

FOR IMMEDIATE RELEASE:

Furusato Announces Financial Results for the Year Ended March 31, 2009

Osaka, Japan, May 8, 2009 – Furusato Industries, Ltd. announced its financial results for the year ended March 31, 2009. 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

(Millions of yen, except per share amounts)	Year Ended March 31, 2009	Year Ended March 31, 2008	% Change
Operating Results:			
Net Sales	¥ 83,103	¥ 92,064	(9.7%)
Operating Income	3,791	4,317	(12.2%)
Ordinary Income	4,193	4,732	(11.4%)
Net Income	1,732	2,590	(33.1%)
ROE (Net Income to Net Assets)	5.9%	9.2%	-
ROA (Ordinary Income to Total Assets)	8.3%	9.0%	-
Operating Income to Net Sales	4.6%	4.7%	-
Financial Position:			
Total Assets	¥ 47,171	¥ 54,025	-
Net Assets	29,987	28,860	-
Net Assets to Total Assets	63.6%	53.4%	-
Cash Flows:			
Net Cash Provided by Operating Activities	¥ 4,712	¥ 3,034	-
Net Cash Used in Investing Activities	(162)	(4,550)	-
Net Cash Used in Financing Activities	(1,552)	591	-
Cash and Cash Equivalents at End of Period	6,539	3,541	-
Per Share Data:			
Net Income	¥ 109.64	¥ 163.92	-
Net Assets	1,897.58	1,826.06	-

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

2. Dividends

	Dividends Per Share (Yen)					Total Dividends (Annual) Millions of Yen	Dividend Payout Ratio (Consolidated) %	Dividend on Net Assets (Consolidated) %
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen			
Fiscal Year Ended March 31, 2008	-	10.00	-	31.00	41.00	647	25.0	2.3
Fiscal Year Ended March 31, 2009	-	10.00	-	17.50	27.50	434	25.1	1.5
Fiscal Year Ending March 31, 2010 (Forecast)	-	5.00	-	5.00	10.00		143.7	

CONSOLIDATED EARNINGS FORECAST FOR FISCAL 2009, ENDING MARCH 31, 2010

	First Half	Full-Year
Operating Results:	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 28,700	¥ 60,800
Operating Income	(100)	340
Ordinary Income	30	600
Net Income	(175)	110
Per Share Data:	(Yen)	(Yen)
Net Income	¥ (11.07)	¥ 6.96

Notes:

1. Changes in major subsidiaries during the period under review
(changes in specific subsidiaries involving changes in the scope of consolidation): No
2. Changes in accounting principles, procedures or methods of presentation associated with financial statements (significant changes in basis for preparation of financial statements)
 - 1) Changes resulting from revisions to accounting standards: Yes
 - 2) Other changes: No
3. Number of shares Issued and outstanding (common stock)
 - 1) Number of shares issued and outstanding at the end of period (including treasury stock)
 - March 31, 2009: 16,438,648 shares
 - March 31, 2008: 16,438,648 shares
 - 2) Number of treasury stock at the end of period
 - March 31, 2009: 635,757 shares
 - March 31, 2008: 634,227 shares

[REFERENCE] NON-CONSOLIDATED FINANCIAL RESULTS

(Millions of yen, except per share amounts)	Year Ended March 31, 2009	Year Ended March 31, 2008	% Change
Operating Results:			
Net Sales	¥ 28,727	¥ 27,050	6.2%
Operating Income	2,826	2,073	36.3%
Ordinary Income	3,062	2,316	32.2%
Net Income	1,517	1,296	17.0%
Financial Position:			
Total Assets	¥ 31,364	¥ 31,920	-
Net Assets	23,903	23,038	-
Net Assets to Total Assets	76.2%	72.2%	-
Per Share Data:			
Net Income	¥ 96.05	¥ 82.06	-
Net Assets	1,512.59	1,457.71	-

NON-CONSOLIDATED EARNINGS FORECAST FOR FISCAL 2009, ENDING MARCH 31, 2010

(Millions of yen, except per share amounts)	First Half	Full-Year
Operating Results:		
	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 11,350	¥ 23,000
Operating Income	300	700
Ordinary Income	400	890
Net Income	205	465
Per Share Data:		
	(Yen)	(Yen)
Net Income	¥ 12.97	¥ 29.42

*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 AND FINANCIAL POSITION (YEAR ENDED MARCH 31, 2009)**1. Analysis of Operating Results****(1) Overview of Results**

During the year ended March 31, 2009 (fiscal 2008), domestic demand remained sluggish due to shrinking consumer spending, caused by a rise in selling prices of supplies and uncertainty about the future by a surge in crude oil and raw material prices in the first half. Meanwhile, the financial turmoil stemming from the subprime mortgage crisis has surfaced following the collapse of the Lehman Brothers in September 2008 and resulted in the global financial crisis. The economic conditions rapidly deteriorated due to confusion over financial institutions and worsening corporate earnings and employment adjustment in the manufacturing industry, especially export companies, in Japan.

