

August 31, 2007

FOR IMMEDIATE RELEASE

Furusato Industries, Ltd.

Furusato Announces Agreement to Acquire TOKAI Subsidiary

Furusato Industries, Ltd. (hereinafter referred to as "Furusato") has reached a basic agreement with TOKAI Corp. (hereinafter referred to as "TOKAI") to acquire 97.79% of shares issued of Gifu Shoji Co., Ltd. (hereinafter referred to as "Gifu Shoji"), a subsidiary of TOKAI, making it a subsidiary of Furusato. The details of the basic agreement are as follows:

1. Objective of the acquisition

Furusato has strived to improve operating results of the Furusato Group since the acquisition of shares of G-net Corporation (hereinafter referred to as "G-net"), a trading company of machinery and industrial tools, in August 2000. Consequently, revenue and profit of the Group have increased steadily on a consolidated base. In order to maintain the consistent growth, we have examined specific business strategies with the aim of reinforcing our core businesses.

Furusato will take over a retailing business of cutting tools and machine tools from TOKAI, which will enable us to strengthen Machine Tools segment, one of the core business, and enhance our customer base.

Furusato will work hard to promote strategies for the further growth of the Group together with G-net and Gifu Shoji.

2. Corporate profile of Gifu Shoji

(1)	Trading name	Gifu Shoji Co., Ltd.
(2)	Representative	Isao Nomura, President and Representative Director
(3)	Location	2-49-2, Jyoutou-dori, Gifu-city, Gifu
(4)	Date of establishment	February 2, 1934
(5)	Major business lines	Sale of industrial tools and machine tools
(6)	Fiscal year-end	March 31
(7)	Number of employees	45 (as of August 31, 2007)
(8)	Major sales offices	Gifu, Aichi, Shizuoka, etc.
(9)	Paid-in capital	¥10 million
(1 0)	Number of shares issued	140,000 shares
(1 1)	Principal shareholders and ownership ratio	TOKAI Corp. , 97.79%

(1 2) Operating results and financial position for the last two years

(Millions of yen)

	Fiscal 2005 ended March 31, 2006	Fiscal 2006 ended March 31, 2007
Net sales	5,751	6,263
Ordinary income	373	422
Net income	218	248
Total assets	4,169	4,426
Net assets	1,562	1,596

3. Shares to be acquired from

- (1) Trading name TOKAI Corp.
- (2) Representative Koji Onogi, President and Representative Director
- (3) Location 9-16, Wakamiya-cho, Gifu city, Gifu
- (4) Major business lines Support for medical institutions including hospital linen and food, hotel linen supplies, elderly care supply rentals, Lease-kin mat and mop rentals, and others.
- (5) Relationship with Furusato None

4. Number of shares held and ownership ratio prior to and after the acquisition

- (1) Number of shares held prior to the acquisition 0 shares (ownership ratio 0.00%)
- (2) Number of shares to be acquired 136,918 shares
- (3) Number of shares held after the acquisition 136,918 shares
(ownership ratio 97.79%)

5. Schedule

- August 31, 2007 Signing of the basic agreement on acquiring a subsidiary
- September 28, 2007 Signing of the share transfer agreement (scheduled)
- October 31, 2007 Date of the share transfer (scheduled)

6. Impact on Furusato' s financial results

After completion of the share acquisition, Gifu Shoji will become a consolidated subsidiary of Furusato. We will disclose an impact on consolidated financial results for the year ending March 31, 2008 as soon as the details are finalized.