

# *First Half of FY2005 Financial Results & Business Plan*

January 2006  
FURUSATO  
INDUSTRIES, LTD.

Any information presented in this Financial Results concerning FURUSATO's plans, strategies or prospects that is not historical facts represents our forecasts regarding the company's future business performance based on information currently available. These statements involve a number of risks, uncertainties and other factors that could cause actual results to be materially different. Readers are encouraged not to depend entirely on the forecasts when making investment decisions.

## Agenda

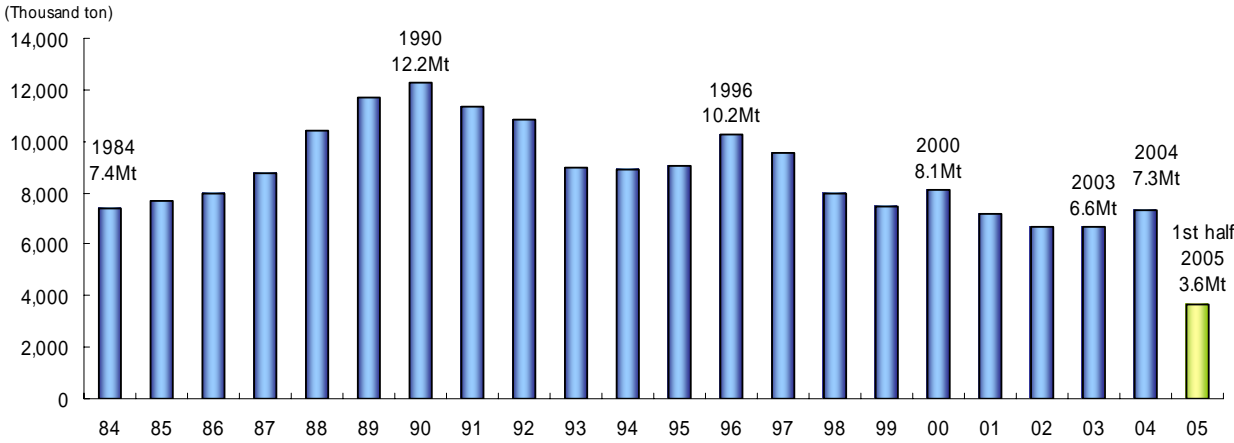
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# 1-1. Steel Frame Construction Market (Volume of Steel Frame Used)



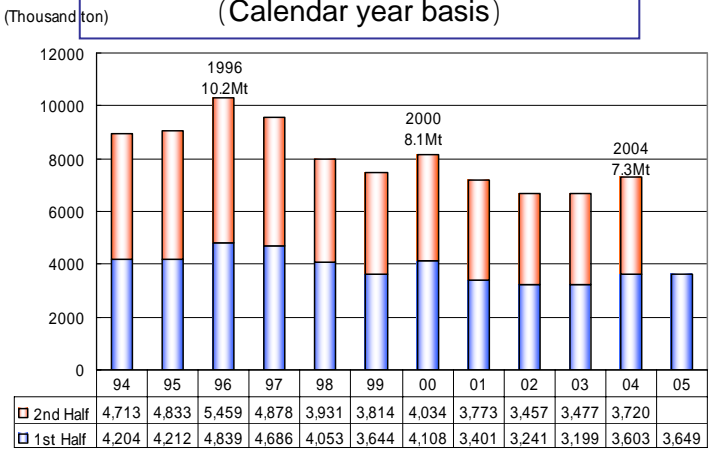
## Volume of Steel Frame Used for Building Construction Started (Calendar year basis)

(Resource) Construction Statistics; Building Construction Started by Structure  
 (Floor area of Steel Frame (S) and Steel Frame Reinforced Concrete (SRC) buildings)  
 Formula: (S: m<sup>2</sup> × 100kg) + (SRC: m<sup>2</sup> × 50kg)

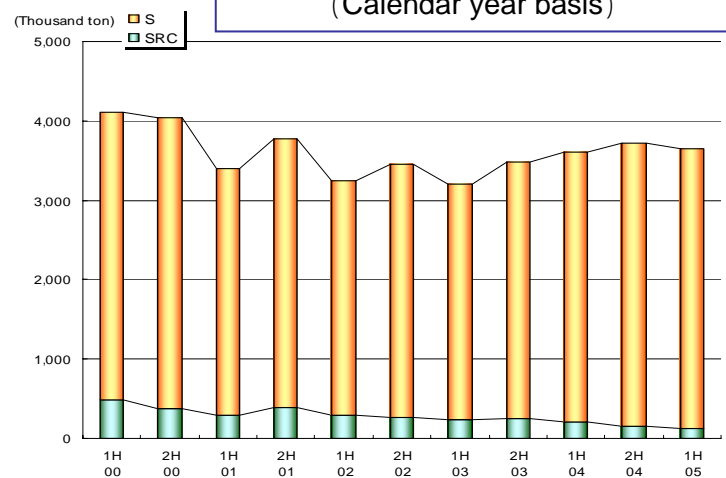


- 1H05: Flat vs 1H04
- +9.7% in 2004 over the prior year
- 12Mt in 1990, the highest level
- 6.6Mt in 2003, the bottom in the last 20 years
- SRC down
  - Higher costs of raw materials and processing
  - RC structure improvement

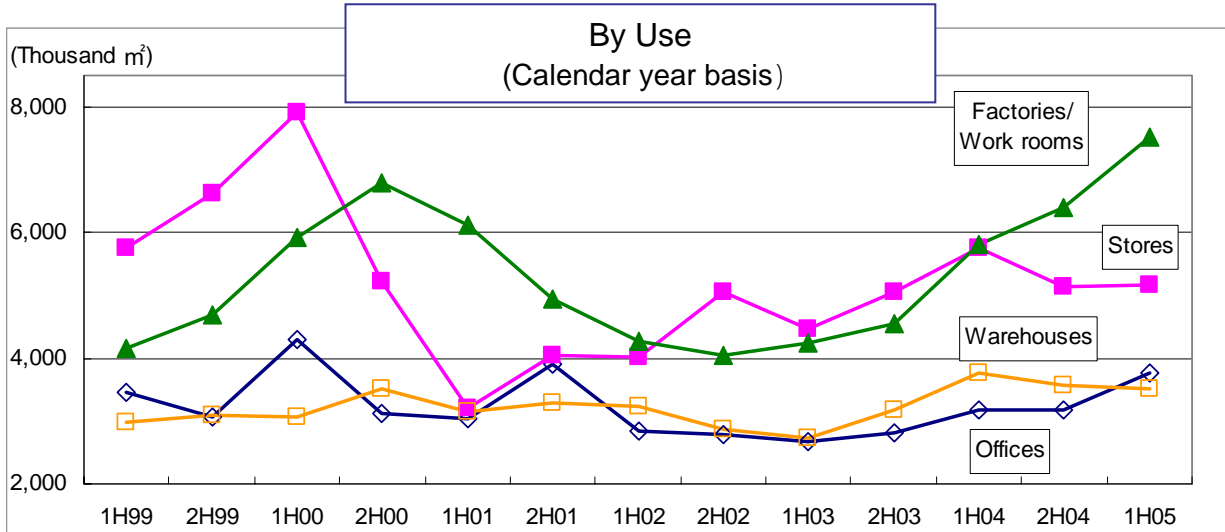
Half-yearly Volume over 10 Years  
(Calendar year basis)



