

FOR IMMEDIATE RELEASE:

Furusato Announces Financial Results for the Third Quarter Ended December 31, 2011 [Japan GAAP]

Osaka, Japan, February 3, 2012 – Furusato Industries, Ltd. announced its consolidated financial results for the nine months ended December 31, 2011. All financial information has been prepared in accordance with accounting principles generally accepted in Japan. The following summary of the financial results is unaudited and for reference only.

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

All figures are rounded down to the nearest million yen.

CONSOLIDATED FINANCIAL RESULTS

1. Business Results

	Nine Months Ended December 31, 2011	Nine Months Ended December 31, 2010
Operating Results:	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 53,788	¥ 46,905
Operating Income	1,490	370
Ordinary Income	1,707	613
Net Income	724	364
Per Share Data:	(Yen)	(Yen)
Net Income	¥ 48.65	¥ 23.97
	As of December 31, 2011	As of March 31, 2011
Financial Position:	(Millions of Yen)	(Millions of Yen)
Total Assets	¥ 45,230	¥ 44,536
Net Assets	28,475	28,315
Net Assets to Total Assets	63.0%	63.6%

Notes:

1. Comprehensive income
 Nine months ended December 31, 2011: ¥399 million (306.1%)
 Nine months ended December 31, 2010: ¥ 98 million (-%)
2. Changes in major subsidiaries during the period under review
 (change in specific subsidiaries due to changes in the scope of consolidation): No
3. Adoption of special accounting methods for the preparation of quarterly consolidated financial statements: No
4. Changes in accounting principles, changes in accounting estimates, and retrospective restatements
 - 1) Changes in accounting principles resulting from revisions in accounting standards: No
 - 2) Changes other than those in 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatements: No

5. Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of period (including treasury stock)

December 31, 2011: 15,574,366 shares

March 31, 2011: 15,574,366 shares

2) Number of treasury stock at the end of period

December 31, 2011: 774,245 shares

March 31, 2011: 615,569 shares

3) Average number of shares issued and outstanding for the period (consolidated, cumulative)

December 31, 2011: 14,897,252 shares

December 31, 2010: 15,221,221 shares

2. Dividends

	Dividends Per Share (Yen)				
	1Q	2Q	3Q	Year-end	Annual
Fiscal Year Ended March 31, 2011	-	5.00	-	5.00	10.00
Fiscal Year Ending March 31, 2012	-	5.00	-		
Fiscal Year Ending March 31, 2012 (Forecast)				9.50	14.50

CONSOLIDATED EARNINGS FORECAST FOR FISCAL 2011, ENDING MARCH 31, 2012

	Full-Year	% Change
Operating Results:	(Millions of Yen)	
Net Sales	¥ 71,230	10.5%
Operating Income	1,810	135.9%
Ordinary Income	2,085	94.0%
Net Income	855	50.1%
Per Share Data:	(Yen)	
Net Income	¥ 57.49	-

*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.

RESULTS OF OPERATIONS (NINE MONTHS ENDED DECEMBER 31, 2011)**1. Analysis of Operating Results****(1) Overview of Results**

During the nine months ended December 31, 2011, the Japanese economy showed signs of picking up at the moderate pace, while it still remained in a difficult situation in the wake of the Great East Japan Earthquake occurred on March 11, 2011. The industrial production was recovering gradually, resulting from fading the flood damage in Thailand. However, there are concerns over downside risks of overseas economies and negative impact on exports primarily by the appreciation of the yen. The capital investment was leveling off, while weak movements were seen like the orders received for machinery flat. In addition, the employment situation also remained severe.

Amid this business environment, we continued to prioritize assistance for rehabilitation and reconstruction from the earthquake. At the same time, we strived to expand the Piping Products Business, broaden our product lines of original supplies and promote solution proposals regarding energy and electricity saving at manufacturing sites.

Consequently, during the period under review, net sales increased by 14.7% year over year to ¥53,788 million. On the earnings front, operating income amounted to ¥1,490 million, up 302.4% year over year, and ordinary income increased by 178.3% year over year to ¥1,707 million. Accordingly, net income was ¥724 million, up 98.6% year over year, resulting from recording an extraordinary loss including an impairment loss of ¥206 million on the impairment of lands and buildings of some offices.

