

FOR IMMEDIATE RELEASE:

## Furusato Announces Financial Results for the Year Ended March 31, 2010

Osaka, Japan, May 7, 2010 – Furusato Industries, Ltd. announced its financial results for the year ended March 31, 2010. 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

	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>Operating Results:</b>	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 53,776	¥ 83,103
Operating Income	(780)	3,791
Ordinary Income	(520)	4,193
Net Income	(1,407)	1,732
ROE (Net Income to Net Assets)	(4.8%)	5.9%
ROA (Ordinary Income to Total Assets)	(1.2%)	8.3%
Operating Income to Net Sales	(1.5%)	4.6%

<b>Per Share Data:</b>	(Yen)	(Yen)
Net Income	¥ (89.58)	¥ 109.64

	As of March 31, 2010	As of March 31, 2009
<b>Financial Position:</b>	(Millions of Yen)	(Millions of Yen)
Total Assets	¥ 42,187	¥ 47,171
Net Assets	28,429	29,987
Net Assets to Total Assets	67.4%	63.6%

<b>Per Share Data:</b>	(Yen)	(Yen)
Net Assets	¥ 1,838.27	¥ 1,897.58

<b>Cash Flows:</b>	(Millions of Yen)	(Millions of Yen)
Net Cash Provided by Operating Activities	¥ 2,099	¥ 4,712
Net Cash Used in Investing Activities	(122)	(162)
Net Cash Used in Financing Activities	(1,740)	(1,552)
Cash and Cash Equivalents at End of Period	6,775	6,539

Notes:

1. Changes in major subsidiaries during the period under review  
(change in specific subsidiaries due to 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, 2010: 15,574,366 shares
    - March 31, 2009: 16,438,648 shares
  - 2) Number of treasury stock at the end of period
    - March 31, 2010: 109,240 shares
    - March 31, 2009: 635,757 shares

**2. Dividends**

	Dividends Per Share (Yen)					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Fiscal Year Ended March 31, 2009	-	10.00	-	17.50	27.50	434	25.1	1.5
Fiscal Year Ended March 31, 2010	-	5.00	-	5.00	10.00	156	(11.2)	0.5
Fiscal Year Ending March 31, 2011 (Forecast)	-	5.00	-	5.00	10.00		25.4	

**CONSOLIDATED EARNINGS FORECAST FOR FISCAL 2010, ENDING MARCH 31, 2011**

	Six Months Ending September 30, 2010	Year Ending March 31, 2011
<b>Operating Results:</b>	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 30,700	¥ 64,700
Operating Income	140	530
Ordinary Income	265	780
Net Income	250	610
<b>Per Share Data:</b>	(Yen)	(Yen)
Net Income	¥ 16.17	¥ 39.44

**[REFERENCE] NON-CONSOLIDATED FINANCIAL RESULTS**

	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>Operating Results:</b>	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ <b>18,655</b>	¥ 28,727
Operating Income	<b>(222)</b>	2,826
Ordinary Income	<b>(30)</b>	3,062
Net Income	<b>(1,659)</b>	1,517
<b>Per Share Data:</b>	(Yen)	(Yen)
Net Income	¥ <b>(105.58)</b>	¥ 96.05
	<b>As of March 31, 2010</b>	As of March 31, 2009
<b>Financial Position:</b>	(Millions of Yen)	(Millions of Yen)
Total Assets	¥ <b>26,361</b>	¥ 31,364
Net Assets	<b>21,953</b>	23,903
Net Assets to Total Assets	<b>83.3%</b>	76.2%
<b>Per Share Data:</b>	(Yen)	(Yen)
Net Assets	¥ <b>1,419.56</b>	¥ 1,512.59

**NON-CONSOLIDATED EARNINGS FORECAST FOR FISCAL 2010, ENDING MARCH 31, 2011**

	Six Months Ending September 30, 2010	Year Ending March 31, 2011
<b>Operating Results:</b>	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 9,750	¥ 19,550
Operating Income	30	80
Ordinary Income	115	250
Net Income	80	135
<b>Per Share Data:</b>	(Yen)	(Yen)
Net Income	¥ 5.17	¥ 8.73

\*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, 2010)****1. Analysis of Operating Results****(1) Overview of Results**

During the year ended March 31, 2010 (fiscal 2009), the Japanese economy is picking up by a rebound in corporate earnings of mainly export-oriented companies, pulled up by a rapid economic recovery in Asian countries. Meanwhile, the Japanese economy still remained severe and vulnerable to be on a self-sustaining recovery phase due mainly to a high unemployment rate. Therefore, the Japanese market is still under uncertainty amid concern over sluggish growth in capital investment.