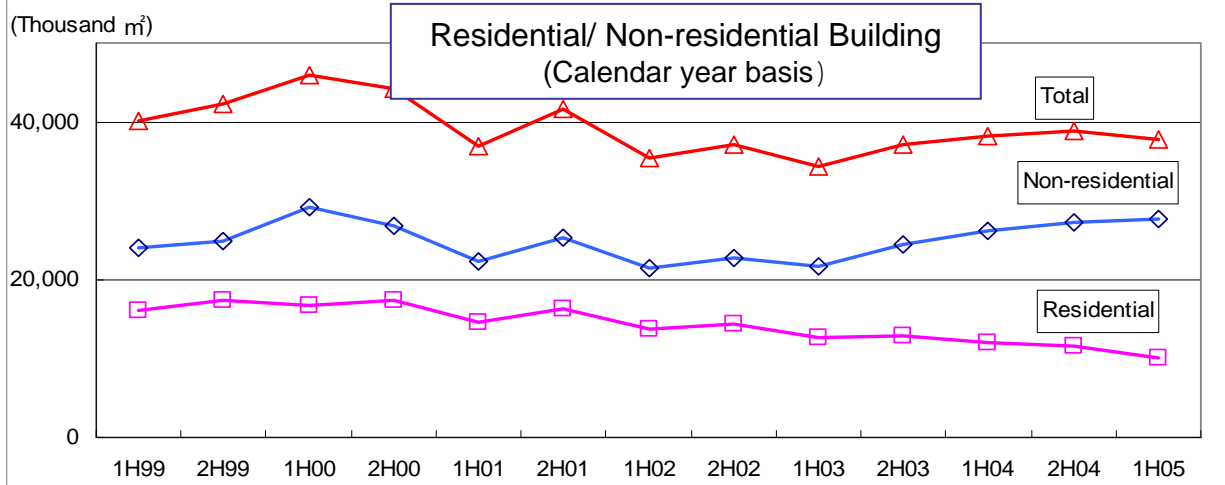
Half-yearly Volume by Structure  
(Calendar year basis)



**Floor Area of Non-residential Steel Frame Building Construction Started (Calendar year basis)**  
 [Resource] Construction Statistics; Non-residential Building Construction Started by Use (S + SRC)



- Factories/ Work rooms  
· Increase over the prior half year for fifth consecutive period  
· +29.8% in 1H05 vs 1H04
- Stores: Flat
- Warehouses: Slightly down
- Offices: +18.3% vs 1H04
- Total non-residential buildings +6.5% vs 1H04
- Total residential buildings 17.4% vs 1H04
- Total steel frame buildings 1.0% vs 1H04

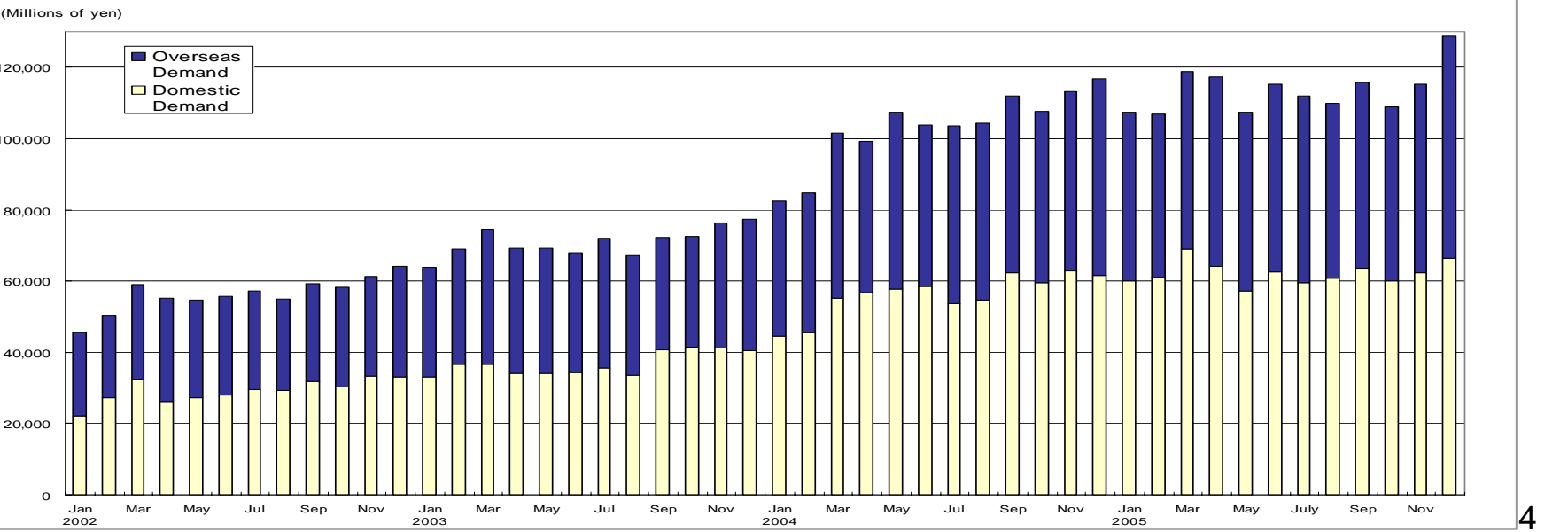
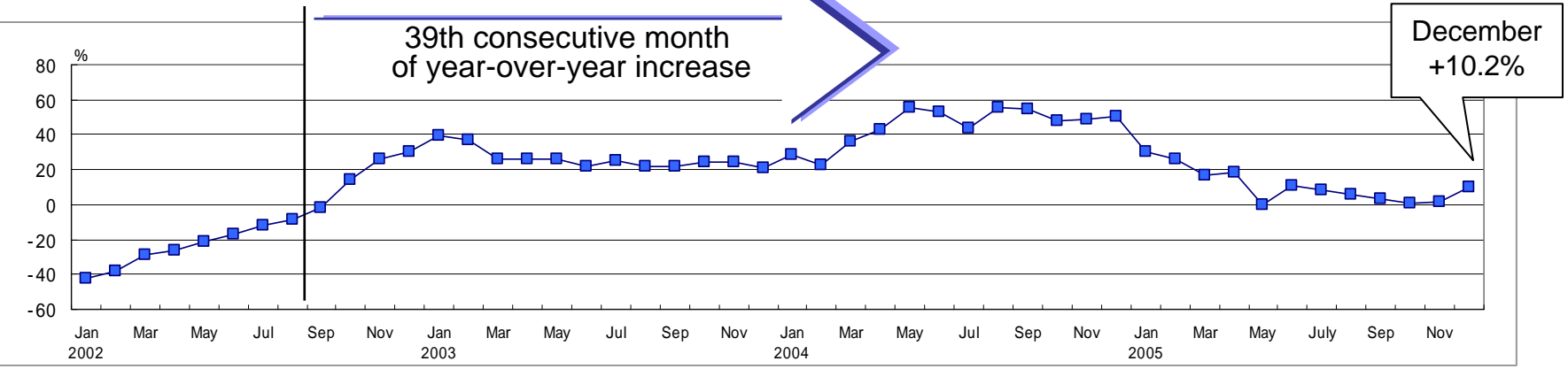


## (Orders Received for Machine Tools)

### Monthly Orders Received for Machine Tools

Final result for December 2005.

