

FOR IMMEDIATE RELEASE:

## Furusato Announces Financial Results for the Third Quarter Ended December 31, 2007

Osaka, Japan, January 31, 2008 – Furusato Industries, Ltd. announced its financial results for the nine months ended December 31, 2007, the third quarter of the year ending March 31, 2008. 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

(Millions of yen, except per share amounts)	Nine Months Ended December 31, 2007		Nine Months Ended December 31, 2006	FY2006
		(% Change)		
<b>Operating Results:</b>				
Net Sales	¥ 67,678	1.1%	¥ 66,963	¥ 90,378
Operating Income	3,188	(15.2%)	3,762	5,097
Ordinary Income	3,507	(14.3%)	4,094	5,518
Net Income	1,954	(17.1%)	2,357	3,154
<b>Financial Position:</b>				
Total Assets	¥ 52,552		¥ 47,932	¥ 50,715
Net Assets	28,607		26,563	27,496
Net Assets to Total Assets	54.4%		55.4%	54.2%
<b>Cash Flows:</b>				
Net Cash Provided by Operating Activities	¥ 1,804		¥ (372)	¥ 1,323
Net Cash Used in Investing Activities	(4,424)		(651)	(811)
Net Cash Used in Financing Activities	743		(105)	(109)
Cash and Cash Equivalents at End of Period	2,588		2,932	4,465
<b>Per Share Data:</b>				
Net Income	¥ 123.64		¥ 149.46	¥ 199.86
Net Assets	1,810.07		1,680.60	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 third quarter of fiscal 2007, the nine-month period from April 1 to December 31, 2007, in the construction industry, the building construction started fell sharply, negatively impacted by prolonged building confirmation procedures in accordance with the revised Building Standard Law. The floor area of the building construction started decreased by 36.7% as a whole compared to July-September quarter of the fiscal year ended March 31, 2007. By structure, Wooden was down 26.6%, Reinforced Concrete down 46.7%, steel frame buildings (Steel Frame + Steel Frame Reinforced Concrete) down 39.7%, respectively from the comparable period a year earlier. Non-residential building, representing more than 70% of the total steel frame buildings related to Furusato's business, was down 40.9% with a drastic drop in Factory by 57.9%.

Meanwhile, regarding a business environment in Machine Tools segment, in corporate capital investment, orders received for machine tools remained solid, led by overseas demand. Domestic demand had recorded fifth consecutive quarters of decline until the three-month period from July to September while it was up 4.2% for the quarter from October to December. There were concerns over a softening in capital investment due to high uncertainty over corporate earnings forecasts, reflecting rising crude oil and other raw materials prices and the U.S. economic trend. As a slowdown in an export to the U.S. was offset by the export to emerging and resource-rich countries, production rate in the manufacturing industry was favorable.

During the period under review, in Procured Construction Supplies segment and In-house Construction Supplies segment, sales of both in-house and procured supplies used for the steel frame buildings were down, negatively impacted by weak demand for building construction. Plumbing business in the fifth year after its full-fledged launch consistently increased market share in each region nationwide and achieved double-digit growth from the comparable period a year earlier, which contributed to partially offset sales decline in the steel frame construction supplies business.

In the Machine Tools segment, machine tools ordered in the first half of fiscal 2007 were delivered as planned, and sales of industrial tools and consumable supplies slightly increased, backed by steady production activities in the manufacturing industry. Despite continued severe conditions in FA System business, sales marked a year-over-year increase due to an addition of sales by Gifu Shoji Co., Ltd., which became a consolidated company since the second half of fiscal 2007.

Consequently, consolidated net sales for the nine-month period ended December 31, 2007 increased by 1.1% to ¥67,678 million from the same period a year earlier. On the earnings front, operating income was down 15.2% to ¥3,188 million, ordinary income was ¥3,507 million, and accordingly, net income declined by 17.1% to ¥1,954 million.

**[Consolidated financial position]**

Total assets as of December 31, 2007 stood at ¥52,552 million, an increase of ¥1,837 million, compared with March 31, 2007. Total net assets stood at ¥28,607 million, an increase of ¥1,111 million, compared with the previous fiscal year-end. Consequently, shareholders' equity ratio improved to 54.4% from 54.2%.