Regarding the market related to Furusato Group, the industrial production in the manufacturing sector recorded the fourth consecutive quarters of the decrease compared to the previous quarter, with especially, a sharp drop for the three-month period from January to March 2009. In the machine tools market, the orders received for the machine tools has gradually decreased since the first half of fiscal 2008, reflecting signs of a slowdown in capital investment. After the financial crisis, the orders received for the machine tools sharply dropped by over 80% for the three-month period from January to March 2009, compared to the same period of the previous year. In the steel frame building market, the impact by the revised Building Standard Law, effective in June 2007, initially continued from the previous fiscal year. The steel frame used for building starts in 2008 was 616 million ton, the record low since 1975, reflecting the price hike in steel products in the first half and the cancellation and postpone of construction projects in the second half.

Under these circumstances, Furusato Group focused on reinforcing marketing activities including sales promotions and sales exhibition, streamlining the business structure through promotion of our price policy in response to a sharp decline in raw material prices and revision of operating processes. Regardless of these efforts, we could not catch up with the pace of drastic shrinking of the market, which ended in weak earnings.

During the year ended March 31, 2009, consolidated net sales recorded ¥83,103 million, a decrease of 9.7%, compared to fiscal 2007. On the earnings front, the Procured Construction Supplies segment and the In-house Construction Supplies segment were up with an increase in net sales, while the Machine Tools segment substantially dropped. As a result, operating income for fiscal 2008 amounted to ¥3,791 million, down 12.2%, and ordinary income was ¥4,193 million, down 11.4%. Net income declined by 33.1% to ¥1,732 million due to extraordinary losses of ¥938 million including a loss on revaluation of investment securities.

(2) Analysis of Results by Segment**1) Machine Tools segment**

In the Machine Tools segment, the Industrial Tools business offering mainly parts, consumer supplies and tools related to the factory utilization rate in the manufacturing industry, the Machines business dealing with machine tools, and FA System business directly providing machine tools and manufacturing equipments were substantially affected by a sharp drop in the orders received due to a deterioration in corporate earnings in the manufacturing sector after the fall of 2008. The full-year net sales of Gifu Shoji recorded a year-over-year increase due to the consolidation of the Company since the second half of fiscal 2007, though, in fact, net sales in the second half significantly decreased, impacted by drastic production adjustment in the automotive industry.

During the period under review, Segment sales decreased by 16.4% to ¥54,359 million. Operating income decreased by 59.8% to ¥852 million. The major factor was an increase in its SG&A expenses and amortization of goodwill recorded for the first half of fiscal 2008 as a result of the acquisition of Gifu Shoji in the second half of fiscal 2007, with a decline in its net sales.

2) Procured Construction Supplies segment

In the first half of fiscal 2008, Furusato strived to pass the price inflation of procured supplies on to the selling prices. Despite the price hike in the steel products in the first half, the prices began to fall in the autumn of 2008, which affected not only the prices of electric furnace steel but also blast furnace steel. In addition, the market conditions have completely changed due to a rapid decrease in the number of building projects primarily related to capital investment, impacted by a deterioration in corporate earnings after the financial crisis. As a countermeasure to the change of business environment, we strived to make a soft landing by reducing the inventory of procured supplies in a short time and securing the sales volume and the level of the selling prices. The Plumbing business in this segment recorded a slight decline in sales compared to fiscal 2007 due to a demand decrease and a drop in prices of stainless steel products, with fierce competition.

During the period under review, Segment sales were up 3.6% to ¥21,959 million despite sales decline

exceeding our forecast in February and March. Operating income was up 30.5% to ¥2,313 million, reflecting improvement in gross profit margin.

3) In-house Construction Supplies segment

Regarding the in-house supplies for steel frame buildings, mainly turnbuckle braces, Furusato worked hard to increase the selling prices in response to the price inflation of raw material prices. In addition, we could curb the decline in sales volume against the demand decrease by reinforcing sales promotion toward large users.

During the period under review, Segment sales were up 15.6% to ¥6,753 million. Operating income was significantly up 70.2% to ¥512 million with sales increase.

4) Other

During the period under review, Segment sales were down 18.2% to ¥31 million. Operating income dropped by 14.4% to ¥4 million.

(3) Earnings Forecast for fiscal 2009, ending March 31, 2010

The business environment for the fiscal 2009 ending March 31, 2010 is likely to remain in a severe condition in overall industries amid a drastic deterioration in global economy due to continued weakening corporate earnings, which will prolong reduced capital investment and worsening employment situations. In fact, the capital investment in the manufacturing industry related to the machine tools business showed signs of a decrease in the summer and rapidly dropped after the fall of 2008. Meanwhile, the capital investment in the steel frame construction supplies business slightly decreased by the end of 2008 and drastically declined in 2009.

Under these circumstances, Furusato assumes that harsh business environment negatively impacted by a decrease in capital investment will continue for a considerable period of time in both the machine tools market and the steel frame building market.