(Resource) Statistics of Orders Received by Japan Machine Tool Builders Association

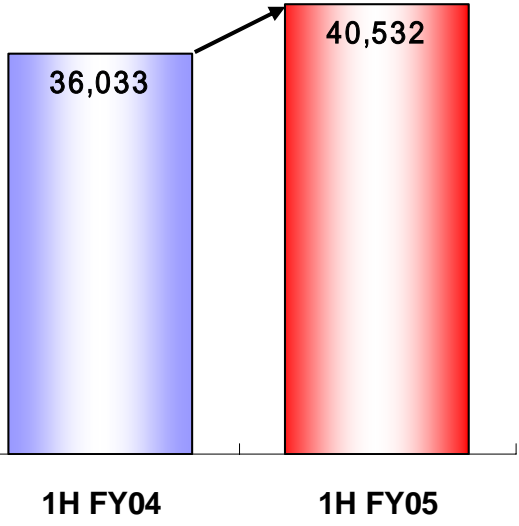


# 2-1.Consolidated Financial Results (vs 1H FY04)



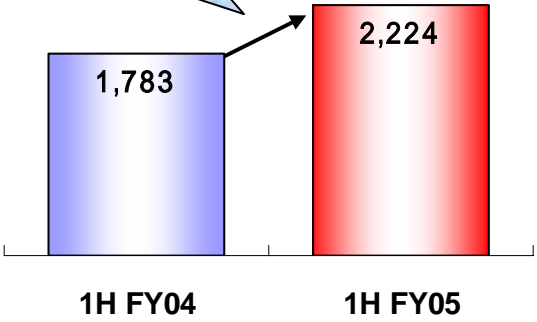
Net Sales

+4.4B yen  
+12.5%



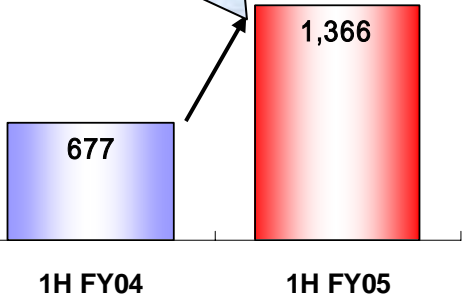
Operating Income

+441M yen  
+24.7%



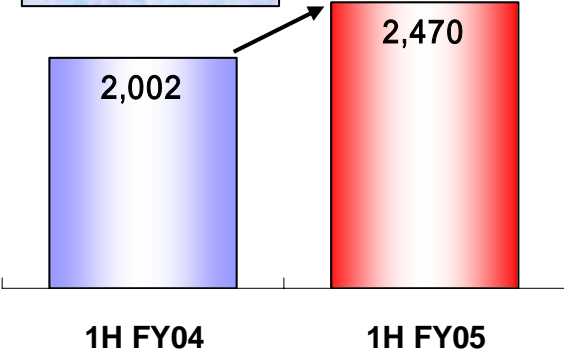
Net Income

+688M yen  
+101.6%



Ordinary Income

+467M yen  
+23.3%



EPS  
(Net Income Per Share)

1H FY04 → 1H FY05  
43.67yen → 88.17yen

## 2. Financial Results 1st Half FY2005

# 2-2. Statements of Income (Consolidated/ Non-consolidated)

# FURUSATO

(Millions of yen)

Consolidated	1st Half FY2004		1H FY05 (Initial forecast)		1st Half FY2005				FY2005 (Revised forecast)		
	Amount	%	Amount	%	Amount	%	% Change vs 1H 04	% Change vs Forecast	Amount	%	% Change vs FY04
Net Sales	36,033	100.0%	37,842	100.0%	40,532	100.0%	12.5%	7.1%	82,664	100.0%	10.6%
Gross Profit	5,582	15.5%	5,773	15.3%	6,150	15.2%	10.2%	6.5%	12,511	15.1%	8.1%
SG&A Expenses	3,799	10.5%	3,991	10.5%	3,925	9.7%	3.3%	1.6%	7,961	9.6%	2.5%
Operating Income	1,783	4.9%	1,782	4.7%	2,224	5.5%	24.7%	24.8%	4,550	5.5%	19.7%
Non-operating Income/ Expenses	219	0.6%	202	0.5%	246	0.6%	12.0%	21.8%	451	0.5%	6.0%
Ordinary Income	2,002	5.6%	1,984	5.2%	2,470	6.1%	23.3%	24.5%	5,001	6.1%	18.3%
Extraordinary Profit	120	0.3%	0	-	95	0.2%	20.3%	-	95	0.1%	24.8%
Extraordinary Losses	635	1.8%	0	-	171	0.4%	72.9%	-	171	0.2%	74.3%
Net Income	677	1.9%	1,115	2.9%	1,366	3.4%	101.6%	22.6%	2,812	3.4%	58.7%
Non-consolidated FURUSATO Industries	1st Half FY2004		1H FY05 (Initial forecast)		1st Half FY2005				FY2005 (Revised forecast)		
	Amount	%	Amount	%	Amount	%	% Change vs 1H 04	% Change vs Forecast	Amount	%	% Change vs FY04
Net Sales	10,060	100.0%	11,319	100.0%	12,092	100.0%	20.2%	6.8%	24,712	100.0%	13.0%
Gross Profit	2,818	28.0%	3,020	26.7%	3,209	26.5%	13.9%	6.3%	6,530	26.4%	10.0%
SG&A Expenses	1,911	19.0%	2,045	18.1%	2,008	16.6%	5.1%	1.8%	4,079	16.5%	3.1%
Operating Income	907	9.0%	975	8.6%	1,200	9.9%	32.3%	23.1%	2,450	9.9%	23.7%
Non-operating Income/ Expenses	99	1.0%	104	0.9%	122	1.0%	23.3%	17.3%	226	0.9%	20.2%
Ordinary Income	1,006	10.0%	1,079	9.5%	1,322	10.9%	31.4%	22.6%	2,676	10.8%	23.4%
Extraordinary Profit	58	0.6%	0	-	106	0.9%	81.9%	-	106	0.4%	78.4%
Extraordinary Losses	587	5.8%	0	-	170	1.4%	71.0%	-	170	0.7%	71.9%
Net Income	112	1.1%	611	5.4%	720	6.0%	543.4%	18.0%	1,494	6.0%	127.7%
Non-consolidated G-NET Corporation	1st Half FY2004		1H FY05 (Initial forecast)		1st Half FY2005				FY2005 (Revised forecast)		
	Amount	%	Amount	%	Amount	%	% Change vs 1H 04	% Change vs Forecast	Amount	%	% Change vs FY04
Net Sales	26,143	100.0%	26,698	100.0%	28,736	100.0%	9.9%	7.6%	58,517	100.0%	9.7%
Gross Profit	2,748	10.5%	2,740	10.3%	2,924	10.2%	6.4%	6.7%	5,950	10.2%	6.2%
SG&A Expenses	1,904	7.3%	1,970	7.4%	1,941	6.8%	2.0%	1.4%	3,943	6.7%	2.1%
Operating Income	844	3.2%	770	2.9%	982	3.4%	16.4%	27.6%	2,007	3.4%	15.3%
Non-operating Income/ Expenses	167	0.6%	147	0.6%	173	0.6%	4.0%	18.1%	325	0.6%	2.7%
Ordinary Income	1,011	3.9%	917	3.4%	1,156	4.0%	14.3%	26.1%	2,332	4.0%	12.4%
Extraordinary Profit	61	0.2%	0	-	1	0.0%	98.4%	-	1	0.0%	98.5%
Extraordinary Losses	47	0.2%	0	-	1	0.0%	97.2%	-	1	0.0%	97.9%
Net Income	579	2.2%	517	1.9%	662	2.3%	14.3%	28.2%	1,335	2.3%	17.4%

### 1H FY05 vs 1H FY04 (Consolidated Financial Results)

Net sales +4.4B yen  
Sales by segment P.7  
Gross profit +567M yen  
Gross profit ratio 15.2%  
0.3% points  
Drivers; Selling price decline to the ordinary level from temporary selling price inflation in 1H FY04

SG&A Expenses +126M yen  
Freight-out expenses +42M yen  
Salaries & bonuses +45M yen  
Sales commission 15M yen  
Provision for allowance for doubtful accounts 17M yen

Extraordinary profit  
Reversal of allowance for doubtful accounts 95M yen  
Extraordinary losses  
Addition to prior years' liability for directors' retirement benefits due to revision of the bylaw 70M yen

