

**Consolidated Results**

Fiscal year		2008		2009		Change	
		Amount	% of sales	Amount	% of sales	Amount	%
Net sales	Millions of yen	83,103	-	53,776	-	(29,327)	(35.3%)
Gross profit	Millions of yen	13,132	15.8%	7,674	14.3%	(5,458)	(41.6%)
SG&A expenses	Millions of yen	9,340	11.2%	8,455	15.7%	(885)	(9.5%)
Operating income (loss)	Millions of yen	3,791	4.6%	(780)	(1.5%)	(4,572)	-
Ordinary income (loss)	Millions of yen	4,193	5.0%	(520)	(1.0%)	(4,714)	-
Net income (loss)	Millions of yen	1,732	2.1%	(1,407)	(2.6%)	(3,140)	-

**Decrease in Sales and Profits Due to Severe Business Environment**

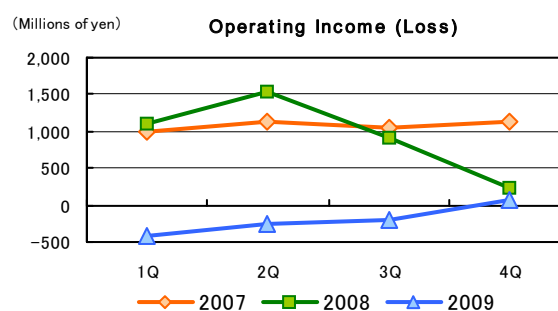
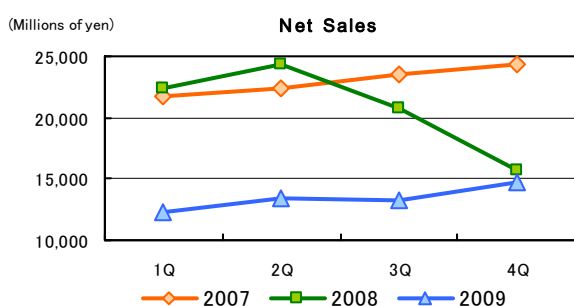
During the year ended March 31, 2010 (fiscal 2009), under the severer business environment, in the Machine Tools segment, earnings turned to a slight year-over-year increase in the fourth quarter of fiscal 2009, following the negative growth by the third quarter. Meanwhile, in the steel frame building business of Furusato, sales price and volume dropped amid the fierce competition triggered by stagnant demand, and the production cost increased due mainly to the reduced output of turnbuckle braces at our plants. The Plumbing business, a new business of Furusato, decreased in sales, negatively impacted by re-

strained capital investment in manufacturing facilities.

Accordingly, net sales in fiscal 2009 totaled ¥53,776 million, down 35.3% year over year. On the earnings front, operating loss totaled ¥780 million (in fiscal 2008, operating income ¥3,791 million) while ordinary loss was ¥520 million (in fiscal 2008, ordinary income ¥4,193 million). Consequently, net loss was ¥1,407 million (in fiscal 2008, net income ¥1,732 million) due to recording extraordinary losses including amortization of goodwill of ¥854 million.

For the details of operating results by segment, please refer to the overview of operation by segment from the next page.

**Quarterly sales and operating income (loss)**



**Quarterly sales**

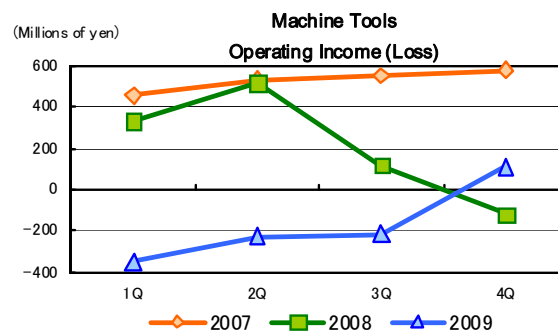
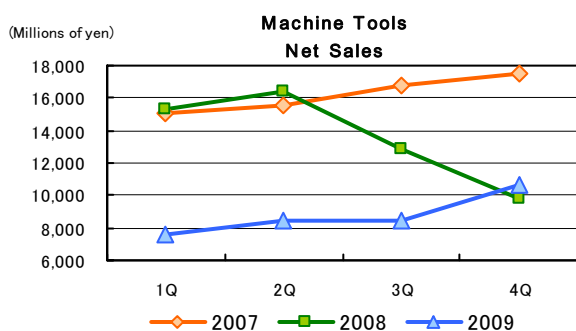
Fiscal year		1Q	2Q	3Q	4Q	Total
2007	Millions of yen	21,766	22,445	23,466	24,386	92,064
2008	Millions of yen	22,429	24,283	20,702	15,689	83,103
2009	Millions of yen	12,332	13,454	13,214	14,774	53,776

