

Furusato Announces Revision to Earnings Forecasts

Furusato Industries, Ltd. (Furusato) has announced today a revision to its earnings forecasts for the year ended March 31, 2016 (FY2015) based on the recent earnings trend, which were previously announced on November 2, 2015. The details are as follows:

● Revision to the earnings forecasts

Consolidated full-year earnings forecasts (from April 1, 2015 to March 31, 2016)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Net Income Per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	91,725	3,219	3,499	2,127	146.70
Revised forecasts (B)	94,800	3,500	3,800	2,350	162.09
Change (B-A)	3,075	281	301	223	
% Change	3.4	8.7	8.6	10.5	
(Reference) FY2014	87,684	3,272	3,577	2,230	153.81

Non-consolidated full-year earnings forecasts (from April 1, 2015 to March 31, 2016)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Net Income Per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	29,207	1,544	1,705	998	68.83
Revised forecasts (B)	28,900	1,450	1,600	950	65.52
Change (B-A)	(307)	(94)	(105)	(48)	
% Change	(1.1)	(6.1)	(6.2)	(4.8)	
(Reference) FY2014	28,401	1,728	1,923	1,176	81.13

➤ Reason for the revision to the earnings forecasts (Consolidated base)

In the Equipment and Tools Business, net sales are expected to record a high-single digit growth, mainly led by the Industrial Equipment Business and the Machine and Tools for Automotive Business despite a decrease in sales and income in the previous second half forecast of fiscal 2015.

In the Machine and Facility Business, net sales are expected to record a double-digit growth in the second half as a result of higher-than-expected sales based on steady backlog despite a decrease in sales and income in the previous second half forecast.

In the Construction and Piping Products Business, net sales are expected to decrease slightly. According to the breakdown by business, in the Steel Frame Building Supplies Business, net sales are expected to decrease in the second half, reflecting further delay in construction works due to defective piling work problem as well as a shortage of

construction workers. Meanwhile, in the Piping Products Business, net sales are expected to remain on an upward trend.

Gross profit margin is expected to fall short of the previous forecast due to fierce price competition in the Steel Frame Building Supplies Business. Moreover, we expect to record provision for removal expenses of noncurrent assets of ¥100 million under extraordinary losses based on the agreement for demolition work of old factory by our factory relocation plan.

Consequently, consolidated sales, operating income, ordinary income and net income attributable to owners of parent are expected to exceed the previous forecast.

(Non-consolidated base)

Although we expected a slight increase in sales and a decrease in income below operating income in the previous second half forecast, in the Steel Frame Building Supplies Business, net sale are expected to decrease due to further delay in construction work.

The gross profit margin is expected to fall short of the previous forecast due to fierce price competition and an increase in cost of finished products sold, resulting from a review of the useful life of building based on a decision of demolition of the old factory by our factory relocation plan.

Moreover, we expect to record provision for removal expenses of noncurrent assets of ¥100 million under extraordinary losses based on the agreement for demolition work of old factory by our factory relocation plan.

Consequently, non-consolidated sales, operating income, ordinary income and net income attributable to owners of parent are expected to fall short of the previous forecast.

In regard to the dividends forecasts, Furusato will revise them according to its dividend policy as soon as the net income is finalized. (Dividends policy; Approx. 30% of consolidated net income)

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