

FOR IMMEDIATE RELEASE:

Furusato Announces Financial Results for the First Half Ended September 30, 2007

Osaka, Japan, November 6, 2007 – Furusato Industries, Ltd. announced its financial results for the six months ended September 30, 2007, the first half of the year ending March 31, 2008. 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) | Six Months Ended September 30, 2007 | | Six Months Ended September 30, 2006 | FY2006 |
|---|--|---------|--|----------|
| | (% Change) | | | |
| Operating Results: | | | | |
| Net Sales | ¥ 44,212 | 0.8% | ¥ 43,877 | ¥ 90,378 |
| Operating Income | 2,138 | (10.3%) | 2,384 | 5,097 |
| Ordinary Income | 2,345 | (10.2%) | 2,612 | 5,518 |
| Net Income | 1,333 | (12.5%) | 1,522 | 3,154 |
| Financial Position: | | | | |
| Total Assets | ¥ 49,945 | | ¥ 47,291 | ¥ 50,715 |
| Net Assets | 28,291 | | 25,738 | 27,496 |
| Net Assets to Total Assets | 56.6% | | 54.4% | 54.2% |
| Cash Flows: | | | | |
| Net Cash Provided by Operating Activities | ¥ 1,162 | | ¥ (432) | ¥ 1,323 |
| Net Cash Used in Investing Activities | (1,315) | | (248) | (811) |
| Net Cash Used in Financing Activities | (874) | | 279 | (109) |
| Cash and Cash Equivalents at End of Period | 3,437 | | 3,660 | 4,465 |
| Per Share Data: | | | | |
| Net Income | ¥ 84.34 | | ¥ 96.63 | ¥ 199.86 |
| Net Assets | 1,790.09 | | 1,628.36 | 1,739.63 |
| Cash Dividend: | | | | |
| Interim Cash Dividends per Share | ¥ 10.00 | | ¥ 10.00 | - |
| Year-end Cash Dividends per Share | - | | - | ¥ 30.00 |
| Annual Cash Dividends per Share | - | | - | 40.00 |

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

[Consolidated operating results]

In the first half of fiscal 2007, the six-month period from April 1 to September 30, 2007, the private capital investment remained solid, led by the manufacturing industry.

In the steel frame construction industry, the demand was strong, backed by capital investment-related buildings including Factories. However, the building construction started fell sharply especially after July, reflecting prolonged building confirmation procedures in accordance with the revised Building Standard Law, effective in June.

In the manufacturing industry, domestic orders received for machine tools slowed down in growth, but remained at the high levels. The Indices of Industrial Production were also favorable.

During the period under review, in Procured Construction Supplies segment and In-house Construction Supplies segment, sales in the steel frame construction supplies business were down, negatively impacted by softening building construction started. Meanwhile, strong Plumbing business in the Procured Construction Supplies segment contributed to the sales increase in the segment. In Machine Tools segment, Machines business increased, led by the orders received for machine tools accumulated by the end of fiscal 2006 ended March 31, 2007 while Industrial Tools business, wholesaling small machines, equipments, and tools, recorded a slight decrease in sales.

Consequently, consolidated net sales for the six-month period ended September 30, 2007 increased 0.8% to ¥44,212 million from the same period a year earlier. On the earnings front, operating income was down 10.3% to ¥2,138 million, ordinary income was down 10.2% to ¥2,345 million, and net income declined by 12.5% to ¥1,333 million due to a rise in ratios of cost of sales and SG&A expenses.

[Consolidated financial position]

Total assets as of September 30, 2007 stood at ¥49,945 million, a decrease of ¥769 million, compared with March 31, 2007. Total net assets stood at ¥28,291 million, an increase of ¥795 million, compared with the previous fiscal year-end. Consequently, shareholders' equity ratio improved to 56.6% from 54.2%.

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

| (Millions of yen, except per share amounts) | FY2007 (Forecast) | FY2006 (Actual) |
|---|-------------------|-----------------|
| Operating Results: | | |
| Net Sales | ¥ 93,655 | ¥ 90,378 |
| Operating Income | 4,635 | 5,097 |
| Ordinary Income | 5,029 | 5,518 |
| Net Income | 2,791 | 3,154 |
| Net Income Per Share | 176.59 | 199.86 |
| Cash Dividends: | | |
| Year-end Cash Dividends per Share | ¥ 34.50 | ¥ 30.00 |
| Annual Cash Dividends per Share | 44.50 | 40.00 |

*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.