**Quarterly operating income (loss)**

Fiscal year		1Q	2Q	3Q	4Q	Total
2007	Millions of yen	1,003	1,134	1,050	1,128	4,317
2008	Millions of yen	1,116	1,537	901	225	3,791
2009	Millions of yen	(416)	(244)	(194)	61	(780)

Machine Tools		2008		2009		Change	
		Amount	% of sales	Amount	% of sales	Amount	%
Fiscal year							
Net sales	Millions of yen	54,359	-	35,104	-	(19,255)	(35.4%)
Gross profit	Millions of yen	5,813	10.7%	3,848	11.0%	(1,965)	(33.8%)
Operating income (loss)	Millions of yen	852	1.6%	(681)	(1.9%)	(1,534)	-
<b>Net sales by business</b>							
Industrial Tools	Millions of yen	29,399	54.1%	20,815	59.3%	(8,583)	(29.2%)
Machines	Millions of yen	12,299	22.6%	5,243	15.0%	(7,055)	(57.4%)
FAS	Millions of yen	3,991	7.4%	1,921	5.5%	(2,070)	(51.9%)
Housing Equipments	Millions of yen	3,327	6.1%	3,803	10.8%	476	14.3%
Overseas Sales	Millions of yen	163	0.3%	79	0.2%	(83)	(51.4%)
Other	Millions of yen	502	0.9%	494	1.4%	(8)	(1.7%)
Gifu Shoji	Millions of yen	4,675	8.6%	2,745	7.8%	(1,929)	(41.3%)

### Quarterly sales and operating income (loss)



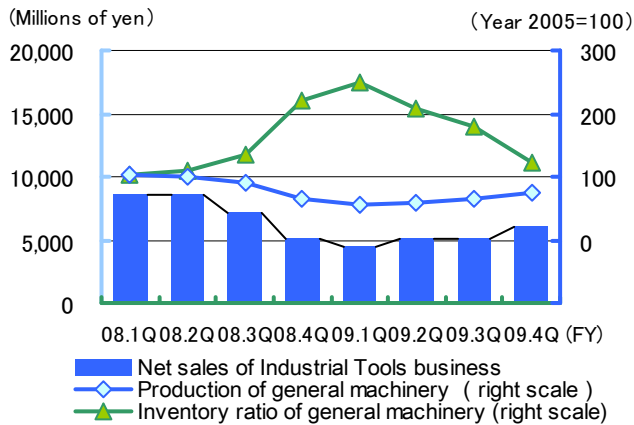
### Machine Tools quarterly sales

Fiscal year		1Q	2Q	3Q	4Q	Total
2007	Millions of yen	15,096	15,578	16,770	17,539	64,984
2008	Millions of yen	15,265	16,385	12,853	9,854	54,359
2009	Millions of yen	7,603	8,414	8,479	10,605	35,104

### Machine Tools quarterly operating income (loss)

Fiscal year		1Q	2Q	3Q	4Q	Total
2007	Millions of yen	458	533	551	579	2,122
2008	Millions of yen	334	518	120	(121)	852
2009	Millions of yen	(349)	(228)	(220)	112	(681)

[Industrial Tools]