During the year ending March 31, 2010, we currently forecast net sales of ¥60,800 million, down 26.8%, operating income of ¥340 million, down 91.0%, ordinary income of ¥600 million, down 85.7% and net income of ¥110 million, down 93.7%.

2. Overview of Consolidated financial position and cash flows

〈Financial position〉

As of March 31, 2009, total assets decreased by ¥6,854 million to ¥47,171 million from the end of the previous fiscal year.

Total current assets decreased by ¥5,611 million to ¥31,972 million from the fiscal 2007 year-end. That was due primarily to an increase in cash and deposits of ¥3,016 million and a decrease in notes and accounts receivable-trade of ¥8,299 million.

Total noncurrent assets decreased by ¥1,242 million to ¥15,198 million from the fiscal 2007 year-end. That was due primarily to a decrease in investment securities of ¥685 million owing to stock price declines and a decrease in goodwill of ¥310 million.

Total current liabilities decreased by ¥7,229 million to ¥14,615 million from the fiscal 2007 year-end. That was due primarily to a decrease in notes and accounts payable-trade of ¥5,955 million, a decrease in short-term loans payable of ¥605 million, and a decrease in income taxes payable of ¥576 million.

Total noncurrent liabilities decreased by ¥752 million to ¥2,568 million from the fiscal 2007 year-end. That was due primarily to a decrease in long-term loans payable of ¥300 million and a decrease in reserve for directors' retirement benefits of ¥657 million.

Net assets increased by ¥1,127 million to ¥29,987 million from the end of the previous fiscal year. This was attributed to an increase in retained earnings of ¥1,084 million.

〈Cash flows〉

Cash and cash equivalents (hereinafter referred to as "cash") as of March 31, 2009 totaled ¥6,539 million (¥3,541 million as of March 31, 2008), an increase of ¥2,997 million on a consolidated basis from March 31, 2008 due to an increase in cash from operating activities and a decrease in cash from investment activities and financing activities.

Net cash provided by operating activities was ¥4,712 million (net cash provided by operating activities ¥3,034 million as of March 31, 2008). Factors behind the result were income before income taxes of ¥3,284 million and a decrease in notes and accounts receivable-trade of ¥8,253 million, which counted contribution from a decrease in notes and accounts payable-trade of ¥5,766 million and income taxes paid of ¥1,925 million.

Net cash used in investing activities totaled ¥162 million (net cash used in investing activities ¥4,550 million as of March 31, 2008), mainly resulting from a decrease in proceeds from withdrawal of time deposit of ¥366 million

and purchases of property, plant and equipment of ¥403 million.

Net cash used in financing activities was ¥1,552 million (net cash provided by financing activities ¥591 million as of March 31, 2008). That was mainly owing to a decrease in short-term loans payable of ¥605 million, repayment of long-term loans payable of ¥300 million and cash dividends paid of ¥646 million.

3. Basic Policy for Distribution of Profits, Dividends for FY2008 and Dividends Forecast for FY2009

Furusato regards our dividend policy as one of the critical management issues and adopts the following policy:

(1) In order to increase the returns to shareholders over the long term, we strive to reinforce our profit structure.

Internal capital resources will be secured for active investment in growing businesses.

(2) The target annual dividend payout ratio is approximately 25% of consolidated net income. In case that the annual dividend per share based on the above dividend payout ratio is less than ¥10, we aim to continue to pay ¥10 as the stable dividend returns to our shareholders.

Note: Amount is rounded up by ¥0.5.

¥0.01 - ¥0.49; ¥0.5

¥0.51 - ¥0.99; ¥1.0

In accordance with this policy, Furusato plans to pay a year-end dividend of ¥17.5 per share, resulting in an annual dividend of ¥27.5 per share together with the interim dividend of ¥10 per share already paid.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Thousands of Yen	
	March 31, 2008	March 31, 2009
	Amounts	Amounts
Assets		
Current assets:		
Cash and deposits	¥ 3,608,132	¥ 6,624,942
Notes and accounts receivable-trade	28,554,949	20,255,391
Inventories	4,698,549	-
Merchandise and finished goods	-	3,671,595
Work in process	-	696,062
Raw materials and supplies	-	208,906
Deferred tax assets	337,807	278,004
Other	483,589	286,579
Allowance for doubtful accounts	(99,232)	(49,329)
Total current assets	37,583,796	31,972,152
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	6,630,106	6,849,826
Accumulated depreciation	(3,773,809)	(3,938,259)
Buildings and structures, net	2,856,297	2,911,567
Land	6,808,776	6,801,723
Other	3,366,377	3,360,985
Accumulated depreciation	(2,635,677)	(2,748,723)
Others, net	730,699	612,262
Total property, plant and equipment	10,395,774	10,325,553
Intangible assets:		
Goodwill	1,398,129	1,087,665
Other	119,666	142,446
Total intangible assets	1,517,795	1,230,111
Investments and other assets:		
Investment securities	3,122,577	2,437,193
Prepaid pension cost	-	138,943
Deferred tax assets	379,297	372,879
Other	1,131,354	809,352
Allowance for doubtful accounts	(105,197)	(115,157)
Total investments and other assets	4,528,032	3,643,211
Total noncurrent assets	16,441,602	15,198,876
Total assets	¥ 54,025,398	¥ 47,171,028