【Reference】NON-CONSOLIDATED FINANCIAL RESULTS

| (Millions of yen, except per share amounts) | Six Months Ended September 30, 2007 | | Six Months Ended September 30, 2006 | FY2006 |
|---|--|------------|--|----------|
| | | (% Change) | | |
| Operating Results: | | | | |
| Net Sales | ¥ 13,522 | 3.7% | ¥ 13,042 | ¥ 27,103 |
| Operating Income | 1,089 | (4.1%) | 1,135 | 2,461 |
| Ordinary Income | 1,221 | (1.6%) | 1,240 | 2,687 |
| Net Income | 693 | (2.6%) | 712 | 1,530 |
| Financial Position: | | | | |
| Total Assets | ¥ 30,497 | | ¥ 29,970 | ¥ 30,603 |
| Net Assets | 22,950 | | 21,862 | 22,789 |
| Net Assets to Total Assets | 75.3% | | 74.7% | 74.5% |
| Per Share Data: | | | | |
| Net Income | ¥ 43.88 | | ¥ 45.18 | ¥ 97.00 |
| Net Assets | 1,452.14 | | 1,383.15 | 1,441.87 |

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

| (Millions of yen, except per share amounts) | FY2007 (Forecast) | FY2006 (Actual) |
|---|-------------------|-----------------|
| Operating Results: | | |
| Net Sales | ¥ 27,722 | ¥ 27,103 |
| Operating Income | 2,310 | 2,461 |
| Ordinary Income | 2,548 | 2,687 |
| Net Income | 1,442 | 1,530 |
| Net Income Per Share | 91.24 | 97.00 |

*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]

Consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity, consolidated statements of cash flows, and segment information

[Non-consolidated]

Non-consolidated balance sheets, Non-consolidated statements of income, Non-consolidated statements of changes in shareholders' equity

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

| | Millions of Yen | | | | | | | |
|--|-----------------------|--------------|-----------------------|--------------|-------------------|--------------|----------------------------|--|
| | September 30, 2006 | | September 30, 2007 | | March 31, 2007 | | Change vs March 31,2007 | |
| | Amounts | % | Amounts | % | Amounts | % | Amounts | |
| Assets | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | ¥ 3,680 | | ¥ 3,503 | | ¥ 4,516 | | ¥ (1,012) | |
| Trade receivables (notes and accounts) | 26,320 | | 26,864 | | 28,053 | | (1,188) | |
| Inventories | 3,747 | | 4,311 | | 4,141 | | 169 | |
| Deferred tax assets | 300 | | 324 | | 318 | | 5 | |
| Others | 700 | | 521 | | 318 | | 202 | |
| Allowance for doubtful accounts | (114) | | (77) | | (119) | | 41 | |
| Total current assets | 34,634 | 73.2 | 35,447 | 71.0 | 37,229 | 73.4 | (1,782) | |
| Fixed assets: | | | | | | | | |
| Property, plant and equipment | | | | | | | | |
| Buildings and structures | 2,267 | | 2,679 | | 2,351 | | 327 | |
| Land | 5,660 | | 6,470 | | 5,705 | | 764 | |
| Others | 694 | | 686 | | 700 | | (14) | |
| Total property, plant and equipment | 8,621 | 18.3 | 9,835 | 19.7 | 8,758 | 17.3 | 1,077 | |
| Intangible fixed assets | | | | | | | | |
| Goodwill | 7 | | - | | 2 | | (2) | |
| Others | 90 | | 111 | | 102 | | 8 | |
| Total intangible fixed assets | 98 | 0.2 | 111 | 0.2 | 105 | 0.2 | 6 | |
| Investments and other assets | | | | | | | | |
| Investment securities | 2,464 | | 3,098 | | 3,160 | | (62) | |
| Deferred tax assets | 415 | | 371 | | 385 | | (14) | |
| Others | 1,189 | | 1,212 | | 1,197 | | 15 | |
| Allowance for doubtful accounts | (130) | | (131) | | (121) | | (9) | |
| Total investments and other assets | 3,938 | 8.3 | 4,551 | 9.1 | 4,621 | 9.1 | (70) | |
| Total fixed assets | 12,657 | 26.8 | 14,498 | 29.0 | 13,485 | 26.6 | 1,012 | |
| Total assets | ¥ 47,291 | 100.0 | ¥ 49,945 | 100.0 | ¥ 50,715 | 100.0 | ¥ (769) | |

