

FOR IMMEDIATE RELEASE:

Furusato Announces Financial Results for the First Quarter Ended June 30, 2007

Osaka, Japan, August 7, 2007 – Furusato Industries, Ltd. announced its consolidated financial results for the three months ended June 30, 2007, the first quarter 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)	Three Months Ended June 30, 2007		Three Months Ended June 30, 2006	FY2006
	(% Change)			
Operating Results:				
Net Sales	¥ 21,766	1.8%	¥ 21,381	¥ 90,378
Operating Income	1,003	(1.5%)	1,018	5,097
Ordinary Income	1,119	(2.1%)	1,143	5,518
Net Income	636	(7.9%)	691	3,154
Financial Position:				
Total Assets	¥ 49,777		¥ 45,863	¥ 50,715
Net Assets	27,969		24,796	27,496
Net Assets to Total Assets	56.2%		54.1%	54.2%
Cash Flows:				
Net Cash Provided by Operating Activities	¥ 317		¥ (901)	¥ 1,323
Net Cash Used in Investing Activities	(169)		164	(811)
Net Cash Used in Financing Activities	(616)		326	(109)
Cash and Cash Equivalents at End of Period	3,997		3,652	4,465
Per Share Data:				
Net Income	¥ 40.25		¥ 43.98	¥ 199.86
Net Assets	1,769.59		1,568.69	1,739.63

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 quarter of fiscal 2007, the three-month period from April 1 to June 30, 2007, the Japanese economy remained favorable, driven by solid corporate earnings and improved capital investment. Meanwhile, in terms of consumer spending, consumer confidence is expected to rise, reflecting a sign of an upward trend in employment conditions and personal income based on positive corporate earnings.

During the period under review, in Machine Tools segment, Industrial Tools business (wholesaling small machines, equipments, and tools) and Machines business (wholesaling machine tools) were positive while FA System business (direct sale to users) fell sharply. Procured Construction Supplies segment and In-house Construction Supplies segment increased from the first quarter of fiscal 2006, led by flat demand from the comparable period of the prior year, selling price hike in some supplies, and solid Plumbing business, a new business domain.

Consequently, consolidated net sales for the first quarter increased 1.8% to ¥21,766 million from the same period a year earlier. On the earnings front, operating income was down 1.5% to ¥1,003 million, due to gross profit margin down 0.1pts. and SG&A expenses up 0.1pts. Ordinary income was ¥1,119 million. Accordingly, net income declined 7.9% to ¥636 million.

[Consolidated financial position]

Total assets as of June 30, 2007 stood at ¥49,777 million, a decrease of ¥937 million, compared with March 31, 2007. Total net assets stood at ¥27,969 million, an increase of ¥473 million, compared with the previous fiscal year-end. Consequently, shareholders' equity ratio improved to 56.2% from 54.2%.

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

(Millions of yen, except per share amounts)	First Half	Full-Year
Operating Results:		
Net Sales	¥ 45,070	¥ 91,636
Operating Income	2,438	5,103
Ordinary Income	2,622	5,469
Net Income	1,492	3,122
Net Income Per Share	94.40	197.52

The consolidated earnings forecasts for fiscal 2007 ending March 31, 2008 is unchanged from the forecasts announced on May 8, 2007.

*The forecasts involve our management's assumptions, prospects and plans based on the information currently available. Actual results may differ materially from the expectations depending on various factors.