(2) Analysis of Results by Segment**1) Equipment and Tools Business**

In the Equipment and Tools Business, overall net sales increased by 12.3% year over year to ¥28,402 million. According to the sales breakdown by business, the Industrial Equipment Business increased by 12.4% year over year, which benefited mainly from holding the Kyushu Metal Working Tools Fair and Exhibition and solution fairs. Meanwhile, the Machine and Tools for Automotive Business improved by 17.7% year over year, mainly reflecting the supply chain reconstruction. Consequently, overall operating income was ¥646 million, up 185.7% year over year.

2) Machine and Facility Business

In the Machine and Facility Business, overall net sales increased by 39.0% year over year to ¥9,388 million. According to the sales breakdown by business, the Machine Tools Business and the Factory Automation Business improved by 43.6% and 27.4% year over year, respectively, driven by a steady growth in orders received for machine tools. As a result, overall operating income was ¥149 million (in 3Q of fiscal 2010 operating loss ¥17 million).

3) Construction and Piping Products Business

In the Construction and Piping Products Business, overall net sales increased by 7.7% year over year to ¥15,997 million. According to the sales breakdown by business, the Steel Frame Building Supplies Business was up 7.0% year over year although demand for the steel frame buildings remained almost flat. Meanwhile, the Piping Products Business improved by 10.7% year over year, mainly led by its sales expansion. Consequently, overall operating income increased by 676.6% year over year to ¥612 million.

(3) Earnings Forecast for fiscal 2011, ending March 31, 2012

Furusato revised the forecast for the consolidated financial results for the year ending March 31, 2012, which was announced on October 27, 2011. For details, please refer to the "Furusato Announces Revision to Earnings Forecasts for the Year Ending March 31, 2012", announced today.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Thousands of Yen	
	March 31, 2011	December 31, 2011
	Amounts	Amounts
Assets		
Current assets:		
Cash and deposits	¥ 6,861,023	¥ 6,557,082
Notes and accounts receivable-trade	20,003,051	22,294,368
Merchandise and finished goods	2,867,804	2,782,246
Work in process	441,338	476,501
Raw materials and supplies	189,982	163,320
Deferred tax assets	309,038	212,235
Other	257,820	322,565
Allowance for doubtful accounts	(42,405)	(40,150)
Total current assets	30,887,652	32,768,170
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	2,573,066	2,467,021
Land	6,868,387	6,698,875
Other, net	353,841	314,774
Total property, plant and equipment	9,795,295	9,480,671
Intangible assets:		
Total intangible assets	83,699	68,020
Investments and other assets:		
Investment securities	2,540,180	1,746,645
Prepaid pension cost	71,206	92,294
Deferred tax assets	187,925	133,577
Other	1,140,954	1,066,454
Allowance for doubtful accounts	(170,901)	(125,705)
Total investments and other assets	3,769,365	2,913,265
Total noncurrent assets	13,648,361	12,461,956
Total assets	¥ 44,536,013	¥ 45,230,127

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

	Thousands of Yen	
	March 31, 2011	December 31, 2011
	Amounts	Amounts
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	¥ 13,456,562	¥ 14,182,522
Income taxes payable	347,607	453,671
Provision for bonuses	464,286	243,475
Provision for directors' bonuses	13,646	12,262
Reserve for loss on disaster	18,335	8,556
Other	661,356	983,407
Total current liabilities	14,961,793	15,883,895
Noncurrent liabilities:		
Deferred tax liabilities	539,420	301,683
Provision for retirement benefits	453,172	372,182
Other	266,137	196,430
Total noncurrent liabilities	1,258,731	870,295
Total liabilities	16,220,524	16,754,191
Net Assets		
Shareholders' equity:		
Capital stock	5,232,413	5,232,413
Capital surplus	6,135,350	6,135,350
Retained earnings	16,513,750	17,089,505
Treasury stock	(318,860)	(408,743)
Total shareholders' equity	27,562,654	28,048,526
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	752,834	427,410
Total valuation and translation adjustments	752,834	427,410
Total net assets	28,315,489	28,475,936
Total liabilities and net assets	¥ 44,536,013	¥ 45,230,127

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

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED DECEMBER 31, 2011 (UNAUDITED)**