In regard to the manufacturing industry, the major business domain of Furusato Group, the Industrial Production indicating an operating ratio in the manufacturing sector has increased for the third consecutive quarter compared with the previous quarter. On a monthly basis, it has marked a year-over-year growth since December 2009. According to the Machine Tools Orders, domestic orders increased by 116.4% year over year in the January-March quarter of 2010, which was below 40% of the demand in the July-September quarter of 2008, just before the so-called Lehman shock. It was obvious that domestic demand remained far below the level of overseas demand that rebounded to nearly 70% of that in the July-September quarter of 2008.

In the steel frame building industry, another business domain of Furusato Group, the corporate capital investment declined significantly, reflecting continued sluggish corporate earnings. The steel frame used in 2009 decreased by 33.5% year over year to 4.0 million tons, a record low for 42 years since 1967. There has been no sign of recovery this year. Regarding steel product prices, the average price of H beam (200×100×5.5×8) dropped by approximately 40% year over year.

Under this harsh business environment, in the steel frame building business of Furusato Group, selling price and volume dropped amid the fierce competition triggered by stagnant demand, and the production cost increased due mainly to the reduced output of turnbuckle braces at our plants. The Plumbing business, a new business of Furusato, decreased in sales, negatively impacted by restrained capital investment in manufacturing facilities. Meanwhile, in the Machine Tools segment, earnings turned to a slight year-over-year increase in the fourth quarter of fiscal 2009, following the negative growth by the third quarter.

Accordingly, net sales for the year ended March 31, 2010 totaled ¥53,776 million, down 35.3% year over year. On the earnings front, operating loss totaled ¥780 million (in fiscal 2008, operating income ¥3,791 million), and ordinary loss was ¥520 million (in fiscal 2008, ordinary income ¥4,193 million). Consequently, net loss was ¥1,407 million (in fiscal 2008, net income ¥1,732 million) due to recording extraordinary losses including amortization of goodwill of ¥854 million.

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

Driven by improved factory utilization rate in the manufacturing industry in Japan, the Industrial Tools business turned to a year-over-year growth in the fourth quarter, the Machines and FA System businesses stopped a downward trend, coupled with a slow recovery, and Gifu Shoji increased significantly in the fourth quarter compared with the same period of the previous fiscal year, led by a pickup in the automotive industry. However, the negative growth for the first three quarters resulted in a drop in overall segment sales and earnings.

During the period under review, segment sales decreased by 35.4% to ¥35,104 million. Operating loss was ¥681 million (in fiscal 2008, operating income ¥852 million).

**2) Procured Construction Supplies segment**

In the steel frame building business, sales of procured supplies substantially declined, reflecting a substantial drop in demand and falling market prices. Meanwhile, in the Plumbing business, competition was intensified due to weak demand caused by restrained capital investment.

During the period under review, segment sales were down 34.3% to ¥14,432 million. Operating income was down 78.0% to ¥508 million.

**3) In-house Construction Supplies segment**

Segment sales and earnings were negatively impacted by rising production cost triggered by reduced output of turnbuckle braces, coupled with declining demand for the steel frame buildings and falling selling prices.

During the period under review, segment sales were down 37.7% to ¥4,209 million. Operating loss was ¥731 million (in fiscal 2008, operating income ¥512 million).

#### 4) Other

During the period under review, segment sales were down 3.8% to ¥30 million. Operating income was up 21.4% to ¥6 million.

### (3) Earnings Forecast for fiscal 2010, ending March 31, 2011

The Japanese economy is expected to sustain a recovery, supported by favorable exports and the emergency economic stimulus package, while the downside risks of the Japanese market are concerns including a slowdown in economic growth in Asian countries and an impact by deflation. The capital investment is projected to record the third consecutive year of the decrease. Accordingly, the private capital investment is highly likely to remain at a low level for the time being amid the sense of excessive capital stock among firms.

Under these circumstances, in the Machine Tool segment, we will work hard to acquire the potential demand through flexible sales activities utilizing various sales measures.

Meanwhile, in the steel frame building business, we will be headed for some difficult maneuvering in the harsh business environment such as the price hike in steel products despite no sign of an early recovery of demand.

During the year ending March 31, 2011, we currently forecast net sales of ¥64,700 million, up 20.3%, operating income of ¥530 million, ordinary income of ¥780 million, and net income of ¥ 610 million.

## 2. Overview of Consolidated financial position and cash flows

### 〈Total assets〉

As of March 31, 2010, total assets decreased by ¥4,983 million to ¥42,187 million from the end of the previous fiscal year. According to a breakdown of the change, total current assets decreased by ¥4,071 million from the fiscal 2008 year-end. That was due primarily to a decrease in notes and accounts receivable-trade of ¥3,363 million, a decrease in merchandise and finished goods of ¥989 million, a decrease in work in process of ¥271 million and an increase in cash and deposits of ¥280 million. Total noncurrent assets decreased by ¥911 million from the fiscal 2008 year-end due primarily to a decrease in goodwill of ¥1,087 million.

