

FOR IMMEDIATE RELEASE:

Furusato Announces Financial Results for the Third Quarter Ended December 31, 2009

Osaka, Japan, February 3, 2010 – Furusato Industries, Ltd. announced its consolidated financial results in the three months and nine months ended December 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

	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2008
Operating Results:	(Millions of Yen)	(Millions of Yen)
Net Sales	¥ 39,001	¥ 67,414
Operating Income	(842)	3,566
Ordinary Income	(643)	3,900
Net Income	(1,489)	1,485
Per Share Data:	(Yen)	(Yen)
Net Income	¥ (94.44)	¥ 94.00
	As of December 31, 2009	As of March 31, 2009
Financial Position:	(Millions of Yen)	(Millions of Yen)
Total Assets	¥ 40,295	¥ 47,171
Net Assets	27,994	29,987
Net Assets to Total Assets	69.5%	63.6%
Per Share Data:	(Yen)	(Yen)
Net Assets	¥ 1,797.44	¥ 1,897.58

Notes:

1. Changes in major subsidiaries during the period under review
(changes in specific subsidiaries involving changes in the scope of consolidation): No
2. Adoption of simplified accounting methods and accounting methods particular to the preparation of quarterly financial statements: Yes
3. Changes in accounting principles, procedures or methods of presentation associated with quarterly financial statements
(significant changes in basis for preparation of quarterly financial statements)
 - 1) Changes resulting from revisions to accounting standards: No
 - 2) Other changes: No

4. Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of period (including treasury stock)

December 31, 2009: 16,438,648 shares

March 31, 2009: 16,438,648 shares

2) Number of treasury stock at the end of period

December 31, 2009: 864,275 shares

March 31, 2009: 635,757 shares

3) Average number of shares issued and outstanding for the period (consolidated, cumulative)

December 31, 2009: 15,771,918 shares

December 31, 2008: 15,803,871 shares

2. Dividends

	Dividends Per Share (Yen)				
	1Q	Interim	3Q	Year-end	Annual
Fiscal Year Ended March 31, 2009	-	10.00	-	17.50	27.50
Fiscal Year Ending March 31, 2010	-	5.00	-		
Fiscal Year Ending March 31, 2010 (Forecast)				5.00	10.00

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

	Full-Year	% Change
Operating Results:	(Millions of Yen)	
Net Sales	¥ 53,500	(35.6%)
Operating Income	(980)	-
Ordinary Income	(720)	-
Net Income	(1,560)	-
Per Share Data:	(Yen)	
Net Income	¥ (98.91)	-

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

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

	Full-Year	% change
Operating Results:	(Millions of Yen)	
Net Sales	¥ 18,800	(34.6%)
Operating Income	(260)	-
Ordinary Income	(70)	-
Net Income	(1,680)	-
Per Share Data:	(Yen)	
Net Income	¥ (106.52)	-

RESULTS OF OPERATIONS AND FINANCIAL POSITION (NINE MONTHS ENDED DECEMBER 31, 2009)**1. Analysis of Operating Results****(1) Overview of Results**

During the nine months ended December 31, 2009, the Japanese economy remained severe overall without its ability to generate a self-sustaining recovery mainly due to a high unemployment rate though it has continued to pick up, primarily reflecting an upward trend of exports to Asian countries.

In the steel frame construction supplies business, the corporate capital investment declined significantly amid the economic recession. The steel frame used in fiscal 2009 is expected to mark a record low below 4 million tons, a more than 30% decline year over year due to postponed and canceled plant construction and big construction projects, coupled with a sharp drop in demand for small and medium-sized buildings.

In the machines and industrial tools business, the Industrial Production indicating an operating ratio in the manufacturing sector showed signs of picking up. The production appears to be on a recovery trend, reflecting a drop of inventory ratio to the level of 110% as a result of the progress of inventory adjustment process. Meanwhile, in regard to the capital investment in the manufacturing sector, the Orders Received for Machinery has decreased by exceeding 40% for third consecutive quarter. According to the Machine Tools Orders, domestic orders slightly increased by 4.1% in the October-December quarter compared with the July-September quarter. However, the capital investment in the manufacturing sector stays at a low level and shows no visible sign of recovering.

Under this harsh business environment, Furusato Group strived to enhance our profit structure by taking actions including expansion of our new business, the Plumbing business, a sales increase mainly based on development of new supplies, coupled with fixed cost reductions, production adjustments and a production efficiency improvement. Despite these efforts, we could not offset losses incurred by sluggish demand amid this stagnant market conditions. Accordingly, net sales for the nine-month period ended December 31, 2009 totaled ¥39,001 million, down 42.1% year over year.

