

FOR IMMEDIATE RELEASE:

## Furusato Announces Consolidated Financial Results for the Third Quarter Ended December 31, 2005

Osaka, Japan, February 9, 2006 – Furusato Industries, Ltd. announced its consolidated financial results for the nine months ended December 31, 2005 of the year ending March 31, 2006. The following summary of the financial results is unaudited and for reference only.

Securities Traded : The Second Section of the Tokyo Stock Exchange  
The Second Section of the Osaka Securities Exchange  
Code Number : 8087

All figures are rounded down to the nearest million yen.

### CONSOLIDATED FINANCIAL RESULTS

(Millions of yen, except per share amounts)	Nine Months Ended December 31, 2005		Nine Months Ended December 31, 2004	FY2004
	(% Change)			
<b>Operating Results:</b>				
Net Sales	¥ 61,858	12.9%	¥ 54,811	¥ 74,739
Operating Income	3,401	22.9%	2,768	3,800
Ordinary Income	3,759	21.3%	3,099	4,226
Net Income	2,086	57.2%	1,327	1,772
<b>Financial Position:</b>				
Total Assets	¥ 42,724		¥ 38,903	¥ 41,327
Shareholders' Equity	23,021		20,378	20,866
Shareholders' Equity Ratio	53.9%		52.4%	50.5%
<b>Cash Flows:</b>				
Net Cash Provided by Operating Activities	¥ 1,118		¥ (1,454)	¥ (163)
Net Cash Used in Investing Activities	(137)		50	25
Net Cash Used in Financing Activities	(666)		1,256	748
Cash and Cash Equivalents at End of Period	3,432		2,359	3,117
<b>Per Share Data:</b>				
Net Income	¥ 134.61		¥ 85.55	¥ 113.00
Shareholders' Equity	1,485.69		1,314.12	1,344.86

Note: % change for net sales, operating income, ordinary income and net income indicates the year-over-year increase/decrease.

**[Consolidated operating results]**

In the third quarter of fiscal 2005, the three-month period from October 1 to December 31, 2005, the overall Japanese economy continued a gradual recovery, driven by expanded capital investment based on improved corporate earnings and steady growth in consumer spending. On the other hand, soaring crude oil prices and uncertain U.S. economy were reasons for concerns. The Investment in machines remained positive including the 39th consecutive month of year-over-year increase in orders received for machine tools. The Industrial Production Index was on a moderate upward trend, primarily led by a recovery in exports and increased capital investment. The volume of steel frame used in steel frame buildings was flat from the comparable period a year earlier.

Under these circumstances, in Machine Tools segment of Furusato group, Machines and FA System businesses were positive, reflecting firm orders received for machine tools, with favorable Industrial Tools business, related to production activities in manufacturing industry. In Procured Construction Supplies and In-house Construction Supplies segments, softening pricing of and flat demand for steel products resulted in slowdown in growth.

Consequently, consolidated net sales for the nine-month period from April 1 to December 31, 2005 increased 12.9% to ¥61,858 million from the same period a year ago. Operating income increased 22.9% to ¥3,401 million, ordinary income increased 21.3% to ¥3,759 million, and net income increased 57.2% to ¥2,086 million.

**[Consolidated financial position]**

Total assets as of December 31, 2005 stood at ¥42,724 million, an increase of ¥1,397 million, compared with March 31, 2005. Total shareholders' equity was ¥23,021 million, an increase of ¥2,154 million, from March 31, 2005. Consequently, shareholders' equity ratio improved to 53.9% from 50.5%.

**Consolidated Earnings Forecasts for Fiscal 2005 (April 1, 2005 – March 31, 2006)**

(Millions of yen)	FY2005 (Forecast)	FY2004 (Actual)
<b>Operating Results:</b>		
Net Sales	¥ 82,664	¥ 74,739
Ordinary Income	5,001	4,226
Net Income	2,812	1,772

Reference: Forecast of net income per share in FY2005 is ¥ 179.52.

\*The forecasts involve our management's assumptions, prospects and plans based on the information currently available. Actual results may differ materially from the expectations depending on various factors.

Attachment

Consolidated balance sheets, consolidated statements of income, consolidated statements of cash flows and segment information.

## CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Millions of Yen							
	December 31, 2005		December 31, 2004		Year-over-year change		March 31, 2005	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
<b>Assets</b>								
<b>Current assets:</b>								
Cash and cash equivalents	¥ 3,448		¥ 2,369		¥ 1,078		¥ 3,127	
Trade receivables (notes and accounts)	22,757		19,882		2,874		21,683	
Inventories	3,558		3,391		167		3,676	
Others	958		1,382		(423)		1,199	
<b>Total current assets</b>	<b>30,723</b>	<b>71.9</b>	<b>27,026</b>	<b>69.5</b>	<b>3,697</b>	<b>13.7</b>	<b>29,688</b>	<b>71.8</b>
<b>Fixed assets:</b>								
Property, plant and equipment	8,780		8,802		(22)		8,781	
Intangible fixed assets	112		212		(100)		160	
Investments and other assets	3,108		2,861		247		2,697	
<b>Total fixed assets</b>	<b>12,001</b>	<b>28.1</b>	<b>11,876</b>	<b>30.5</b>	<b>124</b>	<b>1.0</b>	<b>11,638</b>	<b>28.2</b>
<b>Total assets</b>	<b>¥ 42,724</b>	<b>100.0</b>	<b>¥ 38,903</b>	<b>100.0</b>	<b>¥ 3,821</b>	<b>9.8</b>	<b>¥ 41,327</b>	<b>100.0</b>
<b>Liabilities</b>								
<b>Current liabilities:</b>								
Trade payable (notes and accounts)	¥ 15,495		¥ 13,432		¥ 2,063		¥ 15,211	
Short-term borrowings	680		1,500		(820)		1,000	
Others	1,580		1,799		(219)		2,548	
<b>Total current liabilities</b>	<b>17,756</b>	<b>41.6</b>	<b>16,731</b>	<b>43.0</b>	<b>1,024</b>	<b>6.1</b>	<b>18,760</b>	<b>45.4</b>
<b>Long-term liabilities:</b>								
Reserve for employees' retirement benefits	1,349		1,380		(30)		1,280	
Others	597		412		184		419	
<b>Total long-term liabilities</b>	<b>1,947</b>	<b>4.5</b>	<b>1,792</b>	<b>4.6</b>	<b>154</b>	<b>8.6</b>	<b>1,700</b>	<b>4.1</b>
<b>Total liabilities</b>	<b>19,703</b>	<b>46.1</b>	<b>18,524</b>	<b>47.6</b>	<b>1,178</b>	<b>6.4</b>	<b>20,460</b>	<b>49.5</b>
<b>Shareholders' Equity</b>								
Capital	5,232	12.3	5,232	13.4	-	-	5,232	12.7
Capital surplus	5,975	14.0	5,975	15.4	-	-	5,975	14.4
Retained earnings	11,467	26.8	9,297	23.9	2,170	23.3	9,741	23.6
Net unrealized gain on revaluation of securities	759	1.8	273	0.7	486	178.0	322	0.8
Treasury stock, at cost	(414)	(1.0)	(399)	(1.0)	(14)	3.6	(405)	(1.0)
<b>Total shareholders' equity</b>	<b>23,021</b>	<b>53.9</b>	<b>20,378</b>	<b>52.4</b>	<b>2,642</b>	<b>13.0</b>	<b>20,866</b>	<b>50.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>¥ 42,724</b>	<b>100.0</b>	<b>¥ 38,903</b>	<b>100.0</b>	<b>¥ 3,821</b>	<b>9.8</b>	<b>¥ 41,327</b>	<b>100.0</b>

Note: All figures are rounded down to the nearest million yen.

## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Millions of Yen							
	Nine months ended December 31, 2005		Nine months ended December 31, 2004		Year-over-year change		Year ended March 31, 2005	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
<b>Net sales</b>	¥ 61,858	100.0	¥ 54,811	100.0	¥ 7,047	12.9	¥ 74,739	100.0
Cost of sales	52,538	84.9	46,266	84.4	6,272	13.6	63,170	84.5
<b>Gross profit</b>	<b>9,319</b>	<b>15.1</b>	<b>8,544</b>	<b>15.6</b>	<b>775</b>	<b>9.1</b>	<b>11,568</b>	<b>15.5</b>
Selling, general and administrative expenses	5,917	9.6	5,775	10.5	142	2.5	7,768	10.4
<b>Operating income</b>	<b>3,401</b>	<b>5.5</b>	<b>2,768</b>	<b>5.1</b>	<b>632</b>	<b>22.9</b>	<b>3,800</b>	<b>5.1</b>
Non-operating income	540	0.9	522	1.0	17	3.4	682	0.9
Non-operating expenses	182	0.3	192	0.4	(9)	(5.0)	255	0.3
<b>Ordinary income</b>	<b>3,759</b>	<b>6.1</b>	<b>3,099</b>	<b>5.7</b>	<b>660</b>	<b>21.3</b>	<b>4,226</b>	<b>5.7</b>
Extraordinary income	90	0.1	126	0.2	(36)	(28.5)	127	0.2
Extraordinary losses	176	0.3	635	1.2	(459)	(72.3)	670	0.9
<b>Income before income taxes</b>	<b>3,673</b>	<b>5.9</b>	<b>2,590</b>	<b>4.7</b>	<b>1,083</b>	<b>41.8</b>	<b>3,683</b>	<b>4.9</b>
Income taxes	1,451	2.3	1,294	2.4	157	12.1	1,852	2.5
Adjustment	136	0.2	(31)	(0.1)	167	-	59	0.1
<b>Net income</b>	<b>¥ 2,086</b>	<b>3.4</b>	<b>¥ 1,327</b>	<b>2.4</b>	<b>¥ 758</b>	<b>57.2</b>	<b>¥ 1,772</b>	<b>2.4</b>

