

May 10, 2005

**Asahi Pretec Flash Report (Consolidated Basis)**

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**1. Consolidated results for the year ended March 31, 2005**

(1) Consolidated operating results

[ Rounded off to millions of Yen ]

|  | Current fiscal year<br>(ended March 31, 2005) | Previous fiscal year<br>(ended March 31, 2004) |
|--|---|--|
| Net sales (millions of Yen)                  | 46,937  | 35,897   |
| Operating income (millions of Yen)           | 3,513   | 2,228  |
| Ordinary income (millions of Yen)            | 3,463   | 2,228  |
| Net income (millions of Yen)                 | 1,956   | 1,002  |
| Net income per share - basic (Yen)           | 95.37   | 48.20  |
| Net income per share - diluted (Yen)         | 86.45   | 48.04  |
| Return on equity (%)                         | 9.7   | 5.2  |
| Ratio of ordinary income to total assets (%) | 11.9  | 8.3  |
| Ratio of ordinary income to net sales (%)    | 7.4   | 6.2  |

(Notes) 1. Equity in earnings of unconsolidated subsidiaries and affiliates ; None

2. Average number of shares outstanding during fiscal year (consolidated basis)

Year ended March 31, 2005: 20,195,826      Year ended March 31, 2004: 20,378,008

(2) Consolidated financial position

|  | Current fiscal year<br>(ended March 31, 2005) | Previous fiscal year<br>(ended March 31, 2004) |
|--|---|--|
| Total assets (millions of Yen)         | 31,157  | 27,148   |
| Shareholder's equity (millions of Yen) | 20,816  | 19,410   |
| Equity ratio (%)                       | 66.8  | 71.5   |
| Equity per share (Yen)                 | 1,029.24                                      | 960.15   |

(Notes) 1. Number of shares outstanding at the end of fiscal year (consolidated basis)

Year ended March 31, 2005: 20,195,801      Year ended March 31, 2004: 20,195,850

(3) Consolidated cash flows

|   | Current fiscal year<br>(ended March 31, 2005) | Previous fiscal year<br>(ended March 31, 2004) |
|---|---|--|
| Operating activities (millions of Yen)                                | 3,561   | 3,124  |
| Investing activities (millions of Yen)                                | 2,599   | 2,147  |
| Financing activities (millions of Yen)                                | 337   | 490  |
| Cash and cash equivalents at the