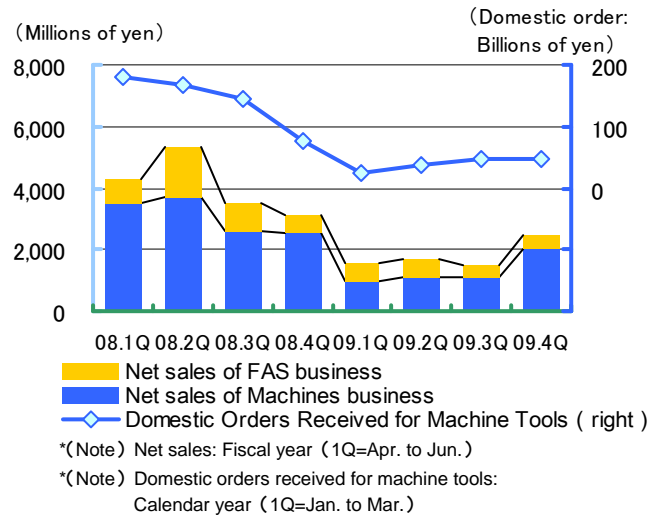


The Industrial Tools business, offering small and medium-sized machines, equipments, tools, parts and consumable supplies is impacted by the factory operating ratio of the manufacturing industry, our end-users of this business. According to the Indices of Industrial Production, the production of general machinery, showing factory operating ratio of major end users, began to fall in the latter half of fiscal 2008. Following hitting the bottom in the first quarter of fiscal 2009, it returned to be on gradual recovery trend toward the fiscal year-end.

The business performance declined substantially in the first quarter due to the combination of plunged factory operating ratio and sharply rising inventory ratio. Despite the moderate increase in sales every quarter, in the fourth quarter, they still stayed at nearly 70% of the July-September quarter of 2008, the period just before so-called Lehman shock.

Consequently, net sales were down 29% year over year.

[Machines and FAS]

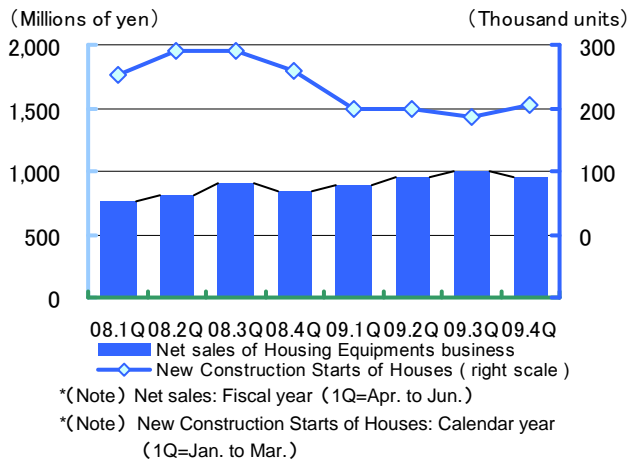


The Machines business offers mainly machine tools as a wholesaler while FAS (FA System) business sells primarily machine tools and industrial robots directly to our end-users. Both of businesses were affected by the trend in capital investment. According to the statistics of the Orders Received for Machine Tools, the domestic orders in the first quarter of fiscal 2009 recorded short of 20% of the level of the same period of fiscal 2008. On an annual basis, it stayed below 30% of that in fiscal 2008.

As a result, net sales were down 56% year over year, directly hit by the harsh business environment.

The sales in the Machines business rapidly recovered in the fourth quarter, but still below 60% of the level of the July-September quarter of 2008, the period just before so-called Lehman shock. We anticipate that it will take some time to return to that level.

[Housing Equipments]

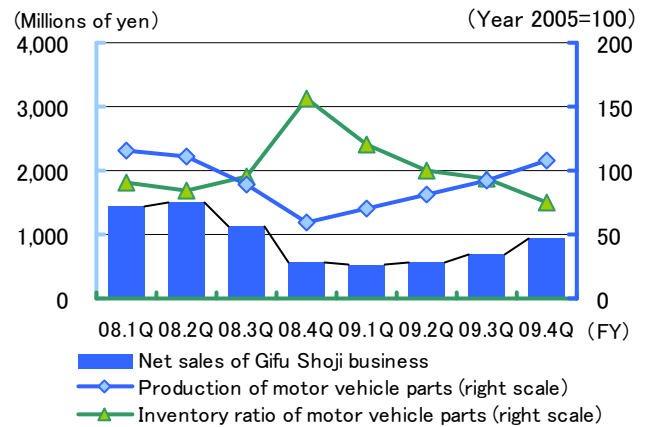


The Housing Equipments business, offering system kitchens, toilets and unit baths to dealers, was affected by the number of housing units including newly-built houses and extension and remodeling of houses.

The New Construction Starts of Houses shows demand for newly-built housing. According to this statistics, the newly-built housing units began to drop in the fourth quarter of 2008 and remained flat at the low level in 2009.

Despite the sluggish demand, net sales of this business were favorable, up 14% year over year. The weak demand for newly-built housing was offset by remodeling demand that we have focused on developing.

[Gifu Shoji]



The business of Gifu Shoji, selling primarily machine tools and industrial tools directly to the automotive industry in Tokai area, reflects mainly the status of the production and inventory of automotive parts manufacturers.