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

| | Millions of Yen | | | | | | | |
|---|-----------------------|--------------|-------------------------------|--------------|-------------------|--------------|----------------------------|----------------|
| | September 30, 2006 | | September 30, 2007 | | March 31, 2007 | | Change vs March 31,2007 | |
| | Amounts | % | Amounts | % | Amounts | % | Amounts | |
| Liabilities | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Trade payable (notes and accounts) | ¥ 16,505 | | ¥ 17,150 | | ¥ 18,048 | | ¥ | (897) |
| Short-term borrowings | 730 | | 100 | | 500 | | | (400) |
| Accrued income taxes | 1,135 | | 1,061 | | 1,283 | | | (221) |
| Reserve for directors' bonuses | 11 | | 11 | | 23 | | | (11) |
| Others | 1,213 | | 1,224 | | 1,270 | | | (45) |
| Total current liabilities | 19,597 | 41.5 | 19,548 | 39.2 | 21,125 | 41.7 | | (1,577) |
| Long-term liabilities: | | | | | | | | |
| Deferred tax liabilities | 41 | | 266 | | 292 | | | (25) |
| Reserve for employees' retirement benefits | 1,289 | | 1,171 | | 1,157 | | | 14 |
| Reserve for directors' retirement benefits | 602 | | 644 | | 623 | | | 20 |
| Others | 21 | | 23 | | 20 | | | 2 |
| Total long-term liabilities | 1,955 | 4.1 | 2,105 | 4.2 | 2,093 | 4.1 | | 12 |
| Total liabilities | 21,553 | 45.6 | 21,653 | 43.4 | 23,218 | 45.8 | | (1,565) |
| Net Assets | | | | | | | | |
| Shareholders' equity: | | | | | | | | |
| Common stock | 5,232 | | 5,232 | | 5,232 | | | - |
| Capital surplus | 6,591 | | 6,446 | | 6,446 | | | - |
| Retained earnings | 13,343 | | 15,675 | | 14,816 | | | 858 |
| Treasury stock, at cost | (327) | | (185) | | (183) | | | (1) |
| Total shareholders' equity | 24,840 | 52.5 | 27,169 | 54.4 | 26,312 | 51.9 | | 857 |
| Revaluation and translation adjustment: | | | | | | | | |
| Net unrealized gain on revaluation of securities | 898 | | 1,122 | | 1,183 | | | (61) |
| Total revaluation and translation adjustment | 898 | 1.9 | 1,122 | 2.2 | 1,183 | 2.3 | | (61) |
| Total net assets | 25,738 | 54.4 | 28,291 | 56.6 | 27,496 | 54.2 | | 795 |
| Total liabilities and net assets | ¥ 47,291 | 100.0 | ¥ 49,945 | 100.0 | ¥ 50,715 | 100.0 | ¥ | (769) |

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

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

| | Millions of Yen | | | | | | | |
|--|--|-------|--|-------|---------------|------------------------------|-------|--|
| | Six months ended September 30, 2006 | | Six months ended September 30, 2007 | | YoY Change | Year ended March 31, 2007 | | |
| | Amounts | % | Amounts | % | Amounts | Amounts | % | |
| Net sales | ¥ 43,877 | 100.0 | ¥ 44,212 | 100.0 | ¥ 335 | ¥ 90,378 | 100.0 | |
| Cost of sales | 37,422 | 85.3 | 37,881 | 85.7 | 458 | 77,043 | 85.2 | |
| Gross profit | 6,454 | 14.7 | 6,330 | 14.3 | (123) | 13,334 | 14.8 | |
| Selling, general and administrative expenses | 4,069 | 9.3 | 4,192 | 9.5 | 122 | 8,237 | 9.1 | |
| Operating income | 2,384 | 5.4 | 2,138 | 4.8 | (246) | 5,097 | 5.6 | |
| Non-operating income | 359 | 0.8 | 337 | 0.8 | (22) | 688 | 0.8 | |
| Interest and dividend income | 23 | | 28 | | 5 | 42 | | |
| Purchase discount | 296 | | 273 | | (22) | 567 | | |
| Rent income | 27 | | 27 | | 0 | 55 | | |
| Others | 12 | | 7 | | (4) | 23 | | |
| Non-operating expenses | 131 | 0.3 | 130 | 0.3 | (0) | 267 | 0.3 | |
| Interest expenses | 2 | | 2 | | (0) | 5 | | |
| Loss on sale of trade notes | 3 | | 4 | | 0 | 8 | | |
| Sales discount | 107 | | 113 | | 5 | 223 | | |
| Leasehold value | 6 | | 6 | | (0) | 13 | | |
| Others | 10 | | 4 | | (5) | 17 | | |
| Ordinary income | 2,612 | 6.0 | 2,345 | 5.3 | (267) | 5,518 | 6.1 | |
| Extraordinary income | 138 | 0.3 | 17 | 0.0 | (120) | 144 | 0.2 | |
| Gain on the previous fiscal term adjustment | - | | - | | - | 24 | | |
| Gain on sale of fixed assets | 72 | | - | | (72) | 72 | | |
| Reversal of allowance for doubtful accounts | 40 | | 17 | | (23) | 22 | | |
| Gain on sale of marketable securities | 25 | | - | | (25) | 25 | | |
| Extraordinary losses | 55 | 0.1 | 21 | 0.0 | (34) | 66 | 0.1 | |
| Impairment losses | 55 | | - | | (55) | 55 | | |
| Loss on disposal of fixed assets | - | | 21 | | 21 | - | | |
| Others | - | | - | | - | 10 | | |
| Income before income taxes | 2,695 | 6.1 | 2,341 | 5.3 | (353) | 5,597 | 6.2 | |
| Income taxes | 1,098 | 2.5 | 1,021 | 2.3 | (76) | 2,319 | 2.6 | |
| Adjustment | 74 | 0.2 | (12) | (0.0) | (87) | 123 | 0.1 | |
| Net income | ¥ 1,522 | 3.5 | ¥ 1,333 | 3.0 | ¥ (189) | ¥ 3,154 | 3.5 | |