### 〈Total liabilities〉

Total liabilities decreased by ¥3,424 million to ¥13,758 million from the fiscal 2008 year-end. Total current liabilities decreased by ¥2,444 million from the fiscal 2008 year-end. That was due primarily to a decrease in notes and accounts payable-trade of ¥1,702 million, a decrease in short-term loans payable of ¥310 million, a decrease in income taxes payable of ¥276 million and a decrease in provision for bonuses of ¥84 million. Total noncurrent liabilities decreased by ¥980 million from the fiscal 2008 year-end. That was due primarily to a decrease in long-term loans payable of ¥900 million, a decrease in provision for retirement benefits of ¥381 million and an increase in deferred tax liabilities of ¥203 million.

### 〈Net assets〉

Net assets decreased by ¥1,558 million to ¥28,429 million from the end of the previous fiscal year. This was attributed to net loss of ¥1,407, dividends from surplus of ¥355 million, a decrease in other capital surplus by retirement of treasury stock of ¥311 million, a decrease of treasury stock of ¥136 million and an increase in valuation difference on available-for-sale securities of ¥379 million.

Accordingly, net assets to total assets increased to 67.4% from 63.6%.

### 〈Cash flows〉

Cash and cash equivalents (hereinafter referred to as "cash") as of March 31, 2010 totaled ¥6,775 million (in fiscal 2008, ¥6,539 million), an increase of ¥236 million on a consolidated basis from cash at the beginning of the period due to an increase in cash from operating activities and a decrease in cash from investment activities and financing activities.

### 〈Net cash from operating activities〉

Net cash provided by operating activities was ¥2,099 million (in fiscal 2008, net cash provided by operating activities ¥4,712 million). Factors behind the result were loss before income taxes of ¥1,363 million, a decrease in notes and accounts payable-trade of ¥1,559 million and income taxes paid of ¥737 million, which counted contribution from a decrease in notes and accounts receivable-trade of ¥3,343 million, a decrease in inventories of ¥1,310 million and amortization of goodwill of ¥1,087 million.

### 〈Net cash from investing activities〉

Net cash used in investing activities totaled ¥122 million (in fiscal 2008, net cash used in investing activities ¥162 million), mainly resulting from an increase in time deposit of ¥44 million and purchases of property, plant and equipment of ¥36 million and purchase of investment securities of ¥20 million.

### 〈Net cash from financing activities〉

Net cash used in financing activities was ¥1,740 million (in fiscal 2008, net cash provided by financing activities ¥1,552 million). That was mainly owing to repayment of long-term loans payable of ¥1,200 million,

cash dividends paid of ¥355 million and purchase of treasury stock of ¥174 million.

### 3. Basic Policy for Distribution of Profits, Dividends for FY2009 and Dividends Forecast for FY2010

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 ¥5.0 per share, resulting in an annual dividend of ¥10.0 per share together with the interim dividend of ¥5.0 per share already paid.

## CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Thousands of Yen	
	March 31, 2009 Amounts	March 31, 2010 Amounts
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	¥ 6,624,942	¥ 6,905,754
Notes and accounts receivable-trade	20,255,391	16,891,413
Merchandise and finished goods	3,671,595	2,681,914
Work in process	696,062	424,446
Raw materials and supplies	208,906	159,548
Deferred tax assets	278,004	279,199
Other	286,579	597,252
Allowance for doubtful accounts	(49,329)	(39,059)
<b>Total current assets</b>	<b>31,972,152</b>	<b>27,900,470</b>
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	6,849,826	6,855,562
Accumulated depreciation	(3,938,259)	(4,119,702)
Buildings and structures, net	2,911,567	2,735,859
Land	6,801,723	6,801,723
Other	3,360,985	3,293,408
Accumulated depreciation	(2,748,723)	(2,838,737)
Others, net	612,262	454,671
<b>Total property, plant and equipment</b>	<b>10,325,553</b>	<b>9,992,254</b>
<b>Intangible assets:</b>		
Goodwill	1,087,665	-
Other	142,446	115,241
<b>Total intangible assets</b>	<b>1,230,111</b>	<b>115,241</b>
<b>Investments and other assets:</b>		
Investment securities	2,437,193	3,054,648
Prepaid pension cost	138,943	60,467
Deferred tax assets	372,879	398,461
Other	809,352	772,720
Allowance for doubtful accounts	(115,157)	(106,332)
<b>Total investments and other assets</b>	<b>3,643,211</b>	<b>4,179,965</b>
<b>Total noncurrent assets</b>	<b>15,198,876</b>	<b>14,287,462</b>
<b>Total assets</b>	<b>¥ 47,171,028</b>	<b>¥ 42,187,932</b>