Note: All figures are rounded down to the nearest million yen.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Millions of Yen		
	Nine months ended December 31, 2005	Nine months ended December 31, 2004	Year ended March 31, 2005
	Amounts	Amounts	Amounts
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 3,673	¥ 2,590	¥ 3,683
Depreciation and amortization	256	273	364
Increase in trade notes and accounts receivable	(998)	(2,010)	(3,850)
Change in inventories	118	(379)	(664)
Increase in trade notes and accounts payable	307	166	1,966
Income taxes paid	(2,233)	(1,467)	(1,466)
Others	(4)	(628)	(197)
<b>Net cash provided by operating activities</b>	<b>1,118</b>	<b>(1,454)</b>	<b>(163)</b>
<b>Cash flows from investing activities:</b>			
Increase in time deposits	(6)	(111)	(110)
Proceeds from sale of marketable securities	-	100	100
Proceeds from sale of investment securities	114	251	252
Purchases of property, plant and equipment	(222)	(156)	(202)
Others	(24)	(32)	(14)
<b>Net cash used in investing activities</b>	<b>(137)</b>	<b>50</b>	<b>25</b>
<b>Cash flows from financing activities:</b>			
Change in short-term borrowings	(320)	1,500	1,000
Purchases of treasury stock	(8)	(13)	(19)
Dividends paid	(338)	(230)	(231)
<b>Net cash used in financing activities</b>	<b>(666)</b>	<b>1,256</b>	<b>748</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>	<b>314</b>	<b>(148)</b>	<b>609</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>3,117</b>	<b>2,507</b>	<b>2,507</b>
<b>Cash and cash equivalents at end of the period</b>	<b>¥ 3,432</b>	<b>¥ 2,359</b>	<b>¥ 3,117</b>

Note: All figures are rounded down to the nearest million yen.

## SEGMENT INFORMATION

## 1. Business Segment Information

## 3rd Quarter of FY2005 ( from April 1, 2005 to December 31, 2005 )

( Millions of yen )

	Net sales			Operating expenses	Operating income
	To customers	Intersegment	Total		
Machine Tools	¥ 42,981	¥ 479	¥ 43,461	¥ 42,004	¥ 1,456
Procured Construction Supplies	14,274	9	14,283	12,887	1,396
In-house Construction Supplies	4,556	-	4,556	4,092	464
Other	46	-	46	40	5
Total	61,858	489	62,348	59,024	3,323
Eliminations/ Corporate	-	( 489 )	( 489 )	( 568 )	78
Consolidated	¥ 61,858	-	¥ 61,858	¥ 58,456	¥ 3,401

## 3rd Quarter of FY2004 ( from April 1, 2004 to December 31, 2004 )

( Millions of yen )

	Net sales			Operating expenses	Operating income
	To customers	Intersegment	Total		
Machine Tools	¥ 38,504	¥ 305	¥ 38,810	¥ 37,644	¥ 1,166
Procured Construction Supplies	12,079	6	12,085	10,973	1,111
In-house Construction Supplies	4,175	-	4,175	3,767	408
Other	51	0	51	47	3
Total	54,811	311	55,123	52,432	2,690
Eliminations/ Corporate	-	( 311 )	( 311 )	( 390 )	78
Consolidated	¥ 54,811	-	¥ 54,811	¥ 52,042	¥ 2,768

## FY2004 ( from April 1, 2004 to March 31, 2005 )

( Millions of yen )

	Net sales			Operating expenses	Operating income
	To customers	Intersegment	Total		
Machine Tools	¥ 52,819	¥ 530	¥ 53,349	¥ 51,638	¥ 1,711
Procured Construction Supplies	16,335	8	16,344	14,863	1,481
In-house Construction Supplies	5,518	-	5,518	5,018	499
Other	66	0	66	61	4
Total	74,739	538	75,278	71,581	3,697
Eliminations/ Corporate	-	( 538 )	( 538 )	( 641 )	102
Consolidated	¥ 74,739	-	¥ 74,739	¥ 70,939	¥ 3,800

Notes: 1. Business segments are classified according to similarity of sorts and characters of manufactured and procured goods and operating groups used for the internal management.

2. Major products and services by segment

(1) Machine Tools:

Industrial tools, machines, material handlings, housing equipments, electric appliances and consumable supplies

(2) Procured Construction Supplies:

High strength bolts, fastening products, welding supplies, coating materials and steel frame-related supplies

(3) In-house Construction Supplies: Turnbuckle braces and foundation bolts

(4) Other: Lease services and insurance services

3. All figures are rounded down to the nearest million yen.

## 2. Geographical Segment Information

Omitted because Furusato group did not operate any consolidated subsidiaries and branches outside of Japan.

## 3. Overseas Sales

Omitted because the overseas sales volume was less than 10% of the consolidated net sales.