2005/8/31)	FY2004 Third Quarter (2003/12/1 - 2004/8/31)
Cutting tools:		
Thread-cutting tools	16,403	14,037
Milling cutters	16,630	14,411
Other cutting tools	9,905	8,454
Total	42,940	36,903
Forming tools	5,470	4,091
Measuring tools	951	853
Other:		
Machine	2,133	1,792
LHS	1,304	1,084
Other	3,849	3,388
Total	7,287	6,265
Total	56,650	48,113