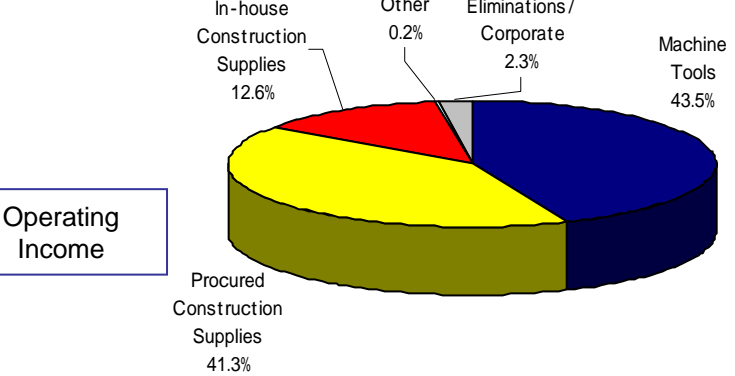
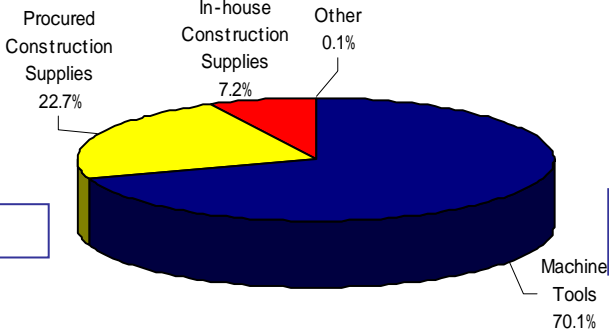
2. Financial Results  
1st Half FY2005

2-3. Consolidated Results by Segment  
(Net Sales/ Operating Income)



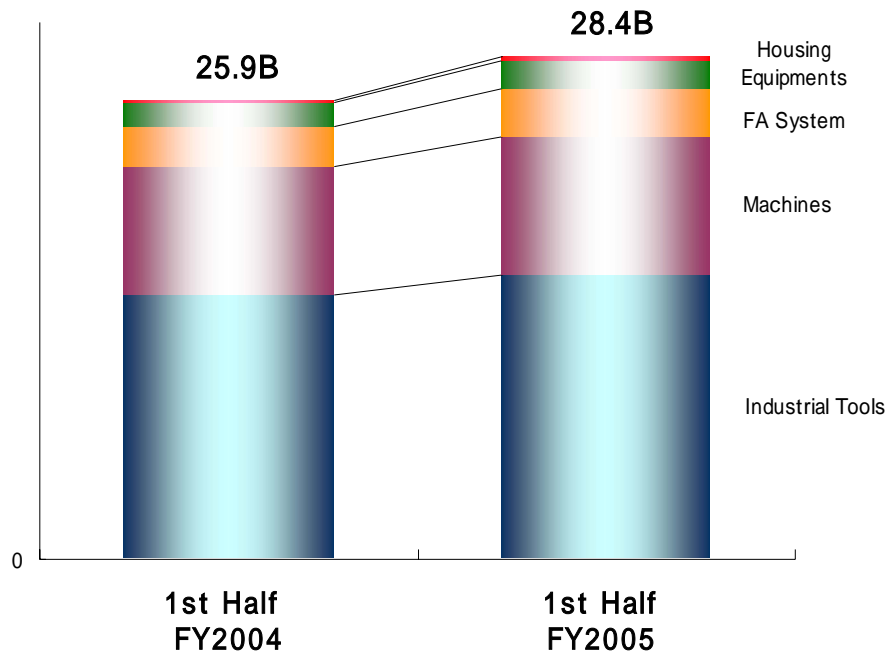
(Millions of yen)

Net Sales by Segment	1st Half FY2004		1H FY05 (Initial forecast)		1st Half FY2005				FY2005 (Revised forecast)		
	Amount	%	Amount	%	Amount	%	% Change vs 1H 04	% Change vs Forecast	Amount	%	% Change vs FY04
Machine Tools	25,942	72.0%	26,491	70.0%	28,415	70.1%	9.5%	7.3%	57,902	70.0%	9.6%
Procured Construction Supplies	7,448	20.7%	8,430	22.3%	9,186	22.7%	23.3%	9.0%	18,817	22.8%	15.2%
In-house Construction Supplies	2,608	7.2%	2,886	7.6%	2,900	7.2%	11.2%	0.5%	5,885	7.1%	6.6%
Other	34	0.1%	35	0.1%	30	0.1%	13.2%	13.9%	60	0.1%	9.5%
<b>Total Net Sales</b>	<b>36,033</b>	<b>100.0%</b>	<b>37,842</b>	<b>100.0%</b>	<b>40,532</b>	<b>100.0%</b>	<b>12.5%</b>	<b>7.1%</b>	<b>82,664</b>	<b>100.0%</b>	<b>10.6%</b>
Operating Income by Segment	1st Half FY2004		1H FY05 (Initial forecast)		1st Half FY2005				FY2005 (Revised forecast)		
	Amount	%	Amount	%	Amount	%	% Change vs 1H 04	% Change vs Forecast	Amount	%	% Change vs FY04
Machine Tools	829	46.5%	755	42.4%	967	43.5%	16.7%	28.2%	1,989	43.7%	16.2%
Operating Income Ratio	3.2%		2.9%		3.4%				3.4%		
Procured Construction Supplies	679	38.1%	732	41.1%	919	41.3%	35.2%	25.6%	1,883	41.4%	27.1%
Operating Income Ratio	9.1%		8.7%		10.0%				10.0%		
In-house Construction Supplies	227	12.8%	243	13.6%	281	12.6%	23.7%	15.8%	568	12.5%	13.6%
Operating Income Ratio	8.7%		8.4%		9.7%				9.7%		
Other	2	0.2%	3	0.2%	3	0.2%	40.3%	28.4%	8	0.2%	76.5%
Operating Income Ratio	7.9%		8.6%		12.8%				13.3%		
Eliminations/ Corporate	43	2.5%	49	2.7%	52	2.3%	19.3%	6.6%	102	2.2%	1.0%
<b>Total Operating Income</b>	<b>1,783</b>	<b>100.0%</b>	<b>1,782</b>	<b>100.0%</b>	<b>2,224</b>	<b>100.0%</b>	<b>24.7%</b>	<b>24.8%</b>	<b>4,550</b>	<b>100.0%</b>	<b>19.7%</b>
Operating Income Ratio	4.9%		4.7%		5.5%				5.5%		



### Machine Tools Segment: All businesses of G-NET

Strong demand for Industrial Tools, Machines and FA System businesses due to positive capital investment, led by machine tools in manufacturing industry and solid productivity proven in the Indices of Industrial Production



**Industrial Tools** +7.5%  
(Machines, tools and consumable products used for production activities)

- Positive demand, driven by high corporate earnings of domestic manufacturers
- Market share increase due to product and inventory strategies

**Machines** +8.5%  
**FA System** +22.7%  
(Primarily machine tools related to manufacturing capital investment)

- Positive capital investment led by automotive industry
- Monthly orders received for machine tools: Year-over-year increase for the 36th straight month
- Extended delivery lead-time

**Housing Equipments** +9.8%  
(Wholesaling housing equipments)

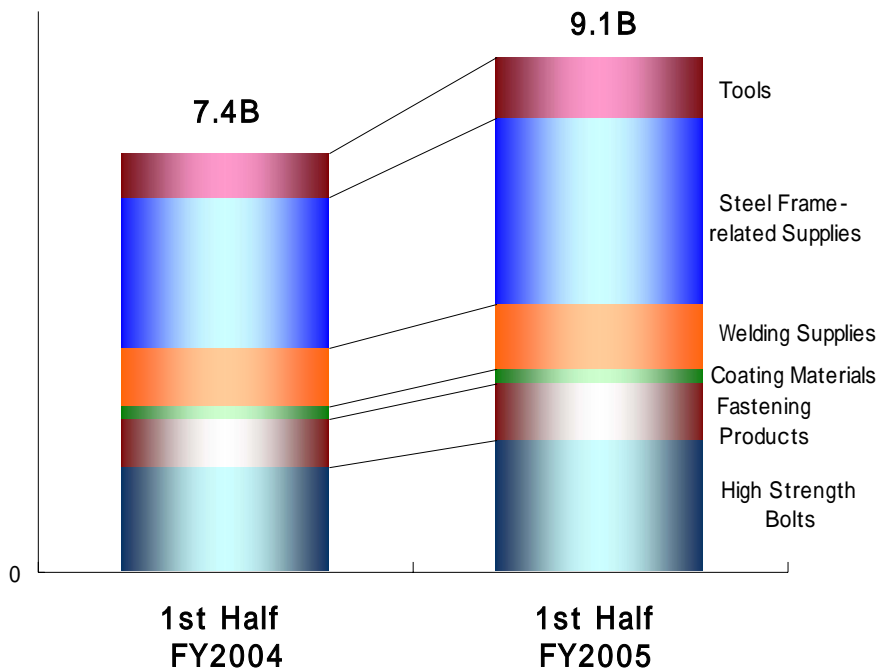
- Moderate upward demand increase in new construction and remodel