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

1st Half of FY2006 (from April 1, 2006 to September 30, 2006)

(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) |
| Directors' bonuses* | | | (23) | | (23) | | (23) |
| Net income | | | 1,522 | | 1,522 | | 1,522 |
| Purchases of treasury stock | | | | (2) | (2) | | (2) |
| Disposal of treasury stock | | 616 | | 90 | 706 | | 706 |
| Changes in items other than shareholders' equity | | | | | | 2 | 2 |
| Total changes during the period | - | 616 | 1,081 | 88 | 1,786 | 2 | 1,788 |
| Balance at September 30, 2006 | 5,232 | 6,591 | 13,343 | (327) | 24,840 | 898 | 25,738 |

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.

1st Half of FY2007 (from April 1, 2007 to September 30, 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, 2007 | 5,232 | 6,446 | 14,816 | (183) | 26,312 | 1,183 | 27,496 |
| Changes during the period | | | | | | | |
| Dividends* | | | (474) | | (474) | | (474) |
| Net income | | | 1,333 | | 1,333 | | 1,333 |
| Purchases of treasury stock | | | | (1) | (1) | | (1) |
| Changes in items other than shareholders' equity | | | | | | (61) | (61) |
| Total changes during the period | - | - | 858 | (1) | 857 | (61) | 795 |
| Balance at September 30, 2007 | 5,232 | 6,446 | 15,675 | (185) | 27,169 | 1,122 | 28,291 |

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

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.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | Millions of Yen | | |
|---|--|--|------------------------------|
| | Six months ended September 30, 2006 | Six months ended September 30, 2007 | Year ended March 31, 2007 |
| | Amounts | Amounts | Amounts |
| Cash flows from operating activities: | | | |
| Income before income taxes | ¥ 2,695 | ¥ 2,341 | ¥ 5,597 |
| Depreciation and amortization | 169 | 181 | 349 |
| Impairment losses | 55 | - | 55 |
| Amortization of goodwill | 5 | 2 | 10 |
| Change in reserve for directors' bonuses | 11 | (11) | 23 |
| Change in reserve for employees' retirement benefits | 40 | 14 | (92) |
| Increase in reserve for directors' retirement benefits | 20 | 20 | 41 |
| Decrease in allowance for doubtful accounts | (71) | (31) | (75) |
| Interest and dividend income | (23) | (28) | (42) |
| Interest expenses and loss on sale of trade notes | 6 | 6 | 13 |
| Gain on the previous fiscal term adjustment | - | - | (24) |
| Gain on sale of fixed assets | (72) | - | (72) |
| Gain on sale of marketable securities | (25) | - | (25) |
| Change in trade notes and accounts receivable | (2,215) | 1,230 | (3,930) |
| Change in inventories | 17 | (169) | (376) |
| Decrease in other accounts receivable | 320 | 7 | 612 |
| Change in trade notes and accounts payable | (169) | (1,038) | 1,432 |
| Increase in accrued expenses | 0 | - | - |
| Directors' bonuses | (23) | - | (23) |
| Others | 4 | (144) | 97 |
| Subtotal | 747 | 2,380 | 3,569 |
| Interest and dividend income received | 23 | 28 | 44 |
| Interest and loss on sale of trade notes paid | (6) | (5) | (13) |
| Income taxes paid | (1,196) | (1,240) | (2,276) |
| Net cash provided by operating activities | (432) | 1,162 | 1,323 |
| Cash flows from investing activities: | | | |
| Increase in time deposits | (319) | (36) | (350) |
| Purchases of investment securities | (2) | (2) | (201) |
| Proceeds from sale of investment securities | 32 | - | 32 |
| Purchases of property, plant and equipment | (222) | (1,267) | (498) |
| Proceeds from sale of property, plant and equipment | 268 | - | 268 |
| Loans receivable | (6) | (3) | (12) |
| Collection of loans receivable | 7 | 5 | 15 |
| Others | (5) | (11) | (63) |
| Net cash used in investing activities | (248) | (1,315) | (811) |
| Cash flows from financing activities: | | | |
| Decrease in short-term borrowings | - | (400) | (230) |
| Purchases of treasury stock | (2) | (1) | (3) |
| Proceeds from disposal of treasury stock | 699 | - | 699 |
| Dividends paid | (417) | (472) | (574) |
| Net cash used in financing activities | 279 | (874) | (109) |
| Effect of exchange rate changes on cash and cash equivalents | 0 | - | 0 |
| Change in cash and cash equivalents | (401) | (1,028) | 403 |
| Cash and cash equivalents at beginning of the period | 4,062 | 4,465 | 4,062 |
| Cash and cash equivalents at end of the period | ¥ 3,660 | ¥ 3,437 | ¥ 4,465 |