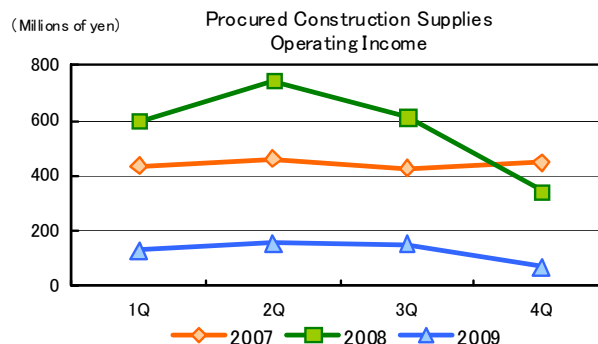
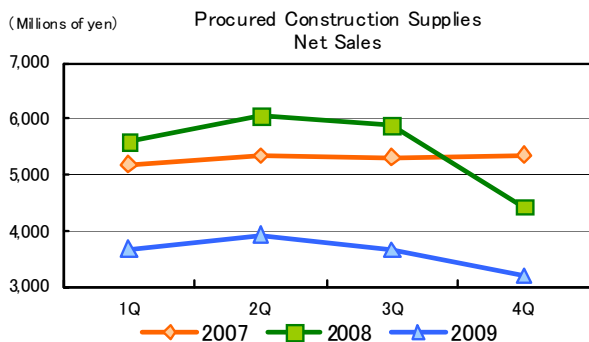
The production of motor vehicle parts has recovered rapidly since the beginning of fiscal 2009 while the inventory adjustment reached the sufficient level at the end of fiscal 2009.

Net sales of Gifu Shoji were down 41% although they showed the recovery trend at a slow pace toward the fiscal year-end. It resulted from weak demand for perishable tools due to a reduction in development processes stemming from a decrease in the number of releases of new cars and favorable demand for compact cars composed of a small number of parts.

## Procured Construction Supplies

Fiscal year		2008		2009		Change	
		Amount	% of sales	Amount	% of sales	Amount	%
Net sales	Millions of yen	21,959	-	14,432	-	(7,526)	(34.3%)
Gross profit	Millions of yen	5,218	23.8%	3,175	22.0%	(2,042)	(39.1%)
Operating income (loss)	Millions of yen	2,313	10.5%	508	3.5%	(1,805)	(78.0%)
<b>Net sales by product line</b>							
High Strength Bolts	Millions of yen	5,121	23.3%	3,178	22.0%	(1,943)	(37.9%)
Fastening Products	Millions of yen	2,747	12.5%	1,958	13.6%	(788)	(28.7%)
Coating Materials	Millions of yen	495	2.3%	412	2.8%	(83)	(16.8%)
Welding Supplies	Millions of yen	2,989	13.6%	1,932	13.4%	(1,057)	(35.4%)
Steel Frame-related Supplies	Millions of yen	8,283	37.7%	5,106	35.4%	(3,177)	(38.4%)
Tools	Millions of yen	2,321	10.6%	1,843	12.8%	(477)	(20.6%)

## Quarterly sales and operating income (loss)



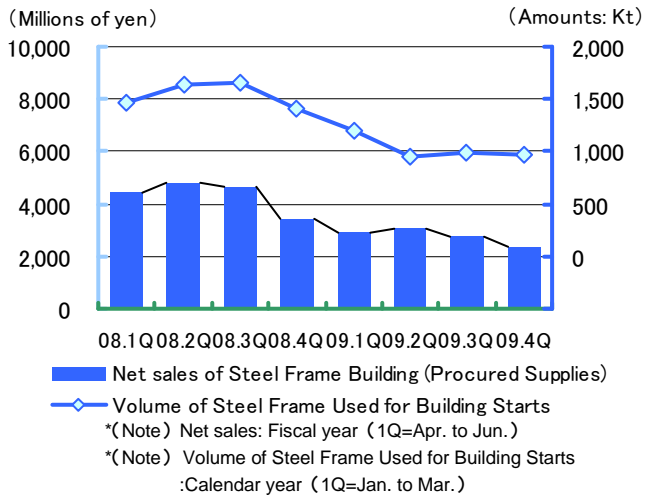
### Procured Construction Supplies quarterly sales