(Millions of yen)

	Industrial Tools	Machines	FA System	Housing Equipments	Overseas Sales	Other	Total
1H FY04	14,822	7,088	2,215	1,371	111	332	25,942
1H FY05	15,935	7,689	2,716	1,505	306	261	28,415
% Change	7.5%	8.5%	22.7%	9.8%	175.1%	21.3%	9.5%

## Procured Construction Supplies Segment: Retailing procured construction supplies by FURUSATO

Manufacturing sector : Factories/ Work rooms significantly improved due to strong capital investment.  
Non-manufacturing sector: Offices grew and Stores showed a sign of a recovery.



- High strength bolts +27.3%
- Tension control type
- Sales volume by weight : +2.8%
- Average selling price per ton : +24.5%
  
- Fastening products +14.9%
- Sales volume by weight : +10.6%
- Focusing on stainless-steel fastening products for plumbing sector
  
- Welding materials (of welding supplies)
- Sales volume by weight : +2.5%
- Average selling price per ton : +17.3%
  
- Steel frame-related supplies +24.8%
- Strong sales of plumbing supplies for plumbing sector
  
- Tools +37.9%
- Strong sales of CAD system and machines
- Positive impact by consumable supplies sales campaign

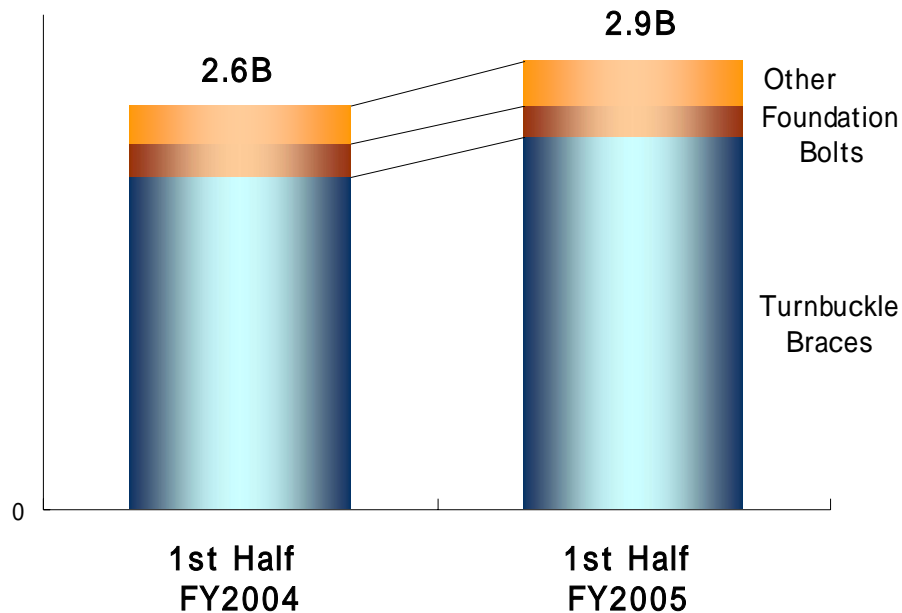
(Millions of yen)

	High Strength Bolts	Fastening Products	Coating Materials	Welding Supplies	Steel Frame-related	Tools	Total
1H FY04	1,855	867	231	1,041	2,674	777	7,448
1H FY05	2,360	996	249	1,168	3,337	1,072	9,186
% Change	27.3%	14.9%	7.8%	12.2%	24.8%	37.9%	23.3%

## 2-6.Consolidated Sales by Segment (In-house Construction Supplies Segment)

**In-house Construction Supplies Segment: Retailing in-house manufacturing construction supplies by FURUSATO**

Manufacturing sector : Factories/ Work rooms significantly improved due to strong capital investment.  
Non-manufacturing sector: Offices grew and Stores showed a sign of a recovery.



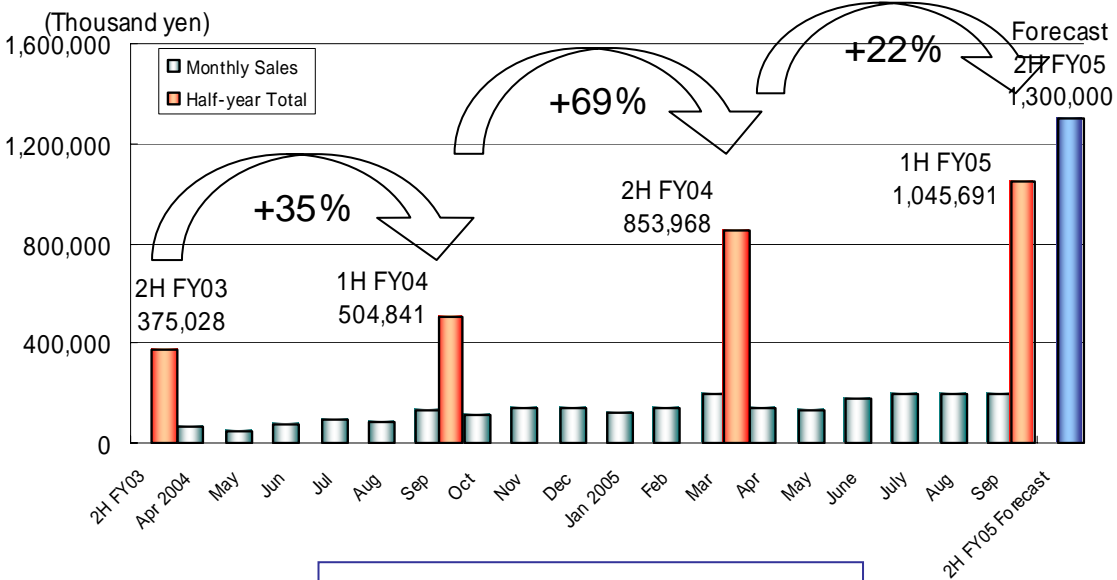
Turnbuckle braces	+12.5%
· Sales volume by weight	+3%
· Average selling price per ton	+9.5%
Foundation bolts	7.5%
· In-house manufacturing foundation bolts decreased due to limited production capacity while total sales of foundation bolts were on upward trend.	
Other	+16.5%
· Higher selling prices of primarily steel plates	

(Millions of yen)

	Turnbuckle Braces	Foundation Bolts	Other	Total
1H FY04	2,141	218	248	2,608
1H FY05	2,409	201	289	2,900
% Change	12.5%	7.5%	16.5%	11.2%

**Plumbing Business : New business by FURUSATO. The sales contributed primarily to Procured Construction Supplies Segment.**

(Unit: Thousands of yen)