Attachment

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

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Millions of Yen							
	June 30, 2006		June 30, 2007		March 31, 2007		Year-over-Year Change	
	Amounts	%	Amounts	%	Amounts	%	Amounts	
Assets								
Current assets:								
Cash and cash equivalents	¥	3,669	¥	4,063	¥	4,516	¥	(452)
Trade receivables (notes and accounts)		25,042		26,449		28,053		(1,603)
Inventories		3,849		4,393		4,141		251
Deferred tax assets		383		389		318		70
Others		768		552		318		233
Allowance for doubtful accounts		(183)		(111)		(119)		7
Total current assets		33,530	73.1	35,737	71.8	37,229	73.4	(1,491)
Fixed assets:								
Property, plant and equipment:								
Buildings and structures		2,298		2,319		2,351		(32)
Land		5,708		5,705		5,705		-
Others		618		792		700		92
Total property, plant and equipment		8,625	18.8	8,817	17.7	8,758	17.3	59
Intangible fixed assets:								
Goodwill		10		0		2		(1)
Others		92		106		102		3
Total intangible fixed assets		103	0.2	107	0.2	105	0.2	2
Investments and other assets:								
Investment securities		2,468		3,684		3,160		523
Deferred tax assets		385		354		385		(31)
Others		858		1,191		1,197		(5)
Allowance for doubtful accounts		(108)		(115)		(121)		6
Total investments and other assets		3,604	7.9	5,114	10.3	4,621	9.1	492
Total fixed assets		12,333	26.9	14,039	28.2	13,485	26.6	554
Total assets		45,863	100.0	49,777	100.0	50,715	100.0	(937)
Liabilities								
Current liabilities:								
Trade payable (notes and accounts)		16,291		17,074		18,048		(973)
Short-term borrowings		730		300		500		(200)
Accrued income taxes		539		585		1,283		(698)
Reserve for directors' bonuses		7		5		23		(17)
Others		1,470		1,556		1,270		286
Total current liabilities		19,038	41.5	19,522	39.2	21,125	41.7	(1,603)
Long-term liabilities:								
Deferred tax liabilities		137		469		292		177
Reserve for employees' retirement benefits		1,274		1,162		1,157		4
Reserve for directors' retirement benefits		592		633		623		10
Others		23		20		20		0
Total long-term liabilities		2,028	4.4	2,286	4.6	2,093	4.1	192
Total liabilities		21,067	45.9	21,808	43.8	23,218	45.8	(1,410)
Net Assets								
Shareholders' equity:								
Common stock		5,232		5,232		5,232		-
Capital surplus		6,591		6,446		6,446		-
Retained earnings		12,511		14,978		14,816		162
Treasury stock, at cost		(326)		(184)		(183)		(0)
Total shareholders' equity		24,009	52.4	26,473	53.2	26,312	51.9	161
Revaluation and translation adjustment:								
Net unrealized gain on revaluation of securities		787		1,495		1,183		311
Total revaluation and translation adjustment		787	1.7	1,495	3.0	1,183	2.3	311
Total net assets		24,796	54.1	27,969	56.2	27,496	54.2	473
Total liabilities and net assets	¥	45,863	100.0	¥ 49,777	100.0	¥ 50,715	100.0	¥ (937)

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

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Millions of Yen							
	Three months ended June 30, 2006		Three months ended June 30, 2007		Year-over-Year Change	March 31, 2007		
	Amounts	%	Amounts	%	Amounts	Amounts	%	
Net sales	¥ 21,381	100.0	¥ 21,766	100.0	¥ 385	¥ 90,378	100.0	
Cost of sales	18,311	85.6	18,645	85.7	333	77,043	85.2	
Gross profit	3,069	14.4	3,121	14.3	51	13,334	14.8	
Selling, general and administrative expenses	2,050	9.6	2,117	9.7	67	8,237	9.1	
Operating income	1,018	4.8	1,003	4.6	(15)	5,097	5.6	
Non-operating income	194	0.9	184	0.8	(10)	688	0.8	
Interest and dividend income	19		23		3	42		
Purchase discount	153		142		(10)	567		
Rent income	13		13		0	55		
Others	7		4		(3)	23		
Non-operating expenses	69	0.3	68	0.3	(1)	267	0.3	
Interest expenses	1		1		0	5		
Loss on sale of trade notes	1		1		0	8		
Sales discount	54		59		5	223		
Leasehold value	3		3		0	13		
Others	9		2		(6)	17		
Ordinary income	1,143	5.3	1,119	5.1	(24)	5,518	6.1	
Extraordinary income	72	0.3	-	-	(72)	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	-		-		-	22		
Gain on sale of marketable securities	-		-		-	25		
Extraordinary losses	-	-	-	-	-	66	0.1	
Impairment losses	-		-		-	55		
Others	-		-		-	10		
Income before income taxes	1,216	5.7	1,119	5.1	(96)	5,597	6.2	
Income taxes	519	2.4	556	2.6	37	2,319	2.6	
Adjustment	5	0.0	(73)	(0.3)	(79)	123	0.1	
Net income	¥ 691	3.2	¥ 636	2.9	¥ (54)	¥ 3,154	3.5	