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

(Millions of yen, except per share amounts)	FY2007 (Forecast)	FY2006 (Actual)
<b>Operating Results:</b>		
Net Sales	¥ 92,060	¥ 90,378
Operating Income	4,160	5,097
Ordinary Income	4,550	5,518
Net Income	2,510	3,154
Net Income Per Share	158.82	199.86

\*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.

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	Millions of Yen							
	December 31, 2006		December 31, 2007		March 31, 2007		Change vs. March 31,	
	Amounts	%	Amounts	%	Amounts	%	Amounts	
<b>Assets</b>								
<b>Current assets:</b>								
Cash and cash equivalents	¥ 2,982		¥ 2,655		¥ 4,516		¥	(1,861)
Trade receivables (notes and accounts)	27,185		27,612		28,053			(440)
Inventories	4,107		4,542		4,141			401
Deferred tax assets	201		176		318			(142)
Others	401		495		318			176
Allowance for doubtful accounts	(121)		(98)		(119)			20
<b>Total current assets</b>	<b>34,758</b>	<b>72.5</b>	<b>35,383</b>	<b>67.3</b>	<b>37,229</b>	<b>73.4</b>		<b>(1,846)</b>
<b>Fixed assets:</b>								
<b>Property, plant and equipment:</b>								
Buildings and structures	2,377		2,762		2,351			410
Land	5,695		6,805		5,705			1,099
Others	632		829		700			129
<b>Total property, plant and equipment</b>	<b>8,706</b>	<b>18.2</b>	<b>10,397</b>	<b>19.8</b>	<b>8,758</b>	<b>17.3</b>		<b>1,639</b>
<b>Intangible fixed assets:</b>								
Goodwill	4		1,475		2			1,473
Others	80		115		102			13
<b>Total intangible fixed assets</b>	<b>85</b>	<b>0.2</b>	<b>1,591</b>	<b>3.0</b>	<b>105</b>	<b>0.2</b>		<b>1,486</b>
<b>Investments and other assets:</b>								
Investment securities	2,917		3,761		3,160			600
Deferred tax assets	392		390		385			4
Others	1,222		1,176		1,197			(20)
Allowance for doubtful accounts	(151)		(148)		(121)			(27)
<b>Total investments and other assets</b>	<b>4,382</b>	<b>9.1</b>	<b>5,179</b>	<b>9.9</b>	<b>4,621</b>	<b>9.1</b>		<b>558</b>
<b>Total fixed assets</b>	<b>13,173</b>	<b>27.5</b>	<b>17,169</b>	<b>32.7</b>	<b>13,485</b>	<b>26.6</b>		<b>3,683</b>
<b>Total assets</b>	<b>47,932</b>	<b>100.0</b>	<b>52,552</b>	<b>100.0</b>	<b>50,715</b>	<b>100.0</b>		<b>1,837</b>
<b>Liabilities</b>								
<b>Current liabilities:</b>								
Trade payable (notes and accounts)	17,192		17,943		18,048			(104)
Short-term borrowings	500		1,065		500			565
Accrued income taxes	592		221		1,283			(1,061)
Reserve for bonuses	-		260		-			260
Reserve for directors' bonuses	17		24		23			1
Others	1,023		803		1,270			(467)
<b>Total current liabilities</b>	<b>19,325</b>	<b>40.3</b>	<b>20,318</b>	<b>38.7</b>	<b>21,125</b>	<b>41.7</b>		<b>(806)</b>
<b>Long-term liabilities:</b>								
Long-term loans	-		1,200		-			1,200
Deferred tax liabilities	112		474		292			182
Reserve for employees' retirement benefits	1,297		1,233		1,157			75
Reserve for directors' retirement benefits	613		697		623			73
Others	19		21		20			1
<b>Total long-term liabilities</b>	<b>2,042</b>	<b>4.3</b>	<b>3,626</b>	<b>6.9</b>	<b>2,093</b>	<b>4.1</b>		<b>1,532</b>
<b>Total liabilities</b>	<b>21,368</b>	<b>44.6</b>	<b>23,944</b>	<b>45.6</b>	<b>23,218</b>	<b>45.8</b>		<b>726</b>
<b>Net Assets</b>								
<b>Shareholders' equity:</b>								
Common stock	5,232		5,232		5,232			-
Capital surplus	6,591		6,446		6,446			-
Retained earnings	14,020		16,138		14,816			1,321
Treasury stock, at cost	(328)		(185)		(183)			(2)
<b>Total shareholders' equity</b>	<b>25,516</b>	<b>53.2</b>	<b>27,632</b>	<b>52.6</b>	<b>26,312</b>	<b>51.9</b>		<b>1,319</b>
<b>Revaluation and translation adjustment:</b>								
Net unrealized gain on revaluation of securities	1,047		975		1,183			(208)
<b>Total revaluation and translation adjustment</b>	<b>1,047</b>	<b>2.2</b>	<b>975</b>	<b>1.8</b>	<b>1,183</b>	<b>2.3</b>		<b>(208)</b>
<b>Minority interests</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>		<b>0</b>
<b>Total net assets</b>	<b>26,563</b>	<b>55.4</b>	<b>28,607</b>	<b>54.4</b>	<b>27,496</b>	<b>54.2</b>		<b>1,111</b>
<b>Total liabilities and net assets</b>	<b>¥ 47,932</b>	<b>100.0</b>	<b>¥ 52,552</b>	<b>100.0</b>	<b>¥ 50,715</b>	<b>100.0</b>		<b>¥ 1,837</b>

