

October 14, 2004

FOR IMMEDIATE RELEASE

Furusato Industries, Ltd.

Notice of Early Adoption of Impairment Accounting for Fixed Assets and Revision to First Half Earnings Forecasts for Fiscal 2004

FURUSATO Industries, Ltd. has announced today the early adoption of impairment accounting for fixed assets from the first half of the year ending March 31, 2005 (FY2004). Accordingly, Furusato revised the first half earnings forecasts for FY2004, announced on May 20, 2004, as follows:

1. Early adoption of impairment accounting for fixed assets

Furusato determined the early adoption of impairment accounting for fixed assets from the first half of FY2004 with the aim of improving transparency of financial statements and restoring balance sheets early. Consequently, the estimated extraordinary losses from this impairment amount to approximately ¥600 million on consolidated and non-consolidated basis, respectively.

2. Revision to its first half earnings forecasts for FY2004

(from April 1, 2004 to September 30, 2004)

(1) Consolidated

(Millions of yen)

| | Net Sales | Ordinary Income | Net Income |
|--------------------------------|-----------|-----------------|------------|
| Initial forecasts (A) | 32,704 | 1,111 | 603 |
| Revised forecasts (B) | 36,040 | 1,950 | 640 |
| Change (B-A) | 3,336 | 839 | 37 |
| % Change | 10.2% | 75.5% | 6.1% |
| (Reference) 1st half of FY2003 | 28,550 | 663 | 284 |

(2) Non-consolidated

(Millions of yen)

| | Net Sales | Ordinary Income | Net Income |
|--------------------------------|-----------|-----------------|------------|
| Initial forecasts (A) | 8,969 | 561 | 305 |
| Revised forecasts (B) | 10,060 | 950 | 75 |
| Change (B-A) | 1,091 | 389 | (230) |
| % Change | 12.2% | 69.3% | (75.4%) |
| (Reference) 1st half of FY2003 | 8,126 | 353 | 174 |

2. Reasons for the revision

We estimate strong ordinary income significantly surpassing the initial forecasts, which is attributed to net sales increase, driven by positive capital investment in private sectors, coupled with improved profitability, benefiting from reduction in selling, general and administrative expenses.

In the first half, the estimated consolidated net income is unchanged from the initial forecasts while the estimated non-consolidated net income is substantially below the initial forecasts due to the early adoption of impairment accounting for fixed assets.

We are compiling the consolidated and non-consolidated full-year earnings forecasts for this fiscal year. The details will be announced as soon as they are finalized.

*The forecasts presented above are based on information currently available. The statements involve various factors that could cause actual results to be materially different.