On the earnings front, operating loss totaled ¥842 million, a decrease of ¥4,409 million, and ordinary loss was ¥643 million, a decrease of ¥4,543 million compared with the same period of the previous fiscal year. Consequently, net loss was ¥1,489 million, a decrease of ¥2,974 million, due to recording amortization of goodwill of ¥854 million under extraordinary loss.

Analysis of Results by Segment**〈Machine Tools Segment〉**

The Industrial Tools business showed visible signs of a recovery in line with improving operating ratio in the manufacturing sector. Meanwhile, the Machines and FA System businesses showed no signs of a recovery, reflecting sluggish machine tools demand caused by corporate capital investment restraint. Consequently, segment sales decreased by 45.0% year over year to ¥24,498 million and operating loss was ¥795 million, a decrease of ¥1,769 million.

〈Procured Construction Supplies Segment〉

The business conditions in this segment remained severe. Sales volume and unit prices of our procured supplies, especially high strength bolts, dropped stemming from stagnant demand for steel frame buildings. Meanwhile, the Plumbing business, our new business, is gradually on an upward trend by focused efforts on the sales expansion. The segment sales decreased by 35.9% to ¥11,239 million, and operating income decreased by 77.7% to ¥440 million compared with the corresponding period a year ago.

〈In-house Construction Supplies Segment〉

The gross profit margin is likely to be on an upward trend benefiting from improvements in manufacturing our main products, turnbuckle braces, while construction demand for plants sharply fell, negatively affected by subdued corporate capital investment. As a result, segment sales were ¥3,240 million, down 39.5% year over year, and operating loss was ¥580 million, a decrease of ¥1,109 million.

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

Furusato announced the revision to the full-year earnings forecasts for the year ending March 31, 2010 on January 29, 2010.

Furusato reported a decrease in net sales, negatively impacted by postponed and restrained private capital investment resulting from the sharp decline in corporate earnings. In addition, Furusato recorded ¥854 million, unamortized balance of goodwill of Gifu Shoji as of December 31, 2009, in amortization of goodwill under

extraordinary losses. Consequently, consolidated sales and profits are expected to significantly fall short of the previous forecasts.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Thousands of Yen	
	December 31, 2009	March 31, 2009
	Amounts	Amounts
Assets		
Current assets:		
Cash and deposits	¥ 5,730,375	¥ 6,624,942
Notes and accounts receivable-trade	16,607,727	20,255,391
Merchandise and finished goods	2,775,274	3,671,595
Work in process	417,038	696,062
Raw materials and supplies	160,466	208,906
Deferred tax assets	196,555	278,004
Other	650,756	286,579
Allowance for doubtful accounts	(36,559)	(49,329)
Total current assets	26,501,635	31,972,152
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	2,775,709	2,911,567
Land	6,801,723	6,801,723
Other, net	493,747	612,262
Total property, plant and equipment	10,071,180	10,325,553
Intangible assets:		
Goodwill	-	1,087,665
Other	121,508	142,446
Total intangible assets	121,508	1,230,111
Investments and other assets:		
Investment securities	2,360,125	2,437,193
Prepaid pension cost	59,913	138,943
Deferred tax assets	513,149	372,879
Other	782,637	809,352
Allowance for doubtful accounts	(114,792)	(115,157)
Total investments and other assets	3,601,034	3,643,211
Total noncurrent assets	13,793,722	15,198,876
Total assets	¥ 40,295,357	¥ 47,171,028

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

	Thousands of Yen	
	December 31, 2009	March 31, 2009
	Amounts	Amounts
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	¥ 9,992,641	¥ 12,809,323
Short-term loans payable	-	310,000
Income taxes payable	23,658	325,269
Provision for bonuses	206,794	494,190
Provision for directors' bonuses	9,660	15,133
Other	677,444	661,275
Total current liabilities	10,910,199	14,615,191
Noncurrent liabilities:		
Long-term loans payable	-	900,000
Deferred tax liabilities	430,283	491,651
Provision for retirement benefits	537,198	903,468
Provision for directors' retirement benefits	56,299	51,199
Other	367,348	222,211
Total noncurrent liabilities	1,391,130	2,568,531
Total liabilities	12,301,330	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	16,015,329	17,860,313
Treasury stock	(302,657)	(187,380)
Total shareholders' equity	27,391,759	29,352,021
Valuation and translation adjustment:		
Valuation difference on available-for-sale securities	602,268	635,283
Total valuation and translation adjustment	602,268	635,283
Total net assets	27,994,027	29,987,305
Total liabilities and net assets	¥ 40,295,357	¥ 47,171,028

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

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED DECEMBER 31, 2009 (UNAUDITED)**