Half-year Results and Forecast

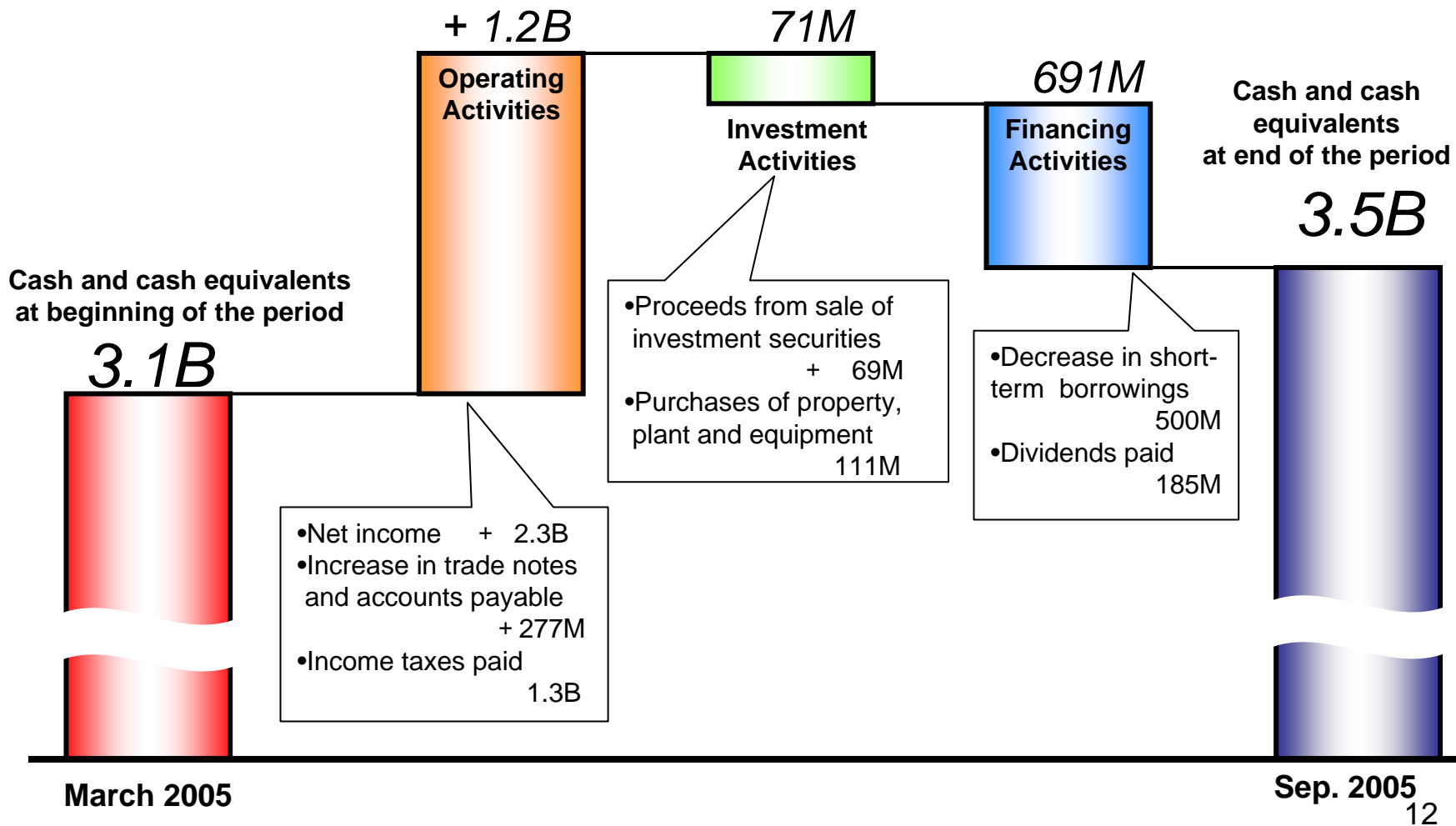
		Net Sales	Change vs Previous Period	% of Total Sales
2H FY03	Actual	375,028	-	4.1%
1H FY04	Actual	504,841	34.6%	5.0%
2H FY04	Actual	853,968	69.2%	7.2%
1H FY05	Actual	1,045,691	22.5%	8.7%
2H FY05	Forecast	1,300,000	24.3%	10.3%

Monthly Sales/ % of Total Sales

	Net Sales	% of Total Sales
FY04/ Apr	65,747	4.3%
May	51,438	3.7%
Jun	77,212	4.5%
Jul	89,626	5.0%
Aug	86,686	5.1%
Sep	134,128	6.9%
Oct	107,892	5.3%
Nov	138,302	6.6%
Dec	143,757	6.9%
Jan	124,831	7.3%
Feb	144,076	8.0%
Mar	195,107	9.3%
FY05/ Apr	143,395	7.7%
May	134,665	7.6%
Jun	176,982	8.5%
July	193,090	9.1%
Aug	196,469	9.5%
Sep	201,088	9.2%
Oct	214,351	9.5%
Nov	239,694	10.3%
Dec	239,940	11.0%

**2-8.Consolidated Statements of Cash Flows**

**Consolidated Statements of Cash Flows: 3.5B yen as of September 30, 2005, up 462M yen from the beginning of the period**



## 3-1.Management Policy

### Management Basic Policy and Basic Strategy

#### Basic Policy

Enhance our corporate value by the best combination of profitability, growth potential and stability

#### Basic Strategy

- ❑ Strengthen our balance sheet highly resistant to volatile economic conditions
- ❑ Execute structural reforms to maintain sustainable growth of net sales and earnings
- ❑ Implement capital allocations timely and appropriately
- ❑ Review and promote strategic plans focused on expansion of our ongoing operations

### Industry Outlook by Segment

#### Machine Tools

- Orders received for machine tools in 2004-2006 by Japan Machine Tool Builders Association; Over 1 trillion yen every year
- Strong capital investment in automotive industry
- Factory utilization rate of domestic manufacturers; Flat compared to 2004
- Moderate demands for new construction and remodel

#### Procured and In-house Construction Supplies

- Stable demand for steel frame construction compared to 2004 due to big projects in metropolitan and major urban areas
- Steel products pricing; Soft
- Building structure shift from SRC (Steel Frame Reinforced Concrete) to RC (Reinforced Concrete) for complex housings, etc.
- Strong capital investment in private sectors; Positive demands for S (Steel Frame) structure

## 3-2.Forecast for FY 2005 (Consolidated)

## Forecast for FY2005: Consolidated results and sales and operating income by segment

(Millions of yen)

	FY2004			FY2005		FY2005 (Forecast)			
	1st Half	2nd Half	Full-year	1st Half	Change	2nd Half	Change	Full-year	Change
Net Sales	36,033	38,706	74,739	40,532	12.5%	42,131	8.8%	82,664	10.6%
Operating Income	1,783	2,016	3,800	2,224	24.7%	2,325	15.3%	4,550	19.7%
Ordinary Income	2,002	2,223	4,226	2,470	23.3%	2,531	13.8%	5,001	18.3%
Net Income	677	1,094	1,772	1,366	101.6%	1,446	32.1%	2,812	58.7%
<b>Net Sales and Operating Income by Segment</b>									
Machine Tools	25,942	26,877	52,819	28,415	9.5%	29,486	9.7%	57,902	9.6%
Operating Income	829	881	1,711	967	16.7%	1,021	15.8%	1,989	16.2%
Procured Construction Supplies	7,448	8,887	16,335	9,186	23.3%	9,630	8.4%	18,817	15.2%
Operating Income	679	801	1,481	919	35.2%	963	20.3%	1,883	27.1%
In-house Construction Supplies	2,608	2,910	5,518	2,900	11.2%	2,984	2.6%	5,885	6.6%
Operating Income	227	272	499	281	23.7%	286	5.2%	568	13.6%
Other	34	31	66	30	13.2%	29	5.5%	60	9.5%
Operating Income	2	1	4	3	40.3%	4	132.2%	8	76.5%

## 3-3.Forecast for FY2005 (FURUSATO/ Non-consolidated)

### Forecast for FY 2005 : FURUSATO non-consolidated results and sales by business

(Millions of yen)