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

	Thousands of Yen	
	March 31, 2008	March 31, 2009
	Amounts	Amounts
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	¥ 18,764,810	¥ 12,809,323
Short-term loans payable	915,000	310,000
Income taxes payable	902,158	325,269
Provision for bonuses	520,581	494,190
Provision for directors' bonuses	29,940	15,133
Other	711,779	661,275
Total current liabilities	21,844,269	14,615,191
Noncurrent liabilities:		
Long-term loans payable	1,200,000	900,000
Deferred tax liabilities	281,846	491,651
Provision for retirement benefits	1,107,252	903,468
Provision for directors' retirement benefits	708,930	51,199
Other	22,914	222,211
Total noncurrent liabilities	3,320,943	2,568,531
Total liabilities	25,165,212	17,183,723
Net Assets		
Shareholders' equity:		
Capital stock	5,232,413	5,232,413
Capital surplus	6,446,673	6,446,673
Retained earnings	16,775,555	17,860,313
Treasury stock	(185,929)	(187,380)
Total shareholders' equity	28,268,713	29,352,021
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	591,115	635,283
Total valuation and translation adjustments	591,115	635,283
Minority interests	356	-
Total net assets	28,860,185	29,987,305
Total liabilities and net assets	¥ 54,025,398	¥ 47,171,028

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

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Thousands of Yen	
	Year ended March 31, 2008	Year ended March 31, 2009
	Amounts	Amounts
Net sales	¥ 92,064,533	¥ 83,103,980
Cost of sales	78,866,353	69,971,230
Gross profit	13,198,180	13,132,749
Selling, general and administrative expenses:		
Freightage and packing expenses	1,087,810	1,075,402
Provision of allowance for doubtful accounts	1,050	6,794
Provision for bonuses	463,007	437,802
Provision for reserve for directors' retirement benefits	44,275	16,095
Provision for directors' bonuses	29,940	15,133
Salaries, allowances and bonuses	3,592,568	3,848,223
Provision for retirement benefits	203,059	226,955
Other	3,459,138	3,714,353
Total selling, general and administrative expenses	8,880,848	9,340,760
Operating income	4,317,331	3,791,989
Non-operating income:		
Interest income	9,033	7,596
Dividends income	48,695	56,937
Purchase discounts	558,928	514,465
Rent income	54,963	56,121
Other	21,763	33,150
Total non-operating income	693,384	668,271
Non-operating expenses:		
Interest expenses	15,214	19,835
Loss on sales of notes payable	12,177	11,243
Sales discounts	227,788	217,732
Cost of lease revenue	12,899	12,607
Other	10,597	5,405
Total non-operating expenses	278,677	266,823
Ordinary income	4,732,039	4,193,436
Extraordinary income:		
Reversal of allowance for doubtful accounts	19,540	27,573
Other	248	1,500
Total extraordinary income	19,788	29,073
Extraordinary loss:		
Loss on retirement of noncurrent assets	36,300	25,982
Loss on valuation of investment securities	21,798	799,515
Loss on valuation of membership	8,303	5,616
Directors' retirement benefits	-	107,008
Total extraordinary loss	66,402	938,123
Income before income taxes	4,685,424	3,284,387
Income taxes-current	2,029,284	1,352,024
Income taxes-deferred	65,292	199,631
Total income taxes	2,094,577	1,551,655
Minority interests in income	29	-
Net income	¥ 2,590,817	¥ 1,732,731

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

	Thousands of Yen	
	Year ended March 31, 2008	Year ended March 31, 2009
	Amounts	Amounts
Shareholders' equity		
Capital stock:		
Balance at the end of previous period	¥ 5,232,413	¥ 5,232,413
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	<u>5,232,413</u>	<u>5,232,413</u>
Capital surplus:		
Balance at the end of previous period	6,446,673	6,446,673
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	<u>6,446,673</u>	<u>6,446,673</u>
Retained earnings:		
Balance at the end of previous period	14,816,956	16,775,555
Changes of items during the period		
Dividends from surplus	(632,218)	(647,972)
Net income	2,590,817	1,732,731
Total changes of items during the period	<u>1,958,599</u>	<u>1,084,758</u>
Balance at the end of current period	<u>16,775,555</u>	<u>17,860,313</u>
Treasury stock:		
Balance at the end of previous period	(183,834)	(185,929)
Changes of items during the period		
Purchase of treasury stock	(2,094)	(1,450)
Total changes of items during the period	<u>(2,094)</u>	<u>(1,450)</u>
Balance at the end of current period	<u>(185,929)</u>	<u>(187,380)</u>
Total shareholders' equity:		
Balance at the end of previous period	26,312,209	28,268,713
Changes of items during the period		
Dividends from surplus	(632,218)	(647,972)
Net income	2,590,817	1,732,731
Purchase of treasury stock	(2,094)	(1,450)
Total changes of items during the period	<u>1,956,504</u>	<u>1,083,307</u>
Balance at the end of current period	<u>¥ 28,268,713</u>	<u>¥ 29,352,021</u>