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

## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Millions of Yen							
	Nine months ended December 31, 2006		Nine months ended December 31, 2007		Year-over- Year Change	March 31, 2007		
	Amounts	%	Amounts	%	Amounts	Amounts	%	
<b>Net sales</b>	¥ 66,963	100.0	¥ 67,678	100.0	¥ 714	¥ 90,378	100.0	
Cost of sales	57,037	85.2	57,955	85.6	917	77,043	85.2	
<b>Gross profit</b>	9,926	14.8	9,723	14.4	(203)	13,334	14.8	
Selling, general and administrative expenses	6,164	9.2	6,534	9.7	369	8,237	9.1	
<b>Operating income</b>	3,762	5.6	3,188	4.7	(573)	5,097	5.6	
Non-operating income	532	0.8	523	0.8	(9)	688	0.8	
Interest and dividend income	38		50		12	42		
Purchase discount	436		419		(17)	567		
Rent income	41		41		(0)	55		
Others	16		12		(3)	23		
Non-operating expenses	200	0.3	204	0.3	4	267	0.3	
Interest expenses	3		7		3	5		
Loss on sale of trade notes	5		8		2	8		
Sales discount	167		171		4	223		
Leasehold value	9		9		(0)	13		
Others	13		7		(6)	17		
<b>Ordinary income</b>	4,094	6.1	3,507	5.2	(586)	5,518	6.1	
Extraordinary income	112	0.2	15	0.0	(96)	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	14		15		1	22		
Gain on sale of marketable securities	25		-		(25)	25		
Extraordinary losses	55	0.1	32	0.0	(23)	66	0.1	
Impairment loss	55		-		(55)	55		
Loss on disposal of fixed assets	-		32		32	-		
Others	-		-		-	10		
<b>Income before income taxes</b>	4,150	6.2	3,490	5.2	(659)	5,597	6.2	
Income taxes	1,633	2.4	1,365	2.0	(267)	2,319	2.6	
Adjustment	158	0.2	170	0.3	11	123	0.1	
Minority interests	-	-	0	0.0	0	-	-	
<b>Net income</b>	¥ 2,357	3.5	¥ 1,954	2.9	¥ (403)	¥ 3,154	3.5	

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

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

3rd Quarter of FY2006 ( from April 1, 2006 to December 31, 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*1			(418)		(418)		(418)
Dividends (Interim)			(158)		(158)		(158)
Directors' bonuses*1			(23)		(23)		(23)
Net income			2,357		2,357		2,357
Purchases of treasury stock				(2)	(2)		(2)
Disposal of treasury stock		616		90	706		706
Changes in items other than shareholders' equity						151	151
Total changes during the period	-	616	1,758	87	2,462	151	2,613
Balance at December 31, 2006	5,232	6,591	14,020	(328)	25,516	1,047	26,563

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.