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

1st Quarter of FY2006 (from April 1, 2006 to June 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			691		691		691
Purchases of treasury stock				(1)	(1)		(1)
Disposal of treasury stock		616		90	706		706
Changes in items other than shareholders' equity						(109)	(109)
Total changes during the period	-	616	249	89	955	(109)	845
Balance at June 30, 2006	5,232	6,591	12,511	(326)	24,009	787	24,796

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 Quarter of FY2007 (from April 1, 2007 to June 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			636		636		636
Purchases of treasury stock				(0)	(0)		(0)
Changes in items other than shareholders' equity						311	311
Total changes during the period	-	-	162	(0)	161	311	473
Balance at June 30, 2007	5,232	6,446	14,978	(184)	26,473	1,495	27,969

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		
	Three months ended June 30, 2006	Three months ended June 30, 2007	Year ended March 31, 2007
	Amounts	Amounts	Amounts
Cash flows from operating activities:			
Income before income taxes	¥ 1,216	¥ 1,119	¥ 5,597
Depreciation and amortization	84	85	349
Change in trade notes and accounts receivable	(930)	1,534	(3,930)
Change in trade notes and accounts payable	(323)	(1,101)	1,432
Others	230	(105)	121
Subtotal	277	1,531	3,569
Income taxes paid	(1,196)	(1,235)	(2,276)
Others	18	21	30
Net cash provided by operating activities	(901)	317	1,323
Cash flows from investing activities:			
Purchases of investment securities	(0)	(0)	(201)
Purchases of property, plant and equipment	(94)	(134)	(498)
Proceeds from sale of property, plant and equipment	268	-	268
Others	(8)	(33)	(379)
Net cash used in investing activities	164	(169)	(811)
Cash flows from financing activities:			
Decrease in short-term borrowings	-	(200)	(230)
Purchases of treasury stock	(1)	(0)	(3)
Proceeds from disposal of treasury stock	699	-	699
Dividends paid	(371)	(415)	(574)
Net cash used in financing activities	326	(616)	(109)
Effect of exchange rate changes on cash and cash equivalents	-	-	0
Change in cash and cash equivalents	(409)	(468)	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	¥ 3,652	¥ 3,997	¥ 4,465

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

SEGMENT INFORMATION

1. Business Segment Information

1st Quarter of FY2006 (from April 1, 2006 to June 30, 2006)

(Millions of Yen)

	Net sales			Operating expenses	Operating income
	To customers	Intersegment	Total		
Machine Tools	¥ 15,227	¥ 194	¥ 15,422	¥ 14,905	¥ 516
Procured Construction Supplies	4,677	2	4,679	4,292	387
In-house Construction Supplies	1,462	-	1,462	1,376	86
Other	14	-	14	11	2
Total	21,381	197	21,578	20,585	993
Eliminations/ Corporate	-	(197)	(197)	(223)	25
Consolidated	¥ 21,381	-	¥ 21,381	¥ 20,362	¥ 1,018

1st Quarter of FY2007 (from April 1, 2007 to June 30, 2007)

(Millions of Yen)

	Net sales			Operating expenses	Operating income
	To customers	Intersegment	Total		
Machine Tools	¥ 15,096	¥ 181	¥ 15,277	¥ 14,819	¥ 458
Procured Construction Supplies	5,192	3	5,196	4,761	435
In-house Construction Supplies	1,466	-	1,466	1,384	82
Other	10	-	10	8	2
Total	21,766	185	21,951	20,973	978
Eliminations/ Corporate	-	(185)	(185)	(210)	25
Consolidated	¥ 21,766	-	¥ 21,766	¥ 20,762	¥ 1,003

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. 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.