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

	Thousands of Yen	
	Year ended March 31, 2008	Year ended March 31, 2009
	Amounts	Amounts
Valuation and translation adjustments		
Valuation difference on available-for-sale securities:		
Balance at the end of previous period	¥ 1,183,880	¥ 591,115
Changes of items during the period		
Net changes of items other than shareholders' equity	(592,764)	44,168
Total changes of items during the period	(592,764)	44,168
Balance at the end of current period	591,115	635,283
Total revaluation and translation adjustment:		
Balance at the end of previous period	1,183,880	591,115
Changes of items during the period		
Net changes of items other than shareholders' equity	(592,764)	44,168
Total changes of items during the period	(592,764)	44,168
Balance at the end of current period	591,115	635,283
Minority interests		
Balance at the end of previous period	-	356
Changes of items during the period		
Net changes of items other than shareholders' equity	356	(356)
Total changes of items during the period	356	(356)
Balance at the end of current period	356	-
Total net assets		
Balance at the end of previous period	27,496,089	28,860,185
Changes of items during the period		
Dividends from surplus	(632,218)	(647,972)
Net income	2,590,817	1,732,731
Purchase of treasury stock	(2,094)	(1,450)
Changes in items other than shareholders' equity, net	(592,408)	43,811
Total changes of items during the period	1,364,096	1,127,119
Balance at the end of current period	¥ 28,860,185	¥ 29,987,305

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Thousands of Yen	
	Year ended March 31, 2008	Year ended March 31, 2009
	Amounts	Amounts
Net cash provided by operating activities:		
Income before income taxes	¥ 4,685,424	¥ 3,284,387
Depreciation and amortization	392,151	447,280
Amortization of goodwill	157,528	310,753
Change in provision for directors' bonuses	300	(14,807)
Decrease in provision for retirement benefits	(104,070)	(203,783)
Increase in prepaid pension costs	-	(138,943)
Change in provision for directors' retirement benefits	44,275	(657,731)
Change in provision for bonuses	474,571	(26,391)
Decrease in allowance for doubtful accounts	(72,914)	(39,942)
Interest and dividends income	(57,729)	(64,534)
Interest expenses	-	19,835
Interest expenses and loss on sales of notes receivable-trade	27,391	-
Loss on revaluation of investment securities	-	799,515
Decrease in notes and accounts receivable-trade	1,763,434	8,253,503
Change in inventories	(317,092)	121,985
Decrease in notes and accounts payable-trade	(986,848)	(5,766,159)
Decrease in accrued expenses	(470,109)	(515)
Increase in long-term accounts payable-other	-	200,810
Other, net	(56,698)	69,419
Subtotal	<u>5,479,613</u>	<u>6,594,681</u>
Interest and dividends income received	58,173	64,704
Interest expenses paid	-	(20,728)
Interest expenses and loss on sales of notes receivable-trade	(19,503)	-
Income taxes paid	(2,483,707)	(1,925,999)
Net cash provided by operating activities	<u>3,034,576</u>	<u>4,712,657</u>
Net cash used in investing activities:		
Payments into time deposits	(66,223)	(85,923)
Proceeds from withdrawal of time deposits	150,644	366,223
Purchase of property, plant and equipment	(1,524,852)	(403,462)
Proceeds from sales of property, plant and equipment	2,264	10,448
Purchase of investment securities	(8,800)	(12,568)
Proceeds from sales of investment securities	-	20,500
Purchase of investments in subsidiaries	(3,032,988)	(645)
Payments of loans receivable	(12,350)	(12,812)
Collection of loans receivable	12,199	12,373
Other, net	(69,915)	(56,937)
Net cash used in investing activities	<u>(4,550,024)</u>	<u>(162,804)</u>
Net cash used in financing activities:		
Net decrease in short-term loans payable	(275,000)	(605,000)
Proceeds from long-term loans payable	1,500,000	-
Repayment of long-term loans payable	-	(300,000)
Purchase of treasury stock	(2,094)	(1,450)
Cash dividends paid	(631,289)	(646,293)
Net cash used in financing activities	<u>591,615</u>	<u>(1,552,743)</u>
Net change in cash and cash equivalents	<u>(923,832)</u>	<u>2,997,109</u>
Cash and cash equivalents at beginning of period	<u>4,465,741</u>	<u>3,541,908</u>
Cash and cash equivalents at end of period	<u>¥ 3,541,908</u>	<u>¥ 6,539,018</u>

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

SEGMENT INFORMATION

1. Business Segment Information

FY2007 (from April 1, 2007 to March 31, 2008)

(Thousands of Yen)