Fiscal year		1Q	2Q	3Q	4Q	Total
2007	Millions of yen	5,192	5,340	5,309	5,356	21,198
2008	Millions of yen	5,598	6,055	5,878	4,426	21,959
2009	Millions of yen	3,671	3,912	3,655	3,193	14,432

### Procured Construction Supplies quarterly operating income

Fiscal year		1Q	2Q	3Q	4Q	Total
2007	Millions of yen	435	461	428	446	1,772
2008	Millions of yen	598	745	615	343	2,313
2009	Millions of yen	128	155	150	68	508

[Steel Frame Building (Procured Supplies)]



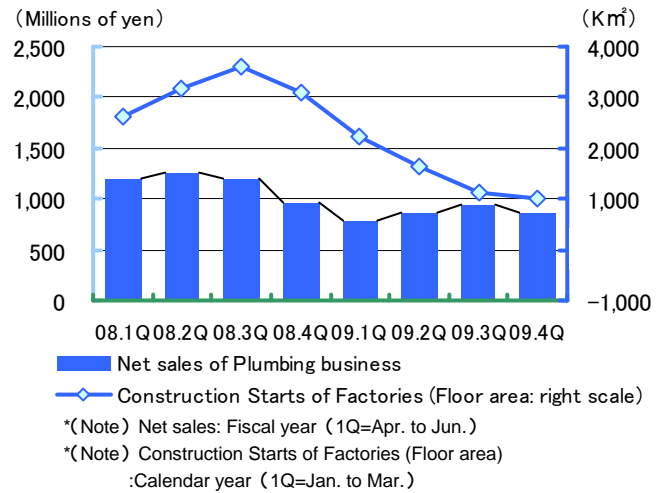
The Steel Frame Building business (Procured Supplies) of Furusato, offering procured supplies for the steel frame building industry is greatly impacted by demand for steel frame buildings.

The volume of steel frame used for building recorded 4.0 million ton in 2009, down 33% year over year. It was unusual level, short of 60% of the average volume of 6.9 million ton over the last five years, the lowest level since 1967.

In addition, the market prices of the steel products related to our selling prices fell by nearly 40% year over year.

Accordingly, net sales of this business were down 37% due to a drop in demand and prices.

[Plumbing]



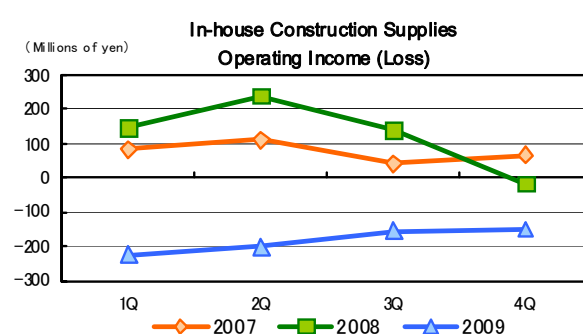
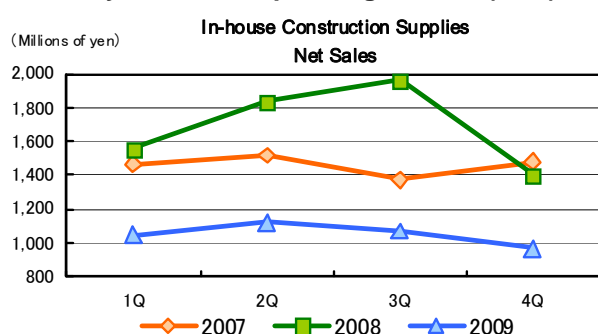
The Plumbing business, offering supplies and equipments used for plumbing facilities at manufacturing plants, was affected by demand for newly building of manufacturing facilities like plants and repair and maintenance of the plumbing facilities.

The floor area of new construction starts of factories continued to fall since the fourth quarter of 2008 and shows no sign of hitting bottom.

As a result, net sales were down 25%, a substantial decline for the first time for seven years after launching the business.