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

	Thousands of Yen	
	March 31, 2009	March 31, 2010
	Amounts	Amounts
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	¥ 12,809,323	¥ 11,106,372
Short-term loans payable	310,000	-
Income taxes payable	325,269	48,762
Provision for bonuses	494,190	409,431
Provision for directors' bonuses	15,133	5,899
Other	661,275	600,181
<b>Total current liabilities</b>	<b>14,615,191</b>	<b>12,170,648</b>
<b>Noncurrent liabilities:</b>		
Long-term loans payable	900,000	-
Deferred tax liabilities	491,651	695,477
Provision for retirement benefits	903,468	521,966
Provision for directors' retirement benefits	51,199	57,999
Other	222,211	312,802
<b>Total noncurrent liabilities</b>	<b>2,568,531</b>	<b>1,588,246</b>
<b>Total liabilities</b>	<b>17,183,723</b>	<b>13,758,894</b>
<b>Net Assets</b>		
<b>Shareholders' equity:</b>		
Capital stock	5,232,413	5,232,413
Capital surplus	6,446,673	6,135,350
Retained earnings	17,860,313	16,097,161
Treasury stock	(187,380)	(50,754)
<b>Total shareholders' equity</b>	<b>29,352,021</b>	<b>27,414,171</b>
<b>Valuation and translation adjustment:</b>		
Valuation difference on available-for-sale securities	635,283	1,014,866
<b>Total valuation and translation adjustment</b>	<b>635,283</b>	<b>1,014,866</b>
<b>Total net assets</b>	<b>29,987,305</b>	<b>28,429,038</b>
<b>Total liabilities and net assets</b>	<b>¥ 47,171,028</b>	<b>¥ 42,187,932</b>

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

## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Thousands of Yen	
	Year ended March 31, 2009	Year ended March 31, 2010
	Amounts	Amounts
Net sales	¥ 83,103,980	¥ 53,776,056
Cost of sales	69,971,230	46,101,383
Gross profit	<u>13,132,749</u>	<u>7,674,672</u>
Selling, general and administrative expenses:		
Freightage and packing expenses	1,075,402	834,622
Provision of allowance for doubtful accounts	6,794	8,957
Provision for directors' retirement benefits	16,095	6,800
Provision for directors' bonuses	15,133	5,899
Salaries, allowances and bonuses	3,848,223	3,712,960
Provision for bonuses	437,802	362,642
Provision for retirement benefits	226,955	239,241
Other	3,714,353	3,284,071
Total selling, general and administrative expenses	<u>9,340,760</u>	<u>8,455,195</u>
Operating income (loss)	<u>3,791,989</u>	<u>(780,522)</u>
Non-operating income:		
Interest income	7,596	4,964
Dividends income	56,937	34,888
Purchase discounts	514,465	322,107
Rent income	56,121	55,886
Other	33,150	28,928
Total non-operating income	<u>668,271</u>	<u>446,774</u>
Non-operating expenses:		
Interest expenses	19,835	6,904
Loss on sales of notes payable	11,243	2,004
Sales discounts	217,732	155,478
Cost of lease revenue	12,607	16,123
Other	5,405	6,723
Total non-operating expenses	<u>266,823</u>	<u>187,235</u>
Ordinary income (loss)	<u>4,193,436</u>	<u>(520,983)</u>
Extraordinary income:		
Reversal of allowance for doubtful accounts	27,573	-
Gain on revision of retirement benefit plan	-	13,051
Other	1,500	-
Total extraordinary income	<u>29,073</u>	<u>13,051</u>
Extraordinary loss:		
Loss on retirement of noncurrent assets	25,982	-
Loss on valuation of investment securities	799,515	-
Loss on valuation of membership	5,616	1,020
Amortization of goodwill	-	854,600
Directors' retirement benefits	107,008	-
Total extraordinary loss	<u>938,123</u>	<u>855,620</u>
Income (loss) before income taxes	<u>3,284,387</u>	<u>(1,363,553)</u>
Income taxes-current	1,352,024	84,449
Income taxes-deferred	199,631	(40,413)
Total income taxes	<u>1,551,655</u>	<u>44,036</u>
Net income (loss)	<u>¥ 1,732,731</u>	<u>¥ (1,407,589)</u>