	FY2004			FY2005		FY2005 (Forecast)			
	1st Half	2nd Half	Full-year	1st Half	2nd Half		Full-year		
				Change	Change	Change	Change		
Net Sales	10,060	11,801	21,862	12,092	20.2%	12,619	6.9%	24,712	13.0%
Operating Income	907	1,073	1,981	1,200	32.3%	1,250	16.4%	2,450	23.7%
Ordinary Income	1,006	1,162	2,169	1,322	31.4%	1,354	16.4%	2,676	23.4%
Net Income	112	544	656	720	543.4%	774	42.2%	1,494	127.7%

Business	FY2004			FY2005		FY2005 (Forecast)			
	1st Half	2nd Half	Full-year	1st Half	2nd Half		Full-year		
				Change	Change	Change	Change		
Turnbuckle Braces	2,141	2,424	4,565	2,409	12.5%	2,479	2.3%	4,889	7.1%
Foundation Bolts	218	210	428	201	7.5%	219	4.4%	421	1.6%
Other	248	275	523	289	16.5%	285	3.4%	574	9.6%
Total In-house Construction Supplies	2,608	2,910	5,518	2,900	11.2%	2,984	2.6%	5,884	6.6%
High Strength Bolts	1,855	2,340	4,195	2,360	27.3%	2,476	5.8%	4,837	15.3%
Fastening Products	867	990	1,858	996	14.9%	1,088	9.9%	2,085	12.2%
Coating Materials	231	223	455	249	7.8%	243	9.0%	493	8.4%
Welding Supplies	1,041	1,155	2,196	1,168	12.2%	1,190	3.0%	2,359	7.4%
Steel Frame-related Supplies	2,678	3,170	5,849	3,343	24.8%	3,576	12.8%	6,920	18.3%
Tools	777	1,011	1,789	1,072	37.9%	1,058	4.7%	2,131	19.1%
Total Procured Construction Supplies	7,452	8,891	16,344	9,192	23.4%	9,634	8.4%	18,827	15.2%
Grand Total	10,060	11,801	21,862	12,092	20.2%	12,619	6.9%	24,712	13.0%

Plumbing	504	853	1,358	1,045	107.1%	1,300	52.2%	2,345	72.6%
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## 3-4.Forecast for FY2005 (G-NET/ Non-consolidated)

### Forecast for FY 2005 : G-NET non-consolidated results and sales by business

(Millions of yen)

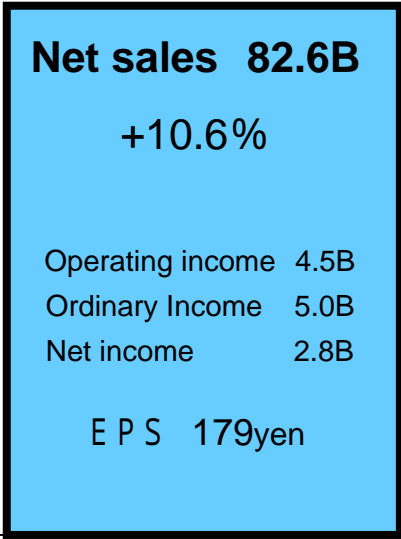
	FY2004			FY2005		FY2005 (Forecast)			
	1st Half	2nd Half	Full-year	1st Half		2nd Half		Full-year	
					Change		Change		Change
Net Sales	26,143	27,206	53,349	28,736	9.9%	29,781	9.5%	58,517	9.7%
Operating Income	844	896	1,740	982	16.4%	1,025	14.3%	2,007	15.3%
Ordinary Income	1,011	1,063	2,074	1,156	14.3%	1,176	10.6%	2,332	12.4%
Net Income	579	557	1,137	662	14.3%	672	20.6%	1,335	17.4%

Business	FY2004			FY2005		FY2005 (Forecast)			
	1st Half	2nd Half	Full-year	1st Half		2nd Half		Full-year	
					Change		Change		Change
Industrial Tools	14,992	15,538	30,530	16,204	8.1%	16,814	8.2%	33,019	8.2%
Machines	7,094	7,169	14,264	7,711	8.7%	7,966	11.1%	15,677	9.9%
FA System	2,240	2,472	4,712	2,746	22.6%	2,871	16.2%	5,618	19.2%
Housing Equipments	1,371	1,504	2,876	1,505	9.8%	1,568	4.2%	3,073	6.8%
Overseas Sales	111	176	287	306	175.1%	250	41.6%	556	93.3%
Other	332	344	677	261	21.3%	310	10.1%	571	15.6%
Total	26,143	27,206	53,349	28,736	9.9%	29,781	9.5%	58,517	9.7%

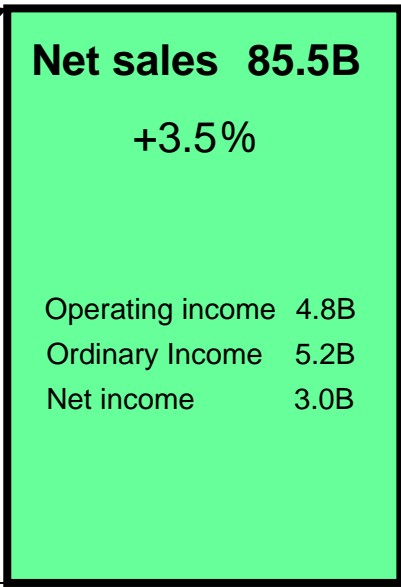
**3-5.Midterm Business Plan FY2005-2007(Numerical Target)**

**Midterm Business Plan FY2005-2007 : Consolidated numerical target**

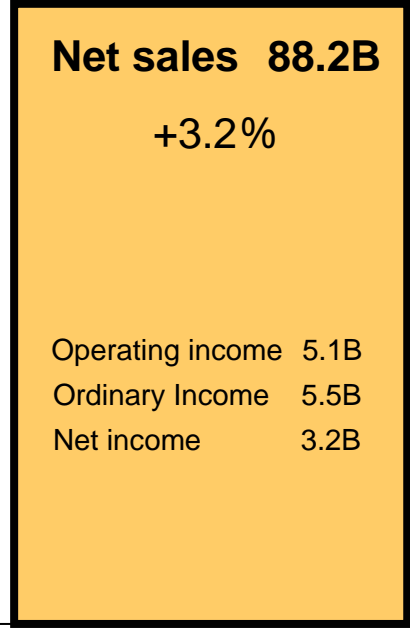
FY2005: Net sales +10.6%, Ordinary income +18.3% vs FY2004  
 E P S : FY2004 113.00yen FY2005 179.52yen  
 FY2007: Net sales +18.1%, Ordinary income +32.2% vs FY2004



