

FOR IMMEDIATE RELEASE:

## Furusato Announces Financial Results for the Year Ended March 31, 2007

Osaka, Japan, May 8, 2007 – Furusato Industries, Ltd. announced its consolidated financial results for the year ended March 31, 2007. 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

(Millions of yen, except per share amounts)	Year Ended March 31, 2007	Year Ended March 31, 2006	% Change
<b>Operating Results:</b>			
Net Sales	¥ 90,378	¥ 84,129	7.4%
Operating Income	5,097	4,681	8.9%
Ordinary Income	5,518	5,148	7.2%
Net Income	3,154	2,880	9.5%
ROE (Net Income to Net Assets)	12.3%	12.9%	-
ROA (Ordinary Income to Total Assets)	11.5%	11.9%	-
Operating Income to Net Sales	5.6%	5.6%	-
<b>Financial Position:</b>			
Total Assets	¥ 50,715	¥ 45,580	-
Net Assets	27,496	23,950	-
Net Assets to Total Assets	54.2%	52.5%	-
<b>Cash Flows:</b>			
Net Cash Provided by Operating Activities	¥ 1,323	¥ 2,255	-
Net Cash Used in Investing Activities	(811)	(690)	-
Net Cash Used in Financing Activities	(109)	(620)	-
Cash and Cash Equivalents at End of Period	4,465	4,062	-
<b>Per Share Data:</b>			
Net Income	¥ 199.86	¥ 184.37	-
Net Assets	1,739.63	1,544.22	-
<b>Cash Dividend:</b>			
Interim Cash Dividends per Share	¥ 10.00	¥ 10.00	-
Year-end Cash Dividends per Share	30.00	27.00	-
Annual Cash Dividends per Share	40.00	37.00	-
Total Cash Dividends	632	573	-
Dividends Payout Ratio (Consolidated)	20.0%	20.1%	-
Dividends on Net Assets (Consolidated)	2.4%	2.6%	-

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

**[Consolidated operating results]**

During the year ended March 31, 2007, the capital investment continued to grow, led by improved corporate earnings. The high corporate earnings positively reflected on employment conditions, which gradually created a virtuous cycle of high domestic demand based on favorable consumer spending.

During the period under review, in Machine Tools segment of Furusato Group, favorable Machines business contributed to consistent growth in earnings, mainly led by steady orders received for machine tools. Procured Construction Supplies segment and In-house Construction Supplies segment marked high growth, supported by slightly volume increase of steel frame used for building construction started including significant growth in Factories and Warehouses.

Consequently, consolidated net sales for the year ended March 31, 2007 increased 7.4% to ¥90,378 million from fiscal 2006. On the earnings front, operating income was up 8.9% to ¥5,097 million, ordinary income was up 7.2% to ¥5,518 million, and net income increased 9.5% to ¥3,154 million.

**[Consolidated financial position]**

Total assets as of March 31, 2007 stood at ¥50,715 million, an increase of ¥5,134 million, compared with March 31, 2006. Total net assets at the end of March 31, 2007 were ¥27,496, an increase of ¥3,545 million, from March 31, 2006. Consequently, shareholders' equity ratio improved to 54.2% from 52.5%.

**Consolidated Earnings Forecasts for Fiscal 2007 (April 1, 2007 – March 31, 2008)**

(Millions of yen, except per share amounts)	First Half	Full-Year
<b>Operating Results:</b>		
Net Sales	¥ 45,070	¥ 91,636
Operating Income	2,438	5,103
Ordinary Income	2,622	5,469
Net Income	1,492	3,122
Net Income Per Share	94.40	197.52
<b>Cash Dividends:</b>		
Interim Cash Dividends per Share	¥ 10.00	-
Year-end Cash Dividends per Share	-	¥ 30.00
Annual Cash Dividends per Share	-	40.00
Dividends Payout Ratio (Consolidated)	-	20.3%

**【Reference】 NON-CONSOLIDATED FINANCIAL RESULTS**

(Millions of yen, except per share amounts)	Year Ended March 31, 2007	Year Ended March 31, 2006	% Change
<b>Operating Results:</b>			
Net Sales	¥ 27,103	¥ 24,853	9.1%
Operating Income	2,461	2,387	3.1%
Ordinary Income	2,687	2,620	2.6%
Net Income	1,530	1,452	5.4%
<b>Financial Position:</b>			
Total Assets	¥ 30,603	¥ 27,836	-
Net Assets	22,789	20,837	-
Net Assets to Total Assets	74.5%	74.9%	-
<b>Per Share Data:</b>			
Net Income	¥ 97.00	¥ 92.45	-
Net Assets	1,441.87	1,343.55	-