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, 2009	Year ended March 31, 2010
	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	5,232,413	5,232,413
Capital surplus:		
Balance at the end of previous period	6,446,673	6,446,673
Changes of items during the period		
Retirement of treasury stock	-	(311,323)
Total changes of items during the period	-	(311,323)
Balance at the end of current period	6,446,673	6,135,350
Retained earnings:		
Balance at the end of previous period	16,775,555	17,860,313
Changes of items during the period		
Dividends from surplus	(647,972)	(355,563)
Net income (loss)	1,732,731	(1,407,589)
Total changes of items during the period	1,084,758	(1,763,152)
Balance at the end of current period	17,860,313	16,097,161
Treasury stock:		
Balance at the end of previous period	(185,929)	(187,380)
Changes of items during the period		
Purchase of treasury stock	(1,450)	(174,697)
Retirement of treasury stock	-	311,323
Total changes of items during the period	(1,450)	136,625
Balance at the end of current period	(187,380)	(50,754)
Total shareholders' equity:		
Balance at the end of previous period	28,268,713	29,352,021
Changes of items during the period		
Dividends from surplus	(647,972)	(355,563)
Net income (loss)	1,732,731	(1,407,589)
Purchase of treasury stock	(1,450)	(174,697)
Total changes of items during the period	1,083,307	(1,937,849)
Balance at the end of current period	¥ 29,352,021	¥ 27,414,171

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

	Thousands of Yen	
	Year ended March 31, 2009	Year ended March 31, 2010
	Amounts	Amounts
Valuation and translation adjustments		
Valuation difference on available-for-sale securities:		
Balance at the end of previous period	¥ 591,115	¥ 635,283
Changes of items during the period		
Net changes of items other than shareholders' equity	44,168	379,582
Total changes of items during the period	44,168	379,582
Balance at the end of current period	635,283	1,014,866
Total valuation and translation adjustment:		
Balance at the end of previous period	591,115	635,283
Changes of items during the period		
Net changes of items other than shareholders' equity	44,168	379,582
Total changes of items during the period	44,168	379,582
Balance at the end of current period	635,283	1,014,866
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)	-
Total changes of items during the period	(356)	-
Balance at the end of current period	-	-
Total net assets		
Balance at the end of previous period	28,860,185	29,987,305
Changes of items during the period		
Dividends from surplus	(647,972)	(355,563)
Net income (loss)	1,732,731	(1,407,589)
Purchase of treasury stock	(1,450)	(174,697)
Net changes of items other than shareholders' equity	43,811	379,582
Total changes of items during the period	1,127,119	(1,558,267)
Balance at the end of current period	¥ 29,987,305	¥ 28,429,038

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Thousands of Yen			
	Year ended March 31, 2009		Year ended March 31, 2010	
	Amounts		Amounts	
<b>Cash flows from operating activities:</b>				
Income (loss) before income taxes	¥	3,284,387	¥	(1,363,553)
Depreciation and amortization		447,280		395,955
Amortization of goodwill		310,753		1,087,665
Decrease in provision for directors' bonuses		(14,807)		(9,234)
Decrease in provision for retirement benefits		(203,783)		(381,501)
Decrease (increase) in prepaid pension costs		(138,943)		78,475
Increase (decrease) in provision for directors' retirement benefits		(657,731)		6,800
Decrease in provision for bonuses		(26,391)		(84,758)
Decrease in allowance for doubtful accounts		(39,942)		(19,095)
Interest and dividends income		(64,534)		(39,852)
Interest expenses		19,835		6,904
Loss on valuation of investment securities		799,515		-
Decrease in notes and accounts receivable-trade		8,253,503		3,343,841
Decrease in inventories		121,985		1,310,654
Decrease in notes and accounts payable-trade		(5,766,159)		(1,559,510)
Decrease in accrued expenses		(515)		(6,271)
Increase in long-term accounts payable-other		200,810		101,492
Other		69,419		(57,905)
Subtotal		6,594,681		2,810,107
Interest and dividend income received		64,704		40,137
Interest expenses paid		(20,728)		(13,447)
Income taxes paid		(1,925,999)		(737,574)
<b>Net cash provided by operating activities</b>		<b>4,712,657</b>		<b>2,099,222</b>
<b>Cash flows from investing activities:</b>				
Payments into time deposits		(85,923)		(129,990)
Proceeds from withdrawal of time deposits		366,223		85,923
Purchase of property, plant and equipment		(403,462)		(36,872)
Proceeds from sales of property, plant and equipment		10,448		525
Purchase of investment securities		(12,568)		(20,409)
Proceeds from sales of investment securities		20,500		-
Purchase of investments in subsidiaries		(645)		-
Payments of loans receivable		(12,812)		(16,310)
Collection of loans receivable		12,373		15,850
Other		(56,937)		(20,777)
<b>Net cash used in investing activities</b>		<b>(162,804)</b>		<b>(122,059)</b>
<b>Cash flows from financing activities:</b>				
Net decrease in short-term loans payable		(605,000)		(10,000)
Repayment of long-term loans payable		(300,000)		(1,200,000)
Purchase of treasury stock		(1,450)		(174,697)
Cash dividends paid		(646,293)		(355,719)
<b>Net cash used in financing activities</b>		<b>(1,552,743)</b>		<b>(1,740,417)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,997,109</b>		<b>236,746</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>3,541,908</b>		<b>6,539,018</b>
<b>Cash and cash equivalents at end of the period</b>	¥	<b>6,539,018</b>	¥	<b>6,775,764</b>

