

Furusato Announces Recording of Extraordinary Loss Due to Subsidiary's Share Value Impairment and Revision to Full-Year Earnings Forecasts for the Year Ending March 31, 2010

Furusato Industries, Ltd. (Furusato) has announced today that it will incur an extraordinary loss due to impairment of subsidiary's share value for its financial results for the third quarter of the year ending March 31, 2010 and will revise its full-year earnings forecasts for the year ending March 31, 2010 (FY2009), which were announced on October 28, 2009. The details are as follows:

1. Extraordinary loss due to impairment of subsidiary's share value

Gifu Shoji Co., Ltd., a consolidated subsidiary of Furusato, concluded that it would not be able to achieve the earnings projections in the initial business plan compiled at the time of the acquisition from a short term standpoint. As a result, Furusato will record ¥1,587 million in losses on valuation of stocks of subsidiaries and affiliates under extraordinary losses in its non-consolidated financial statements.

In conjunction with recording the share value impairment, Furusato will record ¥854 million, unamortized balance of goodwill of Gifu Shoji as of December 31, 2009, in goodwill amortization under extraordinary losses in its consolidated financial statements.

2. Revision to the earnings forecasts for FY2009

(1) Consolidated full-year earnings forecasts (from April 1, 2009 to March 31, 2010)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	54,300	(770)	(530)	(590)	(37.34)
Revised forecasts (B)	53,500	(980)	(720)	(1,560)	(98.91)
Change (B-A)	(800)	(210)	(190)	(970)	
% Change	(1.5%)	-	-	-	
(Reference) FY2008	83,103	3,791	4,193	1,732	109.64

(2) Non-consolidated full-year earnings forecasts (from April 1, 2009 to March 31, 2010)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	20,000	40	230	80	5.06
Revised forecasts (B)	18,800	(260)	(70)	(1,680)	(106.52)
Change (B-A)	(1,200)	(300)	(300)	(1,760)	
% Change	(6.0%)	-	-	-	
(Reference) FY2008	28,727	2,826	3,062	1,517	96.05

3. Reason for the revision to the earnings forecasts

Furusato anticipates a decrease in sales, negatively impacted by postponed and restrained private capital investment resulting from the sharp decline in corporate earnings. On a consolidated base, Furusato will record ¥854 million, unamortized balance of goodwill of Gifu Shoji as of December 31, 2009, in goodwill amortization under extraordinary losses. On a non-consolidated base, Furusato will record ¥1,587 million in loss on valuation of stocks of subsidiaries and affiliates under extraordinary loss. Consequently, sales and profits are expected to significantly fall short of the forecasts announced on December 28, 2009 on both consolidated and non-consolidated bases.

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