

# Consolidated Summary Report on Interim Closing for the Fiscal year ending November 30, 2006

June 29, 2006

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 : Thursday, June 29, 2006  
 for FY 2006 semi-annual financial results

## 1. Interim Results of FY2006 (December 1, 2005 - May 31, 2006)

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

	Net Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2006 semi-annual	44,177	19.1	8,301	25.7	7,950	24.4
FY2005 semi-annual	37,094	19.6	6,603	29.8	6,391	32.9
FY2005	78,130	18.4	14,125	28.1	13,887	31.9

	Net income		Net income per share - basic		Net income per share - diluted	
	Million yen	%	Yen	Yen	Yen	Yen
FY2006 semi-annual	4,338	(2.9)	44.36	44.34	44.34	44.34
FY2005 semi-annual	4,466	70.7	47.61	45.46	45.46	45.46
FY2005	8,758	55.1	89.10	86.90	86.90	86.90

Note 1: Equity in earnings of affiliated companies: FY 2006 semi-annual ¥9 million, FY2005 semi-annual ¥39 million, FY2005 ¥151 million.

Note 2: Average number of shares issued and outstanding in each period (consolidated): FY2006 semi-annual 97,807,836 shares, FY2005 semi-annual 93,817,006 shares, FY2005 95,791,931 shares

Note 3: Whether or not to change the accounting method: Yes

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		Net assets		Equity ratio		Equity per share	
	Million yen		Million yen		%		yen	
FY2006 semi-annual	103,734		64,036		55.4		587.88	
FY2005 semi-annual	84,474		50,067		59.3		509.82	
FY2005	93,598		54,647		58.4		554.90	

Note: Numbers of shares issued (consolidated)

<FY2006 semi-annual> 97,684,273 shares, <FY2005 semi-annual> 98,204,494 shares, <FY2005> 98,078,926 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	
FY2006 semi-annual	4,520		(7,982)		3,210		6,127	
FY2005 semi-annual	3,454		(3,020)		(1,180)		5,423	
FY2005	7,820		(7,200)		(897)		6,075	

### (4) Scope of consolidation and equity method

Number of consolidated subsidiaries 47 companies  
 Number of unconsolidated subsidiaries accounted for under the equity method 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) 3 (decrease) 0  
 Affiliated companies accounted for under the equity method (increase) 1 (decrease) 1

2 . Business forecast for the year ending November 30, 2006  
(December1, 2005 - November 30, 2006)

	Net sales	Operating income	Ordinary income	Net income
	Million yen	Million yen	Million yen	Million yen
Annual	91,200	17,900	17,400	9,700

(Reference) Prospected net income per share (annual): 99.30 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.

Consolidated Summary Balance Sheet  
OSG Corporation

Assets	(Millions of yen : amounts less than one million yen are omitted)					
	FY2006 semi-annual As of May 31, 2006		FY2005 semi-annual As of May 31, 2005		FY2005 As of Nov. 30, 2005	
<b>Current Assets</b>						
Cash and time deposits	6,243		5,551		6,219	
Notes and accounts receivable	17,648		14,569		16,136	
Marketable securities	2		0		0	
Inventories	21,602		16,980		19,523	
Deferred tax assets	1,701		1,298		1,554	
Other	1,982		932		2,065	
Allowance for doubtful accounts	(210)		(169)		(206)	
<b>Total current assets</b>	<b>48,970</b>	<b>47.2%</b>	<b>39,163</b>	<b>46.4%</b>	<b>45,294</b>	<b>48.4%</b>
<b>Fixed Assets</b>						
<b>Tangible Assets</b>						
Building and structures	13,538		11,410		12,047	
Machinery and equipment	16,661		14,632		15,086	
Land	10,093		9,629		9,787	
Other	6,046		2,810		3,123	
<b>Total tangible assets</b>	<b>46,339</b>	<b>44.7%</b>	<b>38,482</b>	<b>45.6%</b>	<b>40,045</b>	<b>42.8%</b>
<b>Intangible Assets</b>						
Goodwill	1,007		618		959	
Other	777		678		781	
<b>Total intangible assets</b>	<b>1,785</b>	<b>1.7%</b>	<b>1,297</b>	<b>1.5%</b>	<b>1,741</b>	<b>1.8%</b>
<b>Investments and Other Assets</b>						
Investment securities	3,986		2,615		3,771	
Deferred tax assets	1,252		1,588		1,369	
Other	1,630		1,531		1,591	
Allowance for doubtful accounts	(231)		(204)		(216)	
<b>Total investments and other assets</b>	<b>6,638</b>	<b>6.4%</b>	<b>5,530</b>	<b>6.5%</b>	<b>6,517</b>	<b>7.0%</b>
<b>Total fixed assets</b>	<b>54,764</b>	<b>52.8%</b>	<b>45,310</b>	<b>53.6%</b>	<b>48,303</b>	<b>51.6%</b>
<b>Total</b>	<b>103,734</b>	<b>100.0%</b>	<b>84,474</b>	<b>100.0%</b>	<b>93,598</b>	<b>100.0%</b>