**FY2005**



**FY2006**



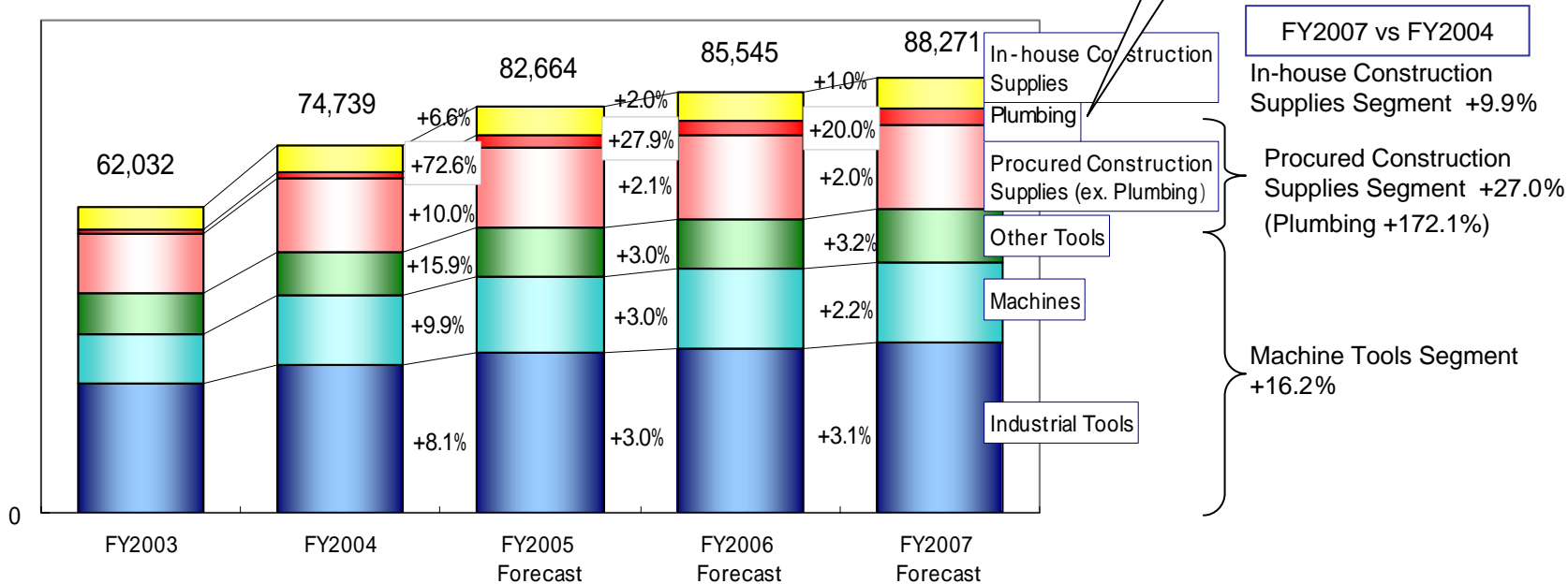
**FY2007**

**3-6.Midterm Business Plan FY2005-2007 (By Segment)**

**Midterm Business Plan FY2005-2007 : Consolidated numerical target**

- Target growth rate in sales (VS FY2004)**
- Machine Tools Segment  
FY2005 +9.7%, FY2007 +16.2%
  - Procured Construction Supplies Segment  
FY2007 +27.0% (Plumbing business +172.1%)
  - In-house Construction Supplies Segment  
FY2007 +9.9%

Plumbing  
FY2007  
**3.6B yen**



Net sales growth due to market share increase

- ▶ Total net sales in Machine Tools Segment VS Total sales of 35 competitors; **4.8%** **5.2%**
- ▶ Orders received in Machines Division VS Total domestic orders received; **2.1%** **3.0%**

➤ Total net sales of leading 35 competitors in industrial supplies market (the latest results including projections); **1,080B yen**

Net sales in Machine Tools Segment; **52.8B yen** in FY2004 **56.4B yen** in FY2007

Demand expansion is not factored into the forecast.

➤ Orders received for machine tools in the second half of FY2004;

G-NET **8B yen** VS Total domestic orders received **373B yen**

Projected orders received for machine tools in FY2007;

G-NET **18B yen** VS Total domestic orders received **600B yen**

Projected orders received for machine tools include the orders in Machines and FA System Divisions of G-NET.

**Strategies**

- ▶ Core business development ; Prompt establishment of the business framework, reviewing acquisition opportunities
- ▶ Product diversification ; Increase domestic and overseas procurement sources
- ▶ Improvement of inventory and logistics functions; Investment in Osaka and Tokyo distribution centers
- ▶ Customer diversification ; Approach to retailers with strong sales networks in automotive market
- ▶ Reinforcement of sales force ; Sales staff increase, training programs improvement and full implementation of marketing support system

### 3-8.Midterm Business Plan FY2005-2007 (Focal Strategy 2)

#### Midterm Business Plan FY2005-2007 : Focal Strategy 2-Growth in FURUSATO new business

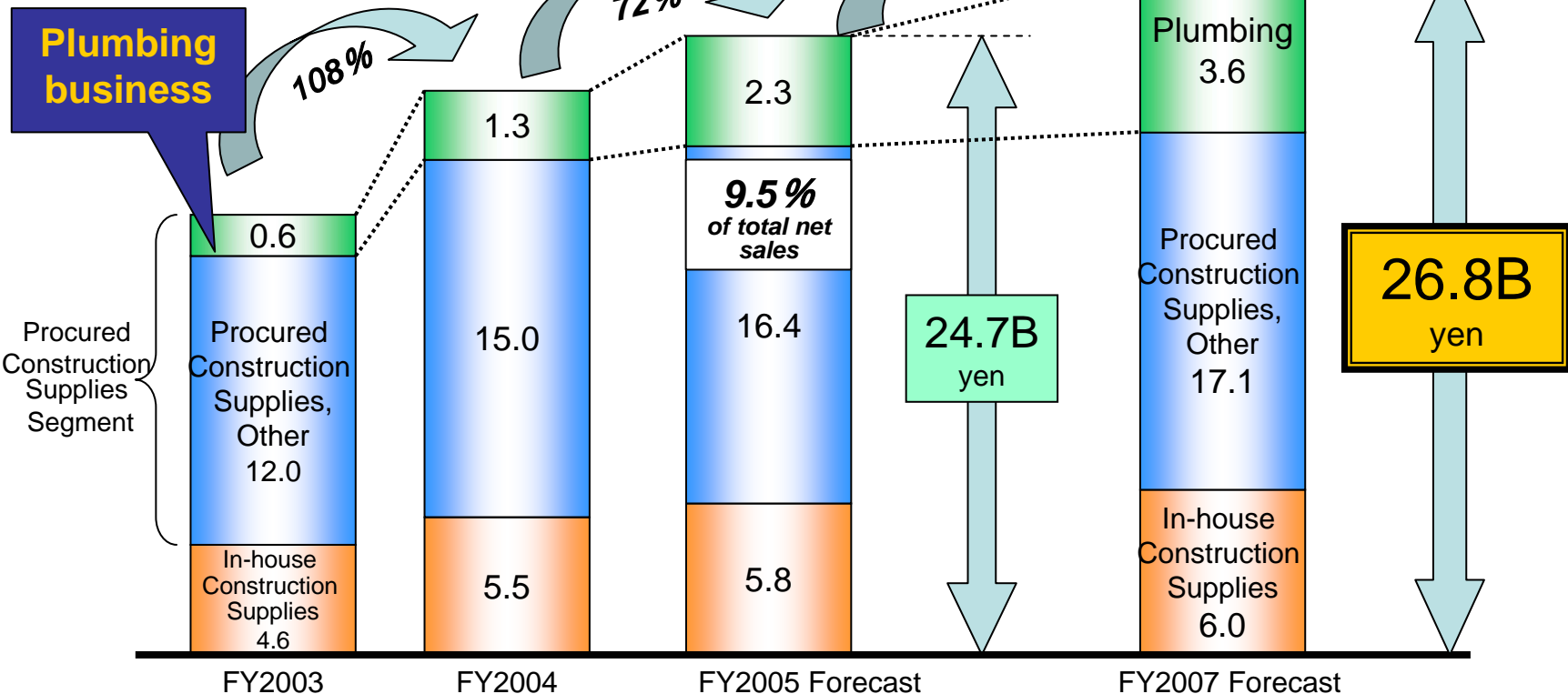
##### Plumbing Business

- Target sales volume in FY 2007 3.6B yen
- Target growth rate in FY 2005
  - +72.6% from FY2004
  - 9.5% of total sales volume in In-house and Procured Construction Supplies Segments

(Unit: Billions of yen)

**13.4%**  
of total net sales

**Plumbing business**



**Midterm Business Plan FY2005-2007 : Focal Strategy 3-SG&A Expenses Reduction**

**Target in FY 2007**  
**SG&A Expenses ratio 10%**  
**Intensive cost reduction in all divisions**

(Unit: Billions of yen)