In-house Construction Supplies		2008		2009		Change	
		Amount	% of sales	Amount	% of sales	Amount	%
Net sales	Millions of yen	6,753	-	4,209	-	(2,544)	(37.7%)
Gross profit	Millions of yen	2,063	30.6%	619	14.7%	(1,444)	(70.0%)
Operating income (loss)	Millions of yen	512	7.6%	(731)	(17.4%)	(1,243)	-
<b>Net sales by product line</b>							
Turnbuckle Braces	Millions of yen	5,524	81.8%	3,518	83.6%	(2,005)	(36.3%)
Foundation Bolts	Millions of yen	548	8.1%	348	8.3%	(199)	(36.4%)
Other	Millions of yen	681	10.1%	341	8.1%	(339)	(49.8%)

## Quarterly sales and operating income (loss)



In-house Construction Supplies quarterly sales						
Fiscal year		1Q	2Q	3Q	4Q	Total
2007	Millions of yen	1,466	1,518	1,376	1,481	5,842
2008	Millions of yen	1,556	1,834	1,962	1,400	6,753
2009	Millions of yen	1,048	1,120	1,071	968	4,209

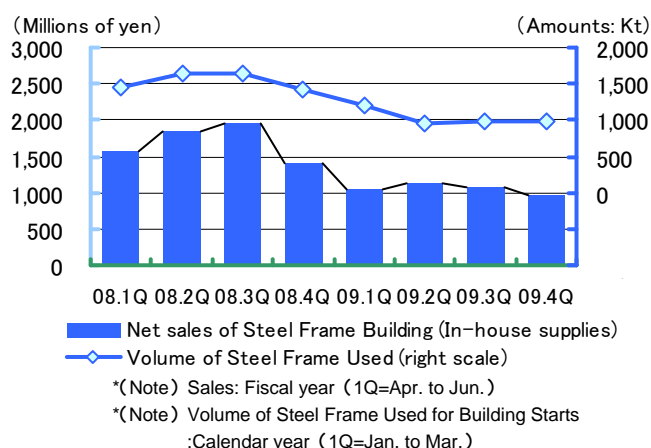
In-house Construction Supplies quarterly operating income (loss)						
Fiscal year		1Q	2Q	3Q	4Q	Total
2007	Millions of yen	82	110	42	65	300
2008	Millions of yen	146	239	139	(17)	512
2009	Millions of yen	(224)	(200)	(156)	(151)	(731)

## [Steel Frame Building (In-house Supplies)]

Steel Frame Building business (In-house Supplies) of Furusato, offering products made at our own plants to steel frame building industry, is greatly impacted by demand for the steel frame buildings as the Procured Construction Supplies segment.

The volume of steel frame used for buildings, was down 33% year over year. In addition, the market prices of the steel products, reflecting our selling prices fell by nearly 40% year over year. Net sales of this business were down 38% due to a drop in demand and prices.

On the earnings front, operating loss was partially attributed to rising manufacturing costs stemming from low production output.



Fiscal year		2009 Actual		2010 Forecasts		Change
		Amount	% of sales	Amount	% of sales	%
Net sales	Millions of yen	53,776	-	<b>64,700</b>	-	<b>20.3%</b>
Gross profit	Millions of yen	7,674	14.3%	<b>8,960</b>	<b>13.8%</b>	16.7%
SG&A expenses	Millions of yen	8,455	15.7%	<b>8,430</b>	<b>13.0%</b>	(0.3%)
Operating income (loss)	Millions of yen	(780)	(1.5%)	<b>530</b>	<b>0.8%</b>	-
Ordinary income (loss)	Millions of yen	(520)	(1.0%)	<b>780</b>	<b>1.2%</b>	-
Net income (loss)	Millions of yen	(1,407)	(2.6%)	<b>610</b>	<b>0.9%</b>	-

Note: The forecasts announced on May 7, 2010.

### Net Sales +20.3%, Return to Profitability

During the year ending March 31, 2011, Japanese economy is only weakly self-sustaining though it shows signs of recovery, led by favorable exports. Corporate capital investment is also likely to remain at a low level for a while. Under these circumstances, in the Machine Tools segment, we will focus on improving the performance of the Industrial Tools business and the Gifu Shoji business with signs of recovery in their business environment. Meanwhile, in the Machines business and the FAS business, we strive to expand our market share by increasing the ratio of orders received in preparation for an anticipated recovery in

the latter half. In the Procured Construction Supplies segment and the In-house Construction Supplies segment, we aim to reinforce the foundation to realize steady growth. Specifically, we will accelerate the expansion of the Plumbing business step-by-step in order to raise it as another profit pillar of Furusato. Furthermore, we will secure the market share in the Steel Frame Building business.

Accordingly, we anticipate that consolidated net sales of ¥64.7 billion, up 20.3% year over year, operating income of ¥530 million and net income of ¥610 million. Earnings per share are ¥39.44 and annual dividend per share is 10 yen.