Consolidated Summary Balance Sheet  
OSG Corporation

Liabilities and Shareholders' equity (Millions of yen : amounts less than one million yen are omitted)

	FY2006 semi-annual As of May 31, 2006		FY2005 semi-annual As of May 31, 2005		FY2005 As of Nov. 30, 2005	
<b>Current Liabilities</b>						
Notes and accounts payable	5,222		5,077		5,269	
Short-term borrowings	4,401		3,713		5,697	
Bonds, current portion	-		338		-	
Long-term borrowings, current portion	5,361		490		571	
Income taxes payable	2,585		2,069		2,983	
Accrued expenses	5,174		4,691		5,139	
Other	2,378		1,333		1,690	
<b>Total current liabilities</b>	<b>25,124</b>	<b>24.2%</b>	<b>17,713</b>	<b>21.0%</b>	<b>21,351</b>	<b>22.8%</b>
<b>Long-term Liabilities</b>						
Bonds	-		50		50	
Long-term borrowings	10,591		7,454		7,852	
Liabilities for employees' retirement benefits	3,072		3,053		3,055	
Deferred tax liabilities	405		375		349	
Other	504		473		555	
<b>Total long-term liabilities</b>	<b>14,574</b>	<b>14.1%</b>	<b>11,406</b>	<b>13.5%</b>	<b>11,862</b>	<b>12.7%</b>
<b>Total liabilities</b>	<b>39,698</b>	<b>38.3%</b>	<b>29,120</b>	<b>34.5%</b>	<b>33,213</b>	<b>35.5%</b>
<b>Minority Interests</b>			<b>5,286</b>	<b>6.2%</b>	<b>5,736</b>	<b>6.1%</b>
<b>Shareholders' Equity</b>						
Common stock	-	-	10,404	12.3%	10,404	11.1%
Capital surplus	-	-	14,185	16.8%	14,380	15.4%
Retained earnings	-	-	29,048	34.5%	32,356	34.6%
Unrealized gain on available-for-sale securities	-	-	515	0.6%	1,026	1.1%
Foreign currency translation adjustments	-	-	(3,619)	(4.3%)	(2,670)	(2.9%)
Treasury stock	-	-	(467)	(0.6%)	(850)	(0.9%)
<b>Total shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>50,067</b>	<b>59.3%</b>	<b>54,647</b>	<b>58.4%</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>84,474</b>	<b>100.0%</b>	<b>93,598</b>	<b>100.0%</b>

**Net Assets**

<b>Shareholders' Equity</b>						
Common stock	10,404		-	-	-	-
Capital surplus	14,351		-	-	-	-
Retained earnings	34,904		-	-	-	-
Treasury stock	(1,781)		-	-	-	-
<b>Total shareholders' equity</b>	<b>57,878</b>	<b>55.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other items</b>						
Unrealized gain on available-for-sale securities	1,172		-	-	-	-
Net unrealized gain on derivative financial instruments	4		-	-	-	-
Foreign currency translation adjustments	(1,628)		-	-	-	-
<b>Total</b>	<b>(451)</b>	<b>(0.4%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Minority Interests</b>	<b>6,609</b>	<b>6.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net assets</b>	<b>64,036</b>	<b>61.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>103,734</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Consolidated Summary Statement of Income  
OSG Corporation