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

SEGMENT INFORMATION

1. Business Segment Information

1st Half of FY2006 (from April 1, 2006 to September 30, 2006)

(Millions of Yen)

| | Net sales | | | Operating expenses | Operating income |
|--------------------------------|--------------|--------------|----------|--------------------|------------------|
| | To customers | Intersegment | Total | | |
| Machine Tools | ¥ 30,813 | ¥ 405 | ¥ 31,219 | ¥ 30,015 | ¥ 1,203 |
| Procured Construction Supplies | 9,967 | 5 | 9,973 | 9,052 | 921 |
| In-house Construction Supplies | 3,069 | - | 3,069 | 2,854 | 214 |
| Other | 26 | - | 26 | 22 | 4 |
| Total | 43,877 | 411 | 44,288 | 41,944 | 2,344 |
| Eliminations/ Corporate | - | (411) | (411) | (451) | 40 |
| Consolidated | ¥ 43,877 | - | ¥ 43,877 | ¥ 41,492 | ¥ 2,384 |

1st Half of FY2007 (from April 1, 2007 to September 30, 2007)

(Millions of Yen)

| | Net sales | | | Operating expenses | Operating income |
|--------------------------------|--------------|--------------|----------|--------------------|------------------|
| | To customers | Intersegment | Total | | |
| Machine Tools | ¥ 30,674 | ¥ 362 | ¥ 31,037 | ¥ 30,045 | ¥ 991 |
| Procured Construction Supplies | 10,532 | 5 | 10,538 | 9,641 | 896 |
| In-house Construction Supplies | 2,984 | - | 2,984 | 2,791 | 193 |
| Other | 19 | - | 19 | 16 | 3 |
| Total | 44,212 | 367 | 44,579 | 42,495 | 2,084 |
| Eliminations/ Corporate | - | (367) | (367) | (421) | 53 |
| Consolidated | ¥ 44,212 | - | ¥ 44,212 | ¥ 42,074 | ¥ 2,138 |

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

(Millions of Yen)

| | Net sales | | | Operating expenses | Operating income |
|--------------------------------|--------------|--------------|----------|--------------------|------------------|
| | To customers | Intersegment | Total | | |
| Machine Tools | ¥ 63,237 | ¥ 875 | ¥ 64,112 | ¥ 61,575 | ¥ 2,537 |
| Procured Construction Supplies | 20,870 | 11 | 20,881 | 18,927 | 1,954 |
| In-house Construction Supplies | 6,221 | - | 6,221 | 5,714 | 507 |
| Other | 48 | - | 48 | 41 | 6 |
| Total | 90,378 | 886 | 91,264 | 86,258 | 5,005 |
| Eliminations/ Corporate | - | (886) | (886) | (977) | 91 |
| Consolidated | ¥ 90,378 | - | ¥ 90,378 | ¥ 85,280 | ¥ 5,097 |

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, machine tools, material handlings, housing equipments, and 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. Change in accounting policy

(Interim consolidated accounting period of fiscal 2006)

From the first half of fiscal 2006, ended September 30, 2006, 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 ¥1 million, the Procured Construction Supplies was up ¥5 million, and the In-house Construction Supplies was up ¥4 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.