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

**SEGMENT INFORMATION**

**1. Business Segment Information**

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 ¥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.

FY2009 (from April 1, 2009 to March 31, 2010)

(Thousands of Yen)

	Net sales			Operating expenses	Operating income	Assets	Depreciation, amortization	Capital expenditures
	To customers	Intersegment	Total					
Machine Tools	¥ 35,104,065	¥ 789,823	¥ 35,893,889	¥ 36,575,786	¥ (681,896)	¥ 16,965,770	¥ 299,054	¥ 11,306
Procured Construction Supplies	14,432,398	13,606	14,446,004	13,937,234	508,770	8,982,740	101,299	12,918
In-house Construction Supplies	4,209,219	-	4,209,219	4,940,785	(731,565)	5,123,072	214,895	15,785
Other	30,372	-	30,372	24,355	6,016	14,955	279	-
Total	53,776,056	803,430	54,579,486	55,478,162	(898,675)	31,086,539	615,530	40,011
Eliminations/ Corporate	-	(803,430)	(803,430)	(921,583)	118,152	11,101,392	13,490	-
Consolidated	¥ 53,776,056	-	¥ 53,776,056	¥ 54,556,579	¥ (780,522)	¥ 42,187,932	¥ 629,020	¥ 40,011

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 ¥14,617,886 thousand in FY2009 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, 2010**
**NON-CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	Thousands of Yen	
	March 31, 2009 Amounts	March 31, 2010 Amounts
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	¥ 3,668,710	¥ 3,541,686
Notes receivable-trade	4,400,050	2,640,655
Accounts receivable-trade	3,462,170	2,481,269
Merchandise and finished goods	1,571,230	1,075,139
Work in process	696,062	424,446
Raw materials and supplies	208,906	159,548
Advance payments-trade	91,334	27,002
Prepaid expenses	78,470	73,667
Deferred tax assets	146,441	124,426
Income taxes receivable	-	356,715
Other	9,080	55,666
Allowance for doubtful accounts	(22,015)	(11,782)
<b>Total current assets</b>	<b>14,310,441</b>	<b>10,948,442</b>
<b>Noncurrent assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings	5,848,032	5,854,085
Accumulated depreciation	(3,206,510)	(3,361,688)
Buildings, net	2,641,521	2,492,397
Structures	712,680	712,680
Accumulated depreciation	(584,608)	(604,597)
Structures, net	128,072	108,083
Machinery and equipment	2,343,398	2,309,791
Accumulated depreciation	(1,920,439)	(1,980,488)
Machinery and equipment, net	422,958	329,303
Vehicles	143,681	137,850
Accumulated depreciation	(126,235)	(127,774)
Vehicles, net	17,445	10,076
Tools, furniture and fixtures	614,517	599,504
Accumulated depreciation	(499,355)	(521,850)
Tools, furniture and fixtures, net	115,161	77,654
Land	6,466,569	6,466,569
Construction in progress	2,680	-
<b>Total property, plant and equipment</b>	<b>9,794,410</b>	<b>9,484,084</b>
<b>Intangible assets:</b>		
Leasehold right	3,215	3,215
Right of trademark	480	427
Software	96,187	83,532
Other	13,256	2,571
<b>Total intangible assets</b>	<b>¥ 113,139</b>	<b>¥ 89,746</b>