	(Millions of yen : amounts less than one million yen are omitted)					
	FY2006 semi-annual		FY2005 semi-annual		FY2005	
	2005/12/1- 2006/5/31		2004/12/1- 2005/5/31		2004/12/1- 2005/11/30	
Net Sales	44,177	100.0%	37,094	100.0%	78,130	100.0%
Cost of Sales	26,575	60.2%	22,542	60.8%	47,783	61.2%
Gross profit	17,601	39.8%	14,552	39.2%	30,346	38.8%
Selling, General and administrative expenses	9,300	21.0%	7,948	21.4%	16,220	20.8%
Operating income	8,301	18.8%	6,603	17.8%	14,125	18.0%
Other Income						
Interest income	62		34		78	
Dividend income	5		12		28	
Equity in earnings of subsidiaries and affiliates	-		39		151	
Other - net	252		180		557	
Total other income	320	0.7%	267	0.7%	815	1.1%
Other Expenses						
Interest expense	165		98		205	
Sales discount	341		313		656	
Exchange loss	60		-		-	
Other - net	103		67		192	
Total other expenses	671	1.5%	479	1.3%	1,054	1.3%
Ordinary income	7,950	18.0%	6,391	17.2%	13,887	17.8%
Extraordinary gain						
Gain on sales of property, plant and equipment	8		65		145	
Gain on sales of securities	41		601		603	
Reversal of bad debt reserve	-		43		-	
Total extraordinary gain	50	0.1%	710	1.9%	748	0.9%
Extraordinary loss						
Loss on disposal of property plant and equipment	129		73		129	
Loss on sales of property, plant and equipment	17		9		19	
Loss on sales of securities	3		-		5	
Loss on impairment	53		-		-	
Loss from evaluation of golf membership	9		0		4	
Other - net	0		-		-	
Total extraordinary loss	213	0.5%	83	0.2%	159	0.2%
Income before income taxes	7,787	17.6%	7,018	18.9%	14,476	18.5%
Income taxes - current	2,892	6.5%	2,388	6.5%	5,507	7.0%
Income taxes - deferred	(62)	(0.1%)	(255)	(0.7%)	(625)	(0.8%)
Minority interests	618	1.4%	419	1.1%	836	1.1%
Net income	4,338	9.8%	4,466	12.0%	8,758	11.2%

Consolidated Summary Statement of Cash Flows  
OSG Corporation

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

	FY2006 semi-annual 2005/12/1- 2006/5/31	FY2005 semi-annual 2004/12/1- 2005/5/31	FY2005 2004/12/1- 2005/11/30
<b>Operating Activities:</b>			
Income before income taxes and minority interest	7,787	7,018	14,476
Depreciation and amortization	2,793	2,265	5,182
Loss on impairment	53	-	-
Amortization on goodwill	63	124	152
Provision for doubtful receivables	(2)	(6)	35
Change in liability for employees' retirement benefits	(1)	53	51
Change in retirement allowance for directors and corporate auditors	(40)	(236)	(238)
Loss on disposals of property, plant and equipment	129	73	129
Loss on sales of property, plant and equipment	17	9	19
Gain on sales of property, plant and equipment	(8)	(65)	(145)
Gain on sales of securities	(41)	(601)	(603)
Interest and dividend income	(67)	(47)	(106)
Interest expense	165	98	205
Equity in earnings of affiliates	9	(39)	(151)
Change in notes and accounts receivable	(940)	(656)	(1,719)
Change in inventories	(1,599)	(1,846)	(3,977)
Change in notes and account payable	(319)	358	283
Change in accrued expenses	65	102	402
Other - net	(121)	239	(575)
Sub-total	7,941	6,842	13,420
Interest and dividend income received	70	47	182
Interest expense paid	(158)	(96)	(205)
Income taxes - paid	(3,332)	(3,338)	(5,577)
Net cash provided by operating activities	4,520	3,454	7,820
<b>Investing Activities:</b>			
Payments for time deposits	(6)	(124)	(217)
Proceeds from refund of time deposits	40	152	249
Proceeds from sales of marketable securities	-	1	1
Purchases of investment securities	(8)	(2)	(7)
Proceeds from sales of investment securities	67	1,155	1,185
Acquisitions of property, plant and equipment	(8,063)	(4,157)	(7,850)
Proceeds from sales of property, plant and equipment	136	130	430
Payment for purchase of subsidiaries' stock	(35)	(52)	(171)
Other - net	(113)	(123)	(820)
Net cash used in investing activities	(7,982)	(3,020)	(7,200)
<b>Financing Activities:</b>			
Change in short-term borrowings - net	(1,417)	471	2,357
Proceeds from long-term debt	8,041	3	744
Repayment of long-term borrowings	(600)	(293)	(707)
Redemption of bonds	-	(300)	(636)
Dividends paid	(1,564)	(909)	(1,889)
Dividends paid to minority shareholders	(238)	(144)	(156)
Purchase of treasury stock	(1,010)	(8)	(611)
Other - net	-	1	1
Net cash used in financing activities	3,210	(1,180)	(897)
Effect of exchange rate change on cash and cash equivalents	201	57	239
Net increase (decrease) in cash and cash equivalents	(49)	(688)	(36)
Cash and cash equivalents at beginning of year	6,075	6,112	6,112
Cash and cash equivalents of Newly consolidated subsidiaries at beginning of year	101	-	-
Cash and cash equivalents at end of year	6,127	5,423	6,075