(Consolidated accounting period of fiscal 2006)

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.

4. 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.

NON-CONSOLIDATED FINANCIAL RESULTS

NON-CONSOLIDATED BALANCE SHEETS (UNAUDITED)

| | Millions of Yen | | | | | | | |
|--|-----------------------|--------------|-----------------------|--------------|-------------------|--------------|------------------------------|--|
| | September 30, 2006 | | September 30, 2007 | | March 31, 2007 | | Change over March 31,2007 | |
| | Amounts | % | Amounts | % | Amounts | % | Amounts | |
| Assets | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | ¥ 2,065 | | ¥ 2,043 | | ¥ 3,070 | | ¥ (1,026) | |
| Trade notes receivables | 4,425 | | 4,447 | | 4,883 | | (435) | |
| Trade accounts receivables | 4,480 | | 4,299 | | 4,238 | | 61 | |
| Inventories | 1,762 | | 2,193 | | 2,053 | | 139 | |
| Short-term borrowings to an affiliate | 3,000 | | 2,000 | | 2,000 | | - | |
| Others | 404 | | 443 | | 381 | | 62 | |
| Allowance for doubtful accounts | (94) | | (42) | | (86) | | 43 | |
| Total current assets | 16,044 | 54.8 | 15,385 | 50.4 | 16,540 | 54.0 | (1,155) | |
| Fixed assets: | | | | | | | | |
| Property, plant and equipment: | | | | | | | | |
| Buildings | 2,130 | | 2,538 | | 2,206 | | 332 | |
| Land | 5,660 | | 6,470 | | 5,705 | | 764 | |
| Others | 739 | | 734 | | 748 | | (13) | |
| Total property, plant and equipment | 8,530 | 29.1 | 9,743 | 32.0 | 8,660 | 28.3 | 1,083 | |
| Intangible fixed assets | 48 | 0.2 | 83 | 0.3 | 67 | 0.3 | 16 | |
| Investments and other assets: | | | | | | | | |
| Investments securities | 2,147 | | 2,755 | | 2,812 | | (56) | |
| Investments in affiliates | 1,776 | | 1,776 | | 1,776 | | - | |
| Others | 766 | | 797 | | 783 | | 13 | |
| Allowance for doubtful accounts | (42) | | (44) | | (37) | | (7) | |
| Total investments and other assets | 4,648 | 15.9 | 5,284 | 17.3 | 5,334 | 17.4 | (50) | |
| Total fixed assets | 13,226 | 45.2 | 15,111 | 49.6 | 14,062 | 46.0 | 1,049 | |
| Total assets | ¥ 29,270 | 100.0 | ¥ 30,497 | 100.0 | ¥ 30,603 | 100.0 | ¥ (105) | |

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

| | Millions of Yen | | | | | | | |
|---|-----------------------|--------------|-----------------------|--------------|-------------------|--------------|----------------------------|--|
| | September 30, 2006 | | September 30, 2007 | | March 31, 2007 | | Change vs March 31,2007 | |
| | Amounts | % | Amounts | % | Amounts | % | Amounts | |
| Liabilities | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Trade notes payable | ¥ 1,975 | | ¥ 2,202 | | ¥ 2,198 | | ¥ 4 | |
| Trade accounts payable | 3,116 | | 3,060 | | 3,329 | | (268) | |
| Short-term borrowings | 230 | | - | | - | | - | |
| Accrued income taxes | 520 | | 574 | | 583 | | (9) | |
| Reserve for directors' bonuses | 10 | | 10 | | 20 | | (10) | |
| Others | 691 | | 608 | | 636 | | (27) | |
| Total current liabilities | 6,543 | 22.4 | 6,456 | 21.1 | 6,768 | 22.1 | (311) | |
| Long-term liabilities: | | | | | | | | |
| Reserve for employees' retirement benefits | 216 | | 179 | | 133 | | 46 | |
| Reserve for directors' retirement benefits | 523 | | 551 | | 537 | | 13 | |
| Others | 125 | | 358 | | 374 | | (15) | |
| Total long-term liabilities | 864 | 2.9 | 1,089 | 3.6 | 1,044 | 3.4 | 45 | |
| Total liabilities | 7,408 | 25.3 | 7,546 | 24.7 | 7,813 | 25.5 | (266) | |
| Net Assets | | | | | | | | |
| Shareholders' equity: | | | | | | | | |
| Common stock | 5,232 | | 5,232 | | 5,232 | | - | |
| Capital surplus | 6,591 | | 6,446 | | 6,446 | | - | |
| Capital reserve | 5,975 | | 5,975 | | 5,975 | | - | |
| Other capital surplus | 616 | | 471 | | 471 | | - | |
| Retained earnings | 9,611 | | 10,491 | | 10,272 | | 219 | |
| Legal reserve | 306 | | 306 | | 306 | | - | |
| Other retained earnings | 9,305 | | 10,185 | | 9,965 | | 219 | |
| Reserve for advanced depreciation | 4 | | 4 | | 4 | | - | |
| General reserve | 7,000 | | 7,000 | | 7,000 | | - | |
| Retained earnings brought forward | 2,300 | | 3,180 | | 2,961 | | 219 | |
| Treasury stock, at cost | (327) | | (185) | | (183) | | (1) | |
| Total shareholders' equity | 21,108 | 72.1 | 21,985 | 72.1 | 21,767 | 71.1 | 217 | |
| Revaluation and translation adjustment: | | | | | | | | |
| Net unrealized gain on revaluation of securities | 754 | | 965 | | 1,022 | | (56) | |
| Total revaluation and translation adjustment | 754 | 2.6 | 965 | 3.2 | 1,022 | 3.4 | (56) | |
| Total net assets | 21,862 | 74.7 | 22,950 | 75.3 | 22,789 | 74.5 | 160 | |
| Total liabilities and net assets | ¥ 29,270 | 100.0 | ¥ 30,497 | 100.0 | ¥ 30,603 | 100.0 | ¥ (105) | |