	Net sales			Operating expenses	Operating income	Assets	Depreciation, amortization	Capital expenditures
	To customers	Intersegment	Total					
Machine Tools	¥ 64,984,930	¥ 845,019	¥ 65,829,950	¥ 63,706,999	¥ 2,122,951	¥ 27,392,367	¥ 234,043	¥ 2,445,301
Procured Construction Supplies	21,198,293	9,612	21,207,906	19,435,257	1,772,649	12,676,178	111,486	273,815
In-house Construction Supplies	5,842,713	-	5,842,713	5,541,761	300,951	6,075,007	185,433	424,970
Other	38,595	-	38,595	32,806	5,789	34,134	6,756	-
Total	92,064,533	854,632	92,919,166	88,716,825	4,202,341	46,177,687	537,721	3,144,086
Eliminations/ Corporate	-	(854,632)	(854,632)	969,623	114,990	7,847,711	11,958	-
Consolidated	¥ 92,064,533	-	¥ 92,064,533	¥ 87,747,201	¥ 4,317,331	¥ 54,025,398	¥ 549,679	¥ 3,144,086

FY2008 (from April 1, 2008 to March 31, 2009)

(Thousands of Yen)

	Net sales			Operating expenses	Operating income	Assets	Depreciation, amortization	Capital expenditures
	To customers	Intersegment	Total					
Machine Tools	¥ 54,359,376	¥ 1,075,726	¥ 55,435,103	¥ 54,582,732	¥ 852,370	¥ 19,205,388	¥ 385,715	¥ 27,161
Procured Construction Supplies	21,959,376	14,856	21,974,233	19,660,355	2,313,878	11,824,988	114,127	68,883
In-house Construction Supplies	6,753,648	-	6,753,648	6,241,383	512,264	6,283,925	242,600	325,148
Other	31,578	-	31,578	26,622	4,955	24,178	2,719	-
Total	83,103,980	1,090,583	84,194,563	80,511,093	3,683,469	37,338,481	745,162	421,194
Eliminations/ Corporate	-	(1,090,583)	(1,090,583)	(1,199,103)	108,519	9,832,547	12,870	-
Consolidated	¥ 83,103,980	-	¥ 83,103,980	¥ 79,311,990	¥ 3,791,989	¥ 47,171,028	¥ 758,033	¥ 421,194

Notes:

- Business segments are classified according to similarity of sorts and characters of manufactured and procured goods and operating groups used for the internal management.
- Major products and services by segment
 - Machine Tools:
Industrial tools, machine tools, material handlings, housing equipments, and electric appliances and consumable supplies
 - Procured Construction Supplies:
High strength bolts, fastening products, welding supplies, coating materials and steel frame-related supplies
 - In-house Construction Supplies: Turnbuckle braces and foundation bolts
 - Other: agent businesses, lease services and sale of procured supplies
- With regard to assets, major corporate assets in eliminations or corporate are surplus funds (cash and deposits), long-term investment funds (investment securities) and assets in Administration section, which amounted to ¥13,912,093 thousand in FY2007 and ¥14,902,211 thousand in FY2008 on consolidated basis.
- Depreciation and amortization and capital expenditures include long-term prepaid expenses and the amortized amounts.
- All figures are rounded down to the nearest thousand 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 FOR YEAR ENDED MARCH 31, 2009

NON-CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Thousands of Yen	
	March 31, 2008 Amounts	March 31, 2009 Amounts
Assets		
Current assets:		
Cash and deposits	¥ 1,916,848	¥ 3,668,710
Notes receivable-trade	4,067,028	4,400,050
Accounts receivable-trade	4,520,483	3,462,170
Merchandise	1,431,544	-
Finished goods	207,939	-
Merchandise and finished goods	-	1,571,230
Work in process	544,500	696,062
Raw materials	155,784	-
Supplies	6,054	-
Raw materials and supplies	-	208,906
Advance payments-trade	251,292	91,334
Prepaid expenses	75,747	78,470
Deferred tax assets	158,454	146,441
Short-term loans receivable to subsidiaries and affiliates	1,000,000	-
Other	14,467	9,080
Allowance for doubtful accounts	(38,354)	(22,015)
Total current assets	14,311,789	14,310,441
Noncurrent assets:		
Property, plant and equipment:		
Buildings	5,658,347	5,848,032
Accumulated depreciation	(3,070,801)	(3,206,510)
Buildings, net	2,587,546	2,641,521
Structures	682,646	712,680
Accumulated depreciation	(563,929)	(584,608)
Structures, net	118,717	128,072
Machinery and equipment	2,287,145	2,343,398
Accumulated depreciation	(1,878,193)	(1,920,439)
Machinery and equipment, net	408,952	422,958
Vehicles	140,333	143,681
Accumulated depreciation	(122,207)	(126,235)
Vehicles, net	18,126	17,445
Tools, furniture and fixtures	586,565	614,517
Accumulated depreciation	(443,934)	(499,355)
Tools, furniture and fixtures, net	142,630	115,161
Land	6,473,622	6,466,569
Construction in progress	91,327	2,680
Total property, plant and equipment	9,840,923	9,794,410
Intangible assets:		
Leasehold right	3,215	3,215
Right of trademark	-	480
Software	83,519	96,187
Other	4,482	13,256
Total intangible assets	¥ 91,217	¥ 113,139