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

Thousands of Yen

	March 31, 2009	March 31, 2010
	Amounts	Amounts
<b>Investments and other assets:</b>		
Investment securities	¥ 1,880,629	¥ 2,258,751
Stocks of subsidiaries and affiliates	4,858,077	3,270,402
Investment in capital	23,205	23,205
Long-term loans receivable from employees	1,337	-
Claims provable in bankruptcy, claims provable in rehabilitation and other	53,544	45,765
Prepaid pension cost	138,943	60,467
Long-term prepaid expenses	110,379	88,739
Guarantee deposits	113,855	111,425
Other	15,504	18,516
Allowance for doubtful accounts	(48,762)	(37,758)
<b>Total investments and other assets</b>	<b>7,146,715</b>	<b>5,839,516</b>
<b>Total noncurrent assets</b>	<b>17,054,266</b>	<b>15,413,347</b>
<b>Total assets</b>	<b>¥ 31,364,707</b>	<b>¥ 26,361,790</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes payable-trade	¥ 1,984,205	¥ 1,429,603
Accounts payable-trade	2,738,561	1,820,291
Short-term loans payable	300,000	-
Accounts payable-other	311,780	186,940
Accrued expenses	36,441	26,962
Income taxes payable	312,558	25,923
Deposits received	12,629	12,650
Provision for bonuses	252,404	203,839
Provision for directors' bonuses	4,643	-
Other	21,787	20,456
<b>Total current liabilities</b>	<b>5,975,011</b>	<b>3,726,668</b>
<b>Noncurrent liabilities:</b>		
Long-term loans payable	900,000	-
Long-term accounts payable-other	111,160	103,104
Deferred tax liabilities	384,510	495,019
Other	90,665	83,324
<b>Total noncurrent liabilities</b>	<b>1,486,335</b>	<b>681,448</b>
<b>Total liabilities</b>	<b>¥ 7,461,347</b>	<b>¥ 4,408,116</b>

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

	Thousands of Yen	
	March 31, 2009 Amounts	March 31, 2010 Amounts
<b>Net Assets</b>		
<b>Shareholders' equity:</b>		
Capital stock	¥ 5,232,413	¥ 5,232,413
<b>Capital surplus:</b>		
Legal capital surplus	5,975,224	5,975,224
Other capital surplus	471,449	160,126
<b>Total capital surplus</b>	<b>6,446,673</b>	<b>6,135,350</b>
<b>Retained earnings:</b>		
Legal retained earnings	306,475	306,475
Other retained earnings		
Reserve for reduction entry	3,793	-
General reserve	7,000,000	7,000,000
Retained earnings brought forward	4,496,671	2,485,898
<b>Total retained earnings</b>	<b>11,806,939</b>	<b>9,792,373</b>
Treasury stock	(187,380)	(50,754)
<b>Total shareholders' equity</b>	<b>23,298,646</b>	<b>21,109,383</b>
<b>Valuation and translation adjustment:</b>		
Valuation difference on available-for-sale securities	604,713	844,290
<b>Total valuation and translation adjustment</b>	<b>604,713</b>	<b>844,290</b>
<b>Total net assets</b>	<b>23,903,360</b>	<b>21,953,674</b>
<b>Total liabilities and net assets</b>	<b>¥ 31,364,707</b>	<b>¥ 26,361,790</b>

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

**NON-CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Thousands of Yen	
	Year ended March 31, 2009	Year ended March 31, 2010
	Amounts	Amounts
Net sales:		
Net sales of goods	¥ 21,974,233	¥ 14,446,004
Net sales of finished goods	6,753,648	4,209,219
Total net sales	<u>28,727,881</u>	<u>18,655,224</u>
Cost of sales:		
Cost of goods sold:		
Beginning goods	1,431,544	1,336,493
Cost of purchased goods	16,660,806	10,863,987
Total	<u>18,092,350</u>	<u>12,200,481</u>
Ending goods	1,336,493	929,935
Cost of goods sold	<u>16,755,857</u>	<u>11,270,546</u>
Cost of finished goods sold:		
Beginning finished goods	207,939	234,737
Cost of products manufactured	4,716,894	3,500,548
Total	<u>4,924,833</u>	<u>3,735,285</u>
Ending finished goods	234,737	145,204
Cost of finished goods sold	<u>4,690,096</u>	<u>3,590,081</u>
Total	<u>21,445,953</u>	<u>14,860,627</u>
Gross profit	<u>7,281,928</u>	<u>3,794,597</u>
Selling, general and administrative expenses:		
Freightage and packing expenses	814,712	615,078
Provision of allowance for doubtful accounts	2,794	4,608
Directors' compensations	93,846	79,065
Provision for directors' retirement benefits	6,161	-
Provision for directors' bonuses	4,643	-
Salaries, allowances and bonuses	1,735,449	1,661,779
Provision for bonuses	196,016	157,050
Provision for retirement benefits	90,040	109,885
Welfare expenses	288,220	275,274
Rent expenses	257,020	261,284
Depreciation	145,093	126,451
Commission fee	243,694	237,055
Other	578,092	489,858
Total selling, general and administrative expenses	<u>4,455,785</u>	<u>4,017,393</u>
Operating income (loss)	<u>¥ 2,826,142</u>	<u>¥ (222,795)</u>