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

NON-CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

| | Millions of Yen | | | | | | |
|--|--|-------|--|--------------|---------------|------------------------------|-------|
| | Six months ended September 30, 2006 | | Six months ended September 30, 2007 | | YoY Change | Year ended March 31, 2007 | |
| | Amounts | % | Amounts | % | Amounts | Amounts | % |
| Net sales | ¥ 13,042 | 100.0 | ¥ 13,522 | 100.0 | ¥ 480 | ¥ 27,103 | 100.0 |
| Cost of sales | 9,825 | 75.3 | 10,252 | 75.8 | 427 | 20,398 | 75.3 |
| Gross profit | 3,217 | 24.7 | 3,270 | 24.2 | 52 | 6,705 | 24.7 |
| Selling, general and administrative expenses | 2,081 | 16.0 | 2,180 | 16.1 | 98 | 4,243 | 15.7 |
| Operating income | 1,135 | 8.7 | 1,089 | 8.1 | (46) | 2,461 | 9.1 |
| Non-operating income | 163 | 1.3 | 180 | 1.3 | 16 | 333 | 1.2 |
| Interest and dividend income | 32 | | 36 | | 3 | 64 | |
| Purchase discount | 22 | | 26 | | 4 | 47 | |
| Rent income | 90 | | 98 | | 8 | 182 | |
| Others | 18 | | 18 | | 0 | 37 | |
| Non-operating expenses | 59 | 0.5 | 48 | 0.4 | (10) | 106 | 0.4 |
| Interest expenses | 0 | | - | | (0) | 1 | |
| Leasehold value | 45 | | 40 | | (5) | 82 | |
| Others | 13 | | 8 | | (4) | 23 | |
| Ordinary income | 1,240 | 9.5 | 1,221 | 9.0 | (19) | 2,687 | 9.9 |
| Extraordinary income | 102 | 0.8 | 23 | 0.2 | (79) | 136 | 0.5 |
| Gain on the previous fiscal term adjustment | - | | - | | - | 24 | |
| Gain on sale of fixed assets | 72 | | - | | (72) | 72 | |
| Reversal of allowance for doubtful accounts | 5 | | 23 | | 17 | 13 | |
| Gain on sale of marketable securities | 25 | | - | | (25) | 25 | |
| Extraordinary losses | 55 | 0.4 | 21 | 0.2 | (34) | 66 | 0.2 |
| Impairment losses | 55 | | - | | (55) | 55 | |
| Loss on disposal of fixed assets | - | | 21 | | 21 | - | |
| Others | - | | - | | - | 10 | |
| Income before income taxes | 1,287 | 9.9 | 1,222 | 9.0 | (64) | 2,757 | 10.2 |
| Income taxes | 500 | 3.8 | 553 | 4.1 | 53 | 1,107 | 4.1 |
| Adjustment | 74 | 0.6 | (24) | (0.2) | (99) | 119 | 0.4 |
| Net income | ¥ 712 | 5.5 | ¥ 693 | 5.1 | ¥ (18) | ¥ 1,530 | 5.6 |

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

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

1st Half of FY2006 (from April 1, 2006 to September 30, 2006)