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

	Thousands of Yen	
	March 31, 2008 Amounts	March 31, 2009 Amounts
Investments and other assets:		
Investment securities	¥ 2,172,813	¥ 1,880,629
Stocks of subsidiaries and affiliates	4,857,431	4,858,077
Investment in capital	23,205	23,205
Long-term loans receivable from employees	3,405	1,337
Claims provable in bankruptcy, claims provable in rehabilitation and other	50,821	53,544
Prepaid pension cost	-	138,943
Long-term prepaid expenses	125,127	110,379
Guarantee deposits	122,963	113,855
Long-term time deposits	300,000	-
Other	67,139	15,504
Allowance for doubtful accounts	(46,583)	(48,762)
Total investments and other assets	7,676,324	7,146,715
Total noncurrent assets	17,608,464	17,054,266
Total assets	¥ 31,920,254	¥ 31,364,707
Liabilities		
Current liabilities:		
Notes payable-trade	¥ 2,168,779	¥ 1,984,205
Accounts payable-trade	3,294,919	2,738,561
Short-term loans payable	300,000	300,000
Accounts payable-other	236,065	311,780
Accrued expenses	38,050	36,441
Income taxes payable	467,874	312,558
Deposits received	13,587	12,629
Provision for bonuses	253,931	252,404
Provision for directors' bonuses	20,000	4,643
Other	55,410	21,787
Total current liabilities	6,848,619	5,975,011
Noncurrent liabilities:		
Long-term loans payable	1,200,000	900,000
Long-term accounts payable-other	-	111,160
Deferred tax liabilities	62,252	384,510
Provision for retirement benefits	114,896	-
Provision for directors' retirement benefits	565,415	-
Other	90,865	90,665
Total noncurrent liabilities	2,033,428	1,486,335
Total liabilities	¥ 8,882,048	¥ 7,461,347

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

	Thousands of Yen	
	March 31, 2008 Amounts	March 31, 2009 Amounts
Net Assets		
Shareholders' equity:		
Capital stock	¥ 5,232,413	¥ 5,232,413
Capital surplus:		
Legal capital surplus	5,975,224	5,975,224
Other capital surplus	471,449	471,449
Total capital surplus	<u>6,446,673</u>	<u>6,446,673</u>
Retained earnings:		
Legal retained earnings	306,475	306,475
Other retained earnings		
Reserve for reduction entry	4,069	3,793
General reserve	7,000,000	7,000,000
Retained earnings brought forward	3,626,494	4,496,671
Total retained earnings	<u>10,937,039</u>	<u>11,806,939</u>
Treasury stock	(185,929)	(187,380)
Total shareholders' equity	<u>22,430,197</u>	<u>23,298,646</u>
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	608,007	604,713
Total valuation and translation adjustments	<u>608,007</u>	<u>604,713</u>
Total net assets	<u>23,038,205</u>	<u>23,903,360</u>
Total liabilities and net assets	<u>¥ 31,920,254</u>	<u>¥ 31,364,707</u>

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

NON-CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Thousands of Yen	
	Year ended March 31, 2008	Year ended March 31, 2009
	Amounts	Amounts
Net sales:		
Net sales of goods	¥ 21,207,906	¥ 21,974,233
Net sales of finished goods	5,842,713	6,753,648
Total net sales	27,050,620	28,727,881
Cost of sales:		
Cost of goods sold:		
Beginning goods	1,238,782	1,431,544
Cost of purchased goods	16,723,442	16,660,806
Total	17,962,224	18,092,350
Ending goods	1,431,544	1,336,493
Cost of goods sold	16,530,679	16,755,857
Cost of finished goods sold:		
Beginning finished goods	228,039	207,939
Cost of products manufactured	4,033,181	4,716,894
Total	4,261,220	4,924,833
Ending finished goods	207,939	234,737
Cost of finished goods sold	4,053,281	4,690,096
Total	20,583,961	21,445,953
Gross profit	6,466,658	7,281,928
Selling, general and administrative expenses:		
Freightage and packing expenses	810,021	814,712
Directors' compensations	121,440	93,846
Provision of allowance for doubtful accounts	-	2,794
Provision for directors' retirement benefits	27,875	6,161
Provision for directors' bonuses	20,000	4,643
Salaries, allowances and bonuses	1,648,442	1,735,449
Provision for bonuses	196,357	196,016
Provision for retirement benefits	98,769	90,040
Welfare expenses	273,365	288,220
Rent expenses	243,177	257,020
Depreciation	139,470	145,093
Commission fee	225,210	243,694
Other	588,927	578,092
Total selling, general and administrative expenses	4,393,057	4,455,785
Operating income	¥ 2,073,600	¥ 2,826,142