	Thousands of Yen			
	Nine months ended December 31, 2010		Nine months ended December 31, 2011	
	Amounts		Amounts	
Net sales	¥	46,905,380	¥	53,788,266
Cost of sales		40,360,225		46,078,704
Gross profit		6,545,155		7,709,562
Selling, general and administrative expenses		6,174,689		6,218,960
Operating income		370,465		1,490,601
Non-operating income:				
Interest income		2,645		5,323
Dividends income		42,396		37,501
Purchase discounts		303,917		331,388
Rent income		23,353		23,571
Other		27,728		12,741
Total non-operating income		400,041		410,525
Non-operating expenses:				
Interest expenses		29		-
Sales discounts		148,738		175,364
Cost of lease revenue		3,368		3,231
Other		4,962		15,374
Total non-operating expenses		157,098		193,971
Ordinary income		613,408		1,707,155
Extraordinary income:				
Reversal of allowance for doubtful accounts		12,400		-
Insurance premiums refunded cancellation		73,857		-
Gain on sales of investment securities		-		15,344
Total extraordinary income		86,257		15,344
Extraordinary loss:				
Impairment loss		-		206,903
Loss on disaster		-		6,215
Loss on adjustment for changes of accounting standard for asset retirement obligations		6,873		-
Other		-		2,620
Total extraordinary loss		6,873		215,738
Income before income taxes		692,792		1,506,761
Income taxes-current		133,945		611,463
Income taxes-deferred		193,962		170,551
Total income taxes		327,908		782,015
Income before minority interests		364,883		724,745
Net income	¥	364,883	¥	724,745

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Thousands of Yen	
	Nine months ended December 31, 2010	Nine months ended December 31, 2011
	Amounts	Amounts
Income before minority interests	¥ 364,883	¥ 724,745
Other comprehensive income:		
Valuation difference on available-for-sale securities	(266,546)	(325,424)
Other comprehensive income	(266,546)	(325,424)
Comprehensive income:	98,336	399,321
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	98,336	399,321
Comprehensive income attributable to minority interests	¥ -	¥ -

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

SEGMENT INFORMATION

1. Nine months ended December 31, 2010 (from April 1 to December 31, 2010)

(1) Information on net sales and operating income (loss) by business segment reported

(Thousands of Yen)

	Net sales			Operating income (loss)
	To customers	Intersegment	Total	
Business segment reported				
Equipment and Tools	¥ 25,282,009	¥ 519,729	¥ 25,801,738	¥ 226,325
Machine and Facility	6,754,657	109,370	6,864,027	(17,025)
Construction and Piping Products	14,851,746	12,246	14,863,993	78,906
Subtotal	46,888,413	641,346	47,529,759	288,206
Other (*)	16,967	-	16,967	1,617
Consolidated total	¥ 46,905,380	¥ 641,346	¥ 47,546,727	¥ 289,824

Note: The "Other" category incorporates operations not included in business segments reported, including lease service and insurance agent.

(2) Variance between total amounts of operating income (loss) for the segment reported and operating income (loss) on the quarterly consolidated statements of income, and major items of variance (reconciliation of variance)

(Thousands of Yen)

Income (Loss)	Amounts
Total amounts of business segment reported	¥ 288,206
Income included in "Other" category	1,617
Elimination of intersegment transactions	83,283
Inventory adjustment	(2,641)
Operating income on the consolidated statements of income	¥ 370,465

2. Nine months ended December 31, 2011 (from April 1 to December 31, 2011)

(1) Information on net sales and operating income (loss) by business segment reported

(Thousands of Yen)

	Net sales			Operating income
	To customers	Intersegment	Total	
Business segment reported				
Equipment and Tools	¥ 28,402,358	¥ 569,478	¥ 28,971,836	¥ 646,527
Machine and Facility	9,388,655	211,468	9,600,124	149,874
Construction and Piping Products	15,997,251	13,011	16,010,263	612,762
Subtotal	53,788,266	793,958	54,582,224	1,409,164
Adjustment (*1)	-	(793,958)	(793,958)	81,436
Total amounts on the consolidated statements of income (*2)	¥ 53,788,266	-	¥ 53,788,266	¥ 1,490,601

Note:

- Adjustment of operating income, ¥81,436 thousand, incorporates elimination of intersegment transaction, ¥84,919 thousand, and adjustment of inventory, ¥(3,482) thousand.
- Operating income for segment is adjusted on operating income on the quarterly consolidated statements of income.

(2) Information on impairment loss of fixed assets or goodwill by business segment reported (significant impairment loss of fixed assets)

In the Construction and Piping Products Business, the book value of some offices was reduced to its recoverable amounts, and the devalued amounts were recorded as an impairment loss. The amount of impairment loss was ¥206,903 thousand for the nine months ended December 31, 2011.