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

**Non-Consolidated Earnings Forecasts for Fiscal 2007 (April 1, 2007 – March 31, 2008)**

(Millions of yen, except per share amounts)	First Half	Full-Year
<b>Operating Results:</b>		
Net Sales	¥ 13,700	¥ 28,400
Operating Income	1,200	2,576
Ordinary Income	1,330	2,832
Net Income	754	1,613
Net Income Per Share	47.70	102.05

\*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 changes in shareholders' equity, consolidated statements of retained earnings, consolidated statements of cash flows, and segment information

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	Millions of Yen					
	March 31, 2006		March 31, 2007		Year-over-year change	
	Amounts	%	Amounts	%	Amounts	
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	¥ 4,079		¥ 4,516		¥ 436	
Trade receivables (notes and accounts)	24,079		28,053		3,973	
Inventories	3,765		4,141		376	
Deferred tax assets	310		318		8	
Others	873		318		(554)	
Allowance for doubtful accounts	(185)		(119)		66	
<b>Total current assets</b>	<b>32,921</b>	<b>72.2</b>	<b>37,229</b>	<b>73.4</b>	<b>4,307</b>	
<b>Fixed assets:</b>						
<b>Property, plant and equipment:</b>						
Buildings and structures	2,315		2,351		36	
Land	5,903		5,705		(197)	
Others	585		700		114	
<b>Total property, plant and equipment</b>	<b>8,804</b>	<b>19.3</b>	<b>8,758</b>	<b>17.3</b>	<b>(46)</b>	
<b>Intangible fixed assets:</b>						
Consolidation adjustment account	8		-		(8)	
Goodwill	-		2		2	
Others	106		102		(3)	
<b>Total intangible fixed assets</b>	<b>115</b>	<b>0.3</b>	<b>105</b>	<b>0.2</b>	<b>(10)</b>	
<b>Investments and other assets:</b>						
Investment securities	2,651		3,160		509	
Deferred tax assets	357		385		28	
Others	860		1,197		336	
Allowance for doubtful accounts	(130)		(121)		9	
<b>Total Investments and other assets</b>	<b>3,738</b>	<b>8.2</b>	<b>4,621</b>	<b>9.1</b>	<b>882</b>	
<b>Total fixed assets</b>	<b>12,658</b>	<b>27.8</b>	<b>13,485</b>	<b>26.6</b>	<b>826</b>	
<b>Total assets</b>	<b>¥ 45,580</b>	<b>100.0</b>	<b>¥ 50,715</b>	<b>100.0</b>	<b>¥ 5,134</b>	

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

	Millions of Yen				
	March 31, 2006		March 31, 2007		Year-over-year change
	Amounts	%	Amounts	%	Amounts
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Trade payable (notes and accounts)	¥ 16,547		¥ 18,048		¥ 1,500
Short-term borrowings	730		500		(230)
Accrued income taxes	1,236		1,283		46
Reserve for directors' bonuses	-		23		23
Others	1,153		1,270		116
<b>Total current liabilities</b>	<b>19,668</b>	<b>43.2</b>	<b>21,125</b>	<b>41.7</b>	<b>1,457</b>
<b>Long-term liabilities:</b>					
Deferred tax liabilities	105		292		186
Reserve for employees' retirement benefits	1,249		1,157		(92)
Reserve for directors' retirement benefits	582		623		41
Others	24		20		(4)
<b>Total long-term liabilities</b>	<b>1,961</b>	<b>4.3</b>	<b>2,093</b>	<b>4.1</b>	<b>131</b>
<b>Total liabilities</b>	<b>21,629</b>	<b>47.5</b>	<b>23,218</b>	<b>45.8</b>	<b>1,588</b>
<b>Shareholders' Equity</b>					
Common stock	5,232	11.5	-	-	-
Capital surplus	5,975	13.1	-	-	-
Retained earnings	12,262	26.9	-	-	-
Net unrealized gain on revaluation of securities	896	1.9	-	-	-
Treasury stock, at cost	(415)	(0.9)	-	-	-
<b>Total shareholders' equity</b>	<b>23,950</b>	<b>52.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and shareholders' equity</b>	<b>45,580</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>					
<b>Shareholders' equity:</b>					
Common stock	-		5,232		-
Capital surplus	-		6,446		-
Retained earnings	-		14,816		-
Treasury stock, at cost	-		(183)		-
<b>Total shareholders' equity</b>	<b>-</b>	<b>-</b>	<b>26,312</b>	<b>51.9</b>	<b>-</b>
<b>Revaluation and translation adjustment:</b>					
Net unrealized gain on revaluation of securities	-		1,183		-
<b>Total revaluation and translation adjustment</b>	<b>-</b>	<b>-</b>	<b>1,183</b>	<b>2.3</b>	<b>-</b>
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>27,496</b>	<b>54.2</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>¥ -</b>	<b>-</b>	<b>¥ 50,715</b>	<b>100.0</b>	<b>¥ -</b>