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

Thousands of Yen

	Year ended March 31, 2008		Year ended March 31, 2009	
	Amounts		Amounts	
Non-operating income:				
Interest income	¥	25,519	¥	6,173
Dividends income		36,917		37,176
Purchase discounts		51,850		49,230
Rent income		203,725		213,373
Miscellaneous income		40,062		48,511
Total non-operating income		358,075		354,465
Non-operating expenses:				
Interest expenses		8,173		16,745
Cost of lease revenue		88,710		87,815
Miscellaneous loss		18,098		13,185
Total non-operating expenses		114,982		117,746
Ordinary income		2,316,693		3,062,861
Extraordinary income:				
Reversal of allowance for doubtful accounts		24,574		-
Other		248		-
Total extraordinary income		24,822		-
Extraordinary loss:				
Loss on retirement of noncurrent assets		36,300		25,982
Loss on valuation of investment securities		-		325,687
Directors' retirement benefits		-		107,008
Loss on valuation of membership		8,303		-
Total extraordinary loss		44,604		458,678
Income before income taxes		2,296,911		2,604,183
Income taxes-current		995,430		785,828
Income taxes-deferred		4,491		300,483
Total income taxes		999,922		1,086,311
Net income	¥	1,296,989	¥	1,517,872

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

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

	Thousands of Yen	
	Year ended March 31, 2008	Year ended March 31, 2009
	Amounts	Amounts
Shareholders' equity:		
Capital stock:		
Balance at the end of previous period	¥ 5,232,413	¥ 5,232,413
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	<u>5,232,413</u>	<u>5,232,413</u>
Capital surplus:		
Legal capital surplus:		
Balance at the end of previous period	5,975,224	5,975,224
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	<u>5,975,224</u>	<u>5,975,224</u>
Other capital surplus:		
Balance at the end of previous period	471,449	471,449
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	<u>471,449</u>	<u>471,449</u>
Total other capital surplus:		
Balance at the end of previous period	6,446,673	6,446,673
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	<u>6,446,673</u>	<u>6,446,673</u>
Retained earnings:		
Legal retained earnings:		
Balance at the end of previous period	306,475	306,475
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	<u>306,475</u>	<u>306,475</u>
Other retained earnings:		
Reserve for reduction entry:		
Balance at the end of previous period	4,366	4,069
Changes of items during the period		
Reversal of reserve for reduction entry	(297)	(276)
Total changes of items during the period	<u>(297)</u>	<u>(276)</u>
Balance at the end of current period	<u>4,069</u>	<u>3,793</u>
General reserve:		
Balance at the end of previous period	7,000,000	7,000,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	<u>¥ 7,000,000</u>	<u>¥ 7,000,000</u>

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

	Thousands of Yen	
	Year ended March 31, 2008	Year ended March 31, 2009
	Amounts	Amounts
Retained earnings brought forward:		
Balance at the end of previous period	¥ 2,961,426	¥ 3,626,494
Changes of items during the period		
Dividends from surplus	(632,218)	(647,972)
Reversal of reserve for reduction entry	297	276
Net income	1,296,989	1,517,872
Total changes of items during the period	665,068	870,176
Balance at the end of current period	3,626,494	4,496,671
Total retained earnings:		
Balance at the end of previous period	10,272,268	10,937,039
Changes of items during the period		
Dividends from surplus	(632,218)	(647,972)
Reversal of reserve for reduction entry	-	-
Net income	1,296,989	1,517,872
Total changes of items during the period	664,771	869,899
Balance at the end of current period	10,937,039	11,806,939
Treasury stock:		
Balance at the end of previous period	(183,834)	(185,929)
Changes of items during the period		
Purchase of treasury stock	(2,094)	(1,450)
Total changes of items during the period	(2,094)	(1,450)
Balance at the end of current period	(185,929)	(187,380)
Total shareholders' equity:		
Balance at the end of previous period	21,767,521	22,430,197
Changes of items during the period		
Dividends from surplus	(632,218)	(647,972)
Net income	1,296,989	1,517,872
Purchase of treasury stock	(2,094)	(1,450)
Total changes of items during the period	662,676	868,449
Balance at the end of current period	¥ 22,430,197	¥ 23,298,646

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

	Thousands of Yen	
	Year ended March 31, 2008	Year ended March 31, 2009
	Amounts	Amounts
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	¥ 1,022,224	¥ 608,007
Changes of items during the period		
Net changes of items other than shareholders' equity	(414,216)	(3,294)
Total changes of items during the period	(414,216)	(3,294)
Balance at the end of current period	608,007	604,713
Total valuation and translation adjustments:		
Balance at the end of previous period	1,022,224	608,007
Changes of items during the period		
Net changes of items other than shareholders' equity	(414,216)	(3,294)
Total changes of items during the period	(414,216)	(3,294)
Balance at the end of current period	608,007	604,713
Total net assets:		
Balance at the beginning of the period	22,789,746	23,038,205
Changes of items during the period		
Dividends from surplus	(632,218)	(647,972)
Net income	1,296,989	1,517,872
Purchase of treasury stock	(2,094)	(1,450)
Changes in items other than shareholders' equity, net	(414,216)	(3,294)
Total changes during the period	248,459	865,154
Balance at the end of the period	¥ 23,038,205	¥ 23,903,360

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