	Thousands of Yen	
	Nine months ended December 31, 2008	Nine months ended December 31, 2009
	Amounts	Amounts
Net sales	¥ 67,414,979	¥ 39,001,452
Cost of sales	56,689,019	33,399,701
Gross profit	10,725,959	5,601,751
Selling, general and administrative expenses	7,159,505	6,444,592
Operating income (loss)	3,566,454	(842,840)
Non-operating income:		
Interest income	4,534	3,106
Dividends income	52,299	33,787
Purchase discounts	423,162	236,896
Rent income	42,113	42,117
Other	27,198	22,023
Total non-operating income	549,309	337,931
Non-operating expenses:		
Interest expenses	15,833	6,901
Loss on sales of notes payable	9,883	2,004
Sales discounts	176,343	111,990
Cost of lease revenue	9,463	12,462
Other	4,011	4,897
Total non-operating expenses	215,534	138,257
Ordinary income (loss)	3,900,228	(643,166)
Extraordinary income:		
Gain on sales of investment securities	1,500	-
Reversal of allowance for doubtful accounts	26,062	750
Gain on revision of retirement benefit plan	-	13,051
Total extraordinary income	27,562	13,801
Extraordinary loss:		
Loss on retirement of noncurrent assets	22,652	-
Loss on revaluation of investment securities	779,537	27,634
Loss on valuation of membership	-	650
Amortization of goodwill	-	854,600
Directors' retirement benefits	107,008	-
Total extraordinary loss	909,197	882,885
Income (loss) before income taxes	3,018,593	(1,512,250)
Income taxes-current	1,409,450	63,162
Income taxes-deferred	123,590	(85,991)
Total income taxes	1,533,041	(22,828)
Net income (loss)	¥ 1,485,551	¥ (1,489,421)

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

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED DECEMBER 31, 2009 (UNAUDITED)**

	Thousands of Yen	
	Three months ended December 31, 2008	Three months ended December 31, 2009
	Amounts	Amounts
Net sales	¥ 20,702,176	¥ 13,214,698
Cost of sales	17,385,293	11,320,834
Gross profit	3,316,883	1,893,863
Selling, general and administrative expenses	2,415,815	2,088,076
Operating income (loss)	901,068	(194,213)
Non-operating income:		
Interest income	1,230	441
Dividends income	22,025	13,655
Purchase discounts	134,825	82,975
Rent income	14,086	13,950
Other	3,720	6,884
Total non-operating income	175,889	117,907
Non-operating expenses:		
Interest expenses	4,852	917
Loss on sales of notes payable	3,077	-
Sales discounts	59,235	39,476
Cost of lease revenue	3,159	3,703
Other	1,161	2,817
Total non-operating expenses	71,486	46,915
Ordinary income (loss)	1,005,471	(123,221)
Extraordinary income:		
Gain on sales of investment securities	1,500	-
Reversal of allowance for doubtful accounts	7,898	-
Gain on revision of retirement benefit plan	-	13,051
Total extraordinary income	9,398	13,051
Extraordinary loss:		
Loss on retirement of noncurrent assets	3,353	-
Loss on valuation of investment securities	294,474	27,634
Amortization of goodwill	-	854,600
Total extraordinary loss	297,827	882,235
Income (loss) before income taxes	717,042	(992,405)
Income taxes-current	321,194	17,233
Income taxes-deferred	69,494	56,720
Total income taxes	390,688	73,954
Net income (loss)	¥ 326,353	¥ (1,066,360)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Thousands of Yen	
	Nine months ended December 31, 2008	Nine months ended December 31, 2009
	Amounts	Amounts
Cash flows from operating activities:		
Income before income taxes	¥ 3,018,593	¥ (1,512,250)
Depreciation and amortization	328,620	295,956
Amortization of goodwill	233,065	1,087,665
Decrease in provision for directors' bonuses	(15,920)	(5,472)
Increase (decrease) in provision for retirement benefits	26,837	(366,269)
Decrease in prepaid pension costs	-	79,029
Increase (decrease) in provision for directors' retirement benefits	(659,431)	5,100
Decrease in provision for bonuses	(248,001)	(287,395)
Decrease in allowance for doubtful accounts	(29,367)	(13,135)
Interest and dividends income	(56,834)	(36,893)
Interest expenses	15,833	6,901
Gain on sales of investment securities	(1,500)	-
Loss on valuation of investment securities	779,537	27,634
Decrease in notes and accounts receivable-trade	3,008,043	3,616,652
Decrease (increase) in inventories	(364,153)	1,223,784
Decrease in notes and accounts payable-trade	(3,063,124)	(2,715,880)
Decrease in accounts payable-other	25,147	80,354
Increase in accrued expenses	53,023	33,571
Increase in long-term accounts payable-other	200,810	146,449
Other	108,855	(104,761)
Subtotal	3,360,032	1,561,040
Interest and dividend income received	57,273	38,162
Interest expenses paid	(20,579)	(13,444)
Income taxes paid	(1,879,247)	(737,544)
Net cash provided by operating activities	1,517,478	848,213
Cash flows from investing activities:		
Payments into time deposits	(85,923)	(129,990)
Proceeds from withdrawal of time deposits	66,223	85,923
Purchase of property, plant and equipment	(375,857)	(32,393)
Proceeds from sales of property, plant and equipment	10,448	248
Purchase of investment securities	(8,962)	(17,780)
Proceeds from sales of investment securities	20,500	-
Purchase of investments in subsidiaries	(645)	-
Payments of loans receivable	(11,962)	(11,780)
Collection of loans receivable	10,450	12,931
Other	(41,628)	(13,612)
Net cash used in investing activities	(417,357)	(106,453)
Cash flows from financing activities:		
Net decrease in short-term loans payable	(540,000)	(10,000)
Repayment of long-term loans payable	(300,000)	(1,200,000)
Purchase of treasury stock	(1,232)	(115,277)
Cash dividends paid	(644,767)	(355,115)
Net cash used in financing activities	(1,486,000)	(1,680,393)
Net decrease in cash and cash equivalents	(385,879)	(938,632)
Cash and cash equivalents at beginning of the period	3,541,908	6,539,018
Cash and cash equivalents at end of the period	¥ 3,156,029	¥ 5,600,385