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

Thousands of Yen

	Year ended March 31, 2009		Year ended March 31, 2010	
	Amounts		Amounts	
Non-operating income:				
Interest income	¥	6,173	¥	871
Dividends income		37,176		26,909
Purchase discounts		49,230		29,534
Rent income		213,373		213,985
Miscellaneous income		48,511		30,999
Total non-operating income		354,465		302,299
Non-operating expenses:				
Interest expenses		16,745		6,882
Cost of lease revenue		87,815		91,131
Miscellaneous loss		13,185		11,790
Total non-operating expenses		117,746		109,804
Ordinary income (loss)		3,062,861		(30,300)
Extraordinary income:				
Gain on revision of retirement benefit plan		-		7,707
Total extraordinary income		-		7,707
Extraordinary loss:				
Loss on retirement of noncurrent assets		25,982		-
Loss on valuation of investment securities		325,687		-
Loss on valuation of stocks of subsidiaries and affiliates		-		1,587,674
Directors' retirement benefits		107,008		-
Total extraordinary loss		458,678		1,587,674
Income (loss) before income taxes		2,604,183		(1,610,267)
Income taxes-current		785,828		52,092
Income taxes-deferred		300,483		(3,356)
Total income taxes		1,086,311		48,735
Net income (loss)	¥	1,517,872	¥	(1,659,002)

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, 2009	Year ended March 31, 2010
	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	5,232,413	5,232,413
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	5,975,224	5,975,224
Other capital surplus:		
Balance at the end of previous period	471,449	471,449
Changes of items during the period		
Retirement of treasury stock	-	(311,323)
Total changes of items during the period	-	(311,323)
Balance at the end of current period	471,449	160,126
Total other capital surplus:		
Balance at the end of previous period	6,446,673	6,446,673
Changes of items during the period		
Retirement of treasury stock	-	(311,323)
Total changes of items during the period	-	(311,323)
Balance at the end of current period	6,446,673	6,135,350
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	306,475	306,475
Other retained earnings:		
Reserve for reduction entry:		
Balance at the end of previous period	4,069	3,793
Changes of items during the period		
Reversal of reserve for reduction entry	(276)	(3,793)
Total changes of items during the period	(276)	(3,793)
Balance at the end of current period	¥ 3,793	¥ -

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

	Thousands of Yen	
	Year ended March 31, 2009	Year ended March 31, 2010
	Amounts	Amounts
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	7,000,000	7,000,000
Retained earnings brought forward:		
Balance at the end of previous period	3,626,494	4,496,671
Changes of items during the period		
Dividends from surplus	(647,972)	(355,563)
Reversal of reserve for reduction entry	276	3,793
Net income (loss)	1,517,872	(1,659,002)
Total changes of items during the period	870,176	(2,010,772)
Balance at the end of current period	4,496,671	2,485,898
Total retained earnings:		
Balance at the end of previous period	10,937,039	11,806,939
Changes of items during the period		
Dividends from surplus	(647,972)	(355,563)
Reversal of reserve for reduction entry	-	-
Net income (loss)	1,517,872	(1,659,002)
Total changes of items during the period	869,899	(2,014,565)
Balance at the end of current period	11,806,939	9,792,373
Treasury stock:		
Balance at the end of previous period	(185,929)	(187,380)
Changes of items during the period		
Purchase of treasury stock	(1,450)	(174,697)
Retirement of treasury stock	-	311,323
Total changes of items during the period	(1,450)	136,625
Balance at the end of current period	(187,380)	(50,754)
Total shareholders' equity:		
Balance at the end of previous period	22,430,197	23,298,646
Changes of items during the period		
Dividends from surplus	(647,972)	(355,563)
Net income (loss)	1,517,872	(1,659,002)
Purchase of treasury stock	(1,450)	(174,697)
Total changes of items during the period	868,449	(2,189,263)
Balance at the end of current period	¥ 23,298,646	¥ 21,109,383

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

	Thousands of Yen	
	Year ended March 31, 2009	Year ended March 31, 2010
	Amounts	Amounts
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	¥ 608,007	¥ 604,713
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,294)	239,576
Total changes of items during the period	(3,294)	239,576
Balance at the end of current period	604,713	844,290
Total valuation and translation adjustments:		
Balance at the end of previous period	608,007	604,713
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,294)	239,576
Total changes of items during the period	(3,294)	239,576
Balance at the end of current period	604,713	844,290
Total net assets:		
Balance at the beginning of the period	23,038,205	23,903,360
Changes of items during the period		
Dividends from surplus	(647,972)	(355,563)
Net income (loss)	1,517,872	(1,659,002)
Purchase of treasury stock	(1,450)	(174,697)
Net changes of items other than shareholders' equity	(3,294)	239,576
Total changes during the period	865,154	(1,949,686)
Balance at the end of the period	¥ 23,903,360	¥ 21,953,674

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