3rd Quarter of FY2007 ( from April 1, 2007 to December 31, 2007 )

(Millions of Yen)

	Shareholders' equity					Revaluation and translation adjustment	Minority interests	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			(632)		(632)			(632)
Net income			1,954		1,954			1,954
Purchases of treasury stock				(2)	(2)			(2)
Changes in items other than shareholders' equity						(208)	0	(208)
Total changes during the period	-	-	1,321	(2)	1,319	(208)	0	1,111
Balance at December 31, 2007	5,232	6,446	16,138	(185)	27,632	975	0	28,607

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*1			(418)		(418)		(418)
Dividends (Interim)			(158)		(158)		(158)
Directors' bonuses*1			(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		
	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Year ended March 31, 2007
	Amounts	Amounts	Amounts
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 4,150	¥ 3,490	¥ 5,597
Depreciation and amortization	258	281	349
Change in trade notes and accounts receivable	(3,174)	2,611	(3,930)
Change in trade notes and accounts payable	528	(1,754)	1,432
Others	94	(380)	121
Subtotal	1,858	4,248	3,569
Income taxes paid	(2,258)	(2,483)	(2,276)
Others	27	39	30
<b>Net cash provided by operating activities</b>	<b>(372)</b>	<b>1,804</b>	<b>1,323</b>
<b>Cash flows from investing activities:</b>			
Increase in time deposits	(350)	(66)	(350)
Decrease in time deposits	-	150	-
Purchases of investment securities	(200)	(4)	(201)
Purchases of property, plant and equipment	(377)	(1,425)	(498)
Proceeds from sale of property, plant and equipment	268	-	268
Acquisition of newly consolidated subsidiary	-	(3,032)	-
Others	9	(45)	(28)
<b>Net cash used in investing activities</b>	<b>(651)</b>	<b>(4,424)</b>	<b>(811)</b>
<b>Cash flows from financing activities:</b>			
Decrease in short-term borrowings	(230)	(125)	(230)
Increase in long-term loans	-	1,500	-
Purchases of treasury stock	(2)	(2)	(3)
Proceeds from disposal of treasury stock	699	-	699
Dividends paid	(572)	(629)	(574)
Others	-	(0)	-
<b>Net cash used in financing activities</b>	<b>(105)</b>	<b>743</b>	<b>(109)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>	<b>(1,129)</b>	<b>(1,876)</b>	<b>403</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>4,062</b>	<b>4,465</b>	<b>4,062</b>
<b>Cash and cash equivalents at end of the period</b>	<b>¥ 2,932</b>	<b>¥ 2,588</b>	<b>¥ 4,465</b>

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

## SEGMENT INFORMATION

## 1. Business Segment Information

3rd Quarter of FY2006 ( from April 1, 2006 to December 31, 2006 )

( Millions of Yen )

	Net sales			Operating expenses	Operating income
	To customers	Intersegment	Total		
Machine Tools	¥ 46,310	¥ 676	¥ 46,986	¥ 45,240	¥ 1,745
Procured Construction Supplies	15,813	8	15,822	14,297	1,524
In-house Construction Supplies	4,802	-	4,802	4,382	420
Other	37	-	37	31	5
Total	66,963	684	67,648	63,952	3,696
Eliminations/ Corporate	-	( 684 )	( 684 )	( 750 )	65
Consolidated	¥ 66,963	-	¥ 66,963	¥ 63,201	¥ 3,762

3rd Quarter of FY2007 ( from April 1, 2007 to December 31, 2007 )

( Millions of Yen )

	Net sales			Operating expenses	Operating income
	To customers	Intersegment	Total		
Machine Tools	¥ 47,445	¥ 590	¥ 48,036	¥ 46,492	¥ 1,543
Procured Construction Supplies	15,842	7	15,849	14,523	1,325
In-house Construction Supplies	4,361	-	4,361	4,125	235
Other	29	-	29	24	4
Total	67,678	597	68,276	65,166	3,110
Eliminations/ Corporate	-	( 597 )	( 597 )	( 676 )	78
Consolidated	¥ 67,678	-	¥ 67,678	¥ 64,489	¥ 3,188

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.