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

SEGMENT INFORMATION
1. Business Segment Information

Three Months Ended December 31, 2008 (from October 1 to December 31, 2008) (Thousands of Yen)

	Net sales			Operating income
	To customers	Intersegment	Total	
Machine Tools	¥ 12,853,375	¥ 310,563	¥ 13,163,939	¥ 120,404
Procured Construction Supplies	5,878,308	3,956	5,882,264	615,837
In-house Construction Supplies	1,962,861	-	1,962,861	139,879
Other	7,631	-	7,631	1,142
Total	20,702,176	314,519	21,016,696	877,263
Eliminations/ Corporate	-	(314,519)	(314,519)	23,804
Consolidated	¥ 20,702,176	-	¥ 20,702,176	¥ 901,068

Three Months Ended December 31, 2009 (from October 1 to December 31, 2009) (Thousands of Yen)

	Net sales			Operating income (loss)
	To customers	Intersegment	Total	
Machine Tools	¥ 8,479,611	¥ 188,528	¥ 8,668,139	¥ (220,294)
Procured Construction Supplies	3,655,614	4,170	3,659,784	150,440
In-house Construction Supplies	1,071,495	-	1,071,495	(156,789)
Other	7,977	-	7,977	536
Total	13,214,698	192,699	13,407,397	(226,106)
Eliminations/ Corporate	-	(192,699)	(192,699)	31,893
Consolidated	¥ 13,214,698	-	¥ 13,214,698	¥ (194,213)

Nine Months Ended December 31, 2008 (from April 1 to December 31, 2008) (Thousands of Yen)

	Net sales			Operating income
	To customers	Intersegment	Total	
Machine Tools	¥ 44,504,559	¥ 856,715	¥ 45,361,275	¥ 973,897
Procured Construction Supplies	17,532,421	12,340	17,544,761	1,970,506
In-house Construction Supplies	5,353,422	-	5,353,422	529,407
Other	24,575	-	24,575	4,941
Total	67,414,979	869,056	68,284,035	3,478,752
Eliminations/ Corporate	-	(869,056)	(869,056)	87,701
Consolidated	¥ 67,414,979	-	¥ 67,414,979	¥ 3,566,454

Nine Months Ended December 31, 2009 (from April 1 to December 31, 2009) (Thousands of Yen)

	Net sales			Operating income (loss)
	To customers	Intersegment	Total	
Machine Tools	¥ 24,498,525	¥ 536,688	¥ 25,035,214	¥ (795,106)
Procured Construction Supplies	11,239,349	9,742	11,249,091	440,201
In-house Construction Supplies	3,240,671	-	3,240,671	(580,000)
Other	22,905	-	22,905	4,097
Total	39,001,452	546,430	39,547,883	(930,808)
Eliminations/ Corporate	-	(546,430)	(546,430)	87,968
Consolidated	¥ 39,001,452	-	¥ 39,001,452	¥ (842,840)

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: Agent businesses, lease services and sale of procured supplies**

3. 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.