(Millions of Yen)

| | Shareholders' equity | | | | | | | | Revaluation and translation adjustment | Total net assets | |
|--|----------------------|-----------------|-----------------------|-------------------|-----------------------------------|-----------------|----------------|----------------------------|--|------------------|--------|
| | Common stock | Capital surplus | | Retained earnings | | | Treasury stock | Total shareholders' equity | | | |
| | | Capital reserve | Other capital surplus | Legal reserve | Other retained earnings | | | | | | |
| | | | | | Reserve for advanced depreciation | General reserve | | | Retained earnings brought forward | | |
| Balance at March 31, 2006 | 5,232 | 5,975 | - | 306 | 5 | 7,000 | 2,026 | (415) | 20,129 | 708 | 20,837 |
| Changes during the period | | | | | | | | | | | |
| Dividends *1 | | | | | | | (418) | | (418) | | (418) |
| Reversal of reserve for advanced depreciation *1 | | | | | (0) | | 0 | | - | | - |
| Directors' bonuses *1 | | | | | | | (20) | | (20) | | (20) |
| Net income | | | | | | | 712 | | 712 | | 712 |
| Purchases of treasury stock | | | | | | | | (2) | (2) | | (2) |
| Disposal of treasury stock | | | 616 | | | | | 90 | 706 | | 706 |
| Changes in items other than shareholders' equity | | | | | | | | | | 46 | 46 |
| Total changes during the period | - | - | 616 | - | (0) | - | 274 | 88 | 978 | 46 | 1,024 |
| Balance at September 30, 2006 | 5,232 | 5,975 | 616 | 306 | 4 | 7,000 | 2,300 | (327) | 21,108 | 754 | 21,862 |

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.

1st Half of FY2007 (from April 1, 2007 to September 30, 2007)

(Millions of Yen)

| | Shareholders' equity | | | | | | | | Revaluation and translation adjustment | Total net assets | |
|--|----------------------|-----------------|-----------------------|-------------------|-----------------------------------|-----------------|----------------|----------------------------|--|------------------|--------|
| | Common stock | Capital surplus | | Retained earnings | | | Treasury stock | Total shareholders' equity | | | |
| | | Capital reserve | Other capital surplus | Legal reserve | Other retained earnings | | | | | | |
| | | | | | Reserve for advanced depreciation | General reserve | | | Retained earnings brought forward | | |
| Balance at March 31, 2007 | 5,232 | 5,975 | 471 | 306 | 4 | 7,000 | 2,961 | (183) | 21,767 | 1,022 | 22,789 |
| Changes during the period | | | | | | | | | | | |
| Dividends | | | | | | | (474) | | (474) | | (474) |
| Net income | | | | | | | 693 | | 693 | | 693 |
| Purchases of treasury stock | | | | | | | | (1) | (1) | | (1) |
| Changes in items other than shareholders' equity | | | | | | | | | | (56) | (56) |
| Total changes during the period | - | - | - | - | - | - | 219 | (1) | 217 | (56) | 160 |
| Balance at September 30, 2007 | 5,232 | 5,975 | 471 | 306 | 4 | 7,000 | 3,180 | (185) | 21,985 | 965 | 22,950 |

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

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 shareholders' equity | | | |
| | | Capital reserve | Other capital surplus | Legal reserve | Other retained earnings | | | | | | |
| | | | | | Reserve for advanced depreciation | General reserve | | | Retained earnings brought forward | | |
| Balance at March 31, 2006 | 5,232 | 5,975 | - | 306 | 5 | 7,000 | 2,026 | (415) | 20,129 | 708 | 20,837 |
| Changes during the period | | | | | | | | | | | |
| Dividends *1 | | | | | | | (418) | | (418) | | (418) |
| Dividends (Interim) | | | | | | | (158) | | (158) | | (158) |
| Reversal of reserve for advanced depreciation *1 | | | | | (0) | | 0 | | - | | - |
| Reversal of reserve for advanced depreciation | | | | | (0) | | 0 | | - | | - |
| Directors' bonuses *1 | | | | | | | (20) | | (20) | | (20) |
| Net income | | | | | | | 1,530 | | 1,530 | | 1,530 |
| 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 | | | | | | | | | | 313 | 313 |
| Total changes during the period | - | - | 471 | - | (0) | - | 935 | 231 | 1,637 | 313 | 1,951 |
| Balance at March 31, 2007 | 5,232 | 5,975 | 471 | 306 | 4 | 7,000 | 2,961 | (183) | 21,767 | 1,022 | 22,789 |

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.