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

**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Millions of Yen					
	Year ended March 31, 2006		Year ended March 31, 2007		Year-over-year change	
	Amounts	%	Amounts	%	Amounts	
<b>Net sales</b>	¥ 84,129	100.0	¥ 90,378	100.0	¥ 6,249	
Cost of sales	71,566	85.1	77,043	85.2	5,477	
<b>Gross profit</b>	12,562	14.9	13,334	14.8	772	
Selling, general and administrative expenses	7,880	9.4	8,237	9.1	356	
<b>Operating income</b>	4,681	5.6	5,097	5.6	415	
Non-operating income	711	0.8	688	0.8	(22)	
Interest and dividend income	36		42		6	
Purchase discount	592		567		(25)	
Rent income	55		55		0	
Others	26		23		(3)	
Non-operating expenses	244	0.3	267	0.3	22	
Interest expenses	3		5		1	
Loss on sale of trade notes	16		8		(7)	
Sales discount	198		223		25	
Leasehold value	13		13		(0)	
Others	12		17		4	
<b>Ordinary income</b>	5,148	6.1	5,518	6.1	369	
Extraordinary income	92	0.1	144	0.2	51	
Gain on the previous fiscal term adjustment	-		24		24	
Gain on sale of fixed assets	-		72		72	
Reversal of allowance for doubtful accounts	88		22		(66)	
Gain on sale of marketable securities	3		25		21	
Reversal of reserve for debt guarantee losses	0		-		(0)	
Extraordinary losses	188	0.2	66	0.1	(122)	
Addition to prior years' liability for directors' retirement benefits	170		-		(170)	
Impairment losses	-		55		55	
Others	17		10		(7)	
<b>Income before income taxes</b>	5,053	6.0	5,597	6.2	543	
Income taxes	2,122	2.5	2,319	2.6	196	
Adjustment	50	0.1	123	0.1	73	
<b>Net income</b>	¥ 2,880	3.4	¥ 3,154	3.5	¥ 274	

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

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**
**FY2006 ( from April 1, 2006 to March 31, 2007 )**

(Millions of Yen)

	Shareholders' equity					Revaluation and translation adjustment	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain on revaluation of securities	
Balance at March 31, 2006	5,232	5,975	12,262	(415)	23,054	896	23,950
Changes during the period							
Dividends*			(418)		(418)		(418)
Dividends (Interim)			(158)		(158)		(158)
Directors' bonuses*			(23)		(23)		(23)
Net income			3,154		3,154		3,154
Purchases of treasury stock				(3)	(3)		(3)
Disposal of treasury stock		616		90	706		706
Retirement of treasury stock		(145)		145	-		-
Changes in items other than shareholders' equity						287	287
Total changes during the period	-	471	2,554	231	3,258	287	3,545
Balance at March 31, 2007	5,232	6,446	14,816	(183)	26,312	1,183	27,496

Note: 1. \*Allocated at the ordinary general meeting of shareholders held in June 2006.  
2. All figures are rounded down to the nearest million yen.