## Operations by Geographical Segment

Results for FY2006 semi-annual (Dec. 1, 2005 through May 31, 2006)

							Millions of yen	
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated	
Sales to customers	26,180	7,541	2,582	7,872	44,177	-	44,177	
Interarea transfers	5,733	216	24	511	6,486	(6,486)	-	
Total sales	31,914	7,758	2,607	8,384	50,663	(6,486)	44,177	
Operating expenses	27,092	6,460	2,242	6,400	42,196	(6,320)	35,875	
Operating income	4,822	1,297	364	1,984	8,467	(166)	8,301	

(Reference)

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 FY2005 (Dec. 1, 2004 through Nov. 30, 2005)

							Millions of yen	
	Japan	The Americas	Europe	Asia	Total	Eliminations	Consolidated	
Sales to customers	49,267	12,285	4,576	12,001	78,130	-	78,130	
Interarea transfers	10,047	301	58	1,043	11,450	(11,450)	-	
Total sales	59,314	12,587	4,634	13,044	89,580	(11,450)	78,130	
Operating expenses	49,650	10,771	4,040	10,971	75,433	(11,428)	64,004	
Operating income	9,664	1,815	594	2,073	14,147	(21)	14,125	

## Sales to Foreign Customers

Results for FY2006 semi-annual (Dec. 1, 2005 through May 31, 2006)

						Millions of yen		
	The Americas	Europe	Asia	Other	Total			
Foreign sales	7,330	2,740	8,272	22	18,365			
Net sales						44,177		
Ratio of foreign sales to net sales	16.7%	6.2%	18.6%	0.1%	41.6%			

(Reference)

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 FY2005 (Dec. 1, 2004 through Nov. 30, 2005)

						Millions of yen		
	The Americas	Europe	Asia	Other	Total			
Foreign sales	12,263	4,772	12,386	40	29,462			
Net sales						78,130		
Ratio of foreign sales to net sales	15.7%	6.1%	15.8%	0.1%	37.7%			

**Net sales, broken down by Products Segment**

	Millions of yen	
	FY2006 semi-annual (2005/12/1 - 2006/5/31)	Change (up from FY2005 semi-annual)
Cutting tools:		
Thread-cutting tools	13,608	27.3 %
Milling cutters	11,912	8.9
Other cutting tools	8,557	32.7
Total	34,079	21.4
Forming tools	4,147	15.8
Measuring tools	702	15.3
Other:		
Machine	1,879	17.9
LHS	628	(30.2)
Other	2,739	17.7
Total	5,247	8.8
Total	44,177	19.1