**[Reference] CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)**

	Millions of Yen	
	Year ended March 31, 2006	
	Amounts	
<b>Capital Surplus</b>		
Capital surplus at beginning of the period	¥	5,975
Capital surplus at end of the period		<u>5,975</u>
<b>Retained Earnings</b>		
Retained earnings at beginning of the period		9,741
Increase in retained earnings		2,880
Net income		2,880
Decrease in retained earnings		360
Cash dividends		340
Directors' bonuses		<u>19</u>
Retained earnings at end of the period	¥	<u>12,262</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Millions of Yen	
	Year ended March 31, 2006	Year ended March 31, 2007
	Amounts	Amounts
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥ 5,053	¥ 5,597
Depreciation and amortization	346	349
Impairment loss	-	55
Amortization of consolidation adjustment account	17	-
Amortization of goodwill	-	10
Increase in reserve for directors' bonuses	-	23
Decrease in reserve for employees' retirement benefits	(31)	(92)
Increase in reserve for directors' retirement benefits	188	41
Decrease in allowance for doubtful accounts	(157)	(75)
Interest and dividend income	(36)	(42)
Interest expenses and loss on sale of trade notes	19	13
Gain on the previous fiscal term adjustment	-	(24)
Gain on sale of fixed assets	-	(72)
Gain on sale of marketable securities	(3)	(25)
Increase in trade notes and accounts receivable	(2,305)	(3,930)
Increase in inventories	(88)	(376)
Decrease in other accounts receivable	203	612
Increase in trade notes and accounts payable	1,364	1,432
Decrease in accrued expenses	(1)	-
Directors' bonuses	(19)	(23)
Others	(74)	97
Subtotal	<u>4,474</u>	<u>3,569</u>
Interest and dividend income received	34	44
Payments for interest expenses and loss on sale of trade notes	(19)	(13)
Income taxes paid	(2,233)	(2,276)
<b>Net cash provided by operating activities</b>	<u>2,255</u>	<u>1,323</u>
<b>Cash flows from investing activities:</b>		
Increase in time deposits	(7)	(350)
Purchases of investment securities	(430)	(201)
Proceeds from sale of investment securities	115	32
Purchases of property, plant and equipment	(324)	(498)
Proceeds from sale of property, plant and equipment	-	268
Loans receivable	(9)	(12)
Collection of loans receivable	14	15
Others	(49)	(63)
<b>Net cash used in investing activities</b>	<u>(690)</u>	<u>(811)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings	(270)	(230)
Purchases of treasury stock	(9)	(3)
Disposal of treasury stock	-	699
Dividends paid	(340)	(574)
<b>Net cash used in financing activities</b>	<u>(620)</u>	<u>(109)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	-	0
<b>Increase in cash and cash equivalents</b>	944	403
<b>Cash and cash equivalents at beginning of the period</b>	<u>3,117</u>	<u>4,062</u>
<b>Cash and cash equivalents at end of the period</b>	<u>¥ 4,062</u>	<u>¥ 4,465</u>

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

**SEGMENT INFORMATION**

**1. Business Segment Information**

FY2005 ( from April 1, 2005 to March 31, 2006 )

( Millions of Yen )

	Net sales			Operating expenses	Operating income	Assets	Depreciation, amortization	Capital expenditures
	To customers	Intersegment	Total					
Machine Tools	¥ 59,229	¥ 736	¥ 59,965	¥ 57,784	¥ 2,181	¥ 20,926	¥ 80	¥ 70
Procured Construction Supplies	18,883	13	18,896	17,093	1,803	11,100	109	152
In-house Construction Supplies	5,956	-	5,956	5,372	584	5,813	148	136
Other	59	-	59	51	7	60	15	0
Total	84,129	749	84,878	80,301	4,577	37,901	353	359
Eliminations/ Corporate	-	( 749 )	( 749 )	( 853 )	104	7,678	10	-
Consolidated	¥ 84,129	-	¥ 84,129	¥ 79,447	¥ 4,681	¥ 45,580	¥ 364	¥ 359

FY2006 ( from April 1, 2006 to March 31, 2007 )

( Millions of Yen )

	Net sales			Operating expenses	Operating income	Assets	Depreciation, amortization	Capital expenditures
	To customers	Intersegment	Total					
Machine Tools	¥ 63,237	¥ 875	¥ 64,112	¥ 61,575	¥ 2,537	¥ 23,273	¥ 76	¥ 54
Procured Construction Supplies	20,870	11	20,881	18,927	1,954	12,481	115	184
In-house Construction Supplies	6,221	-	6,221	5,714	507	5,978	145	299
Other	48	-	48	41	6	44	11	-
Total	90,378	886	91,264	86,258	5,005	41,776	348	538
Eliminations/ Corporate	-	(886)	( 886 )	( 977 )	91	8,938	11	0
Consolidated	¥ 90,378	-	¥ 90,378	¥ 85,280	¥ 5,097	¥ 50,715	¥ 360	¥ 538

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. With regard to assets, major corporate assets in eliminations or corporate are surplus funds (cash and cash equivalents), long-term investment funds (investment securities), and assets in Administration section, which amounted to ¥11,637 million in FY2005 and ¥12,869 million in FY2006 on consolidated basis.

4. Depreciation and amortization, and capital expenditures include long-term prepaid expenses and the amortized amounts.

5. Change in accounting policy

From fiscal 2006, ended March 31, 2007, Furusato adopted the Financial Accounting Standards No.4 issued on November 29, 2005, "Accounting Standards for Directors' Bonuses". As a result, the Machine Tools was up ¥3 million, the Procured Construction Supplies was up ¥11 million, and the In-house Construction Supplies was up ¥8 million. Operating expenses increased while operating income decreased the same amount that operating expenses increased compared to a case calculated based on the previous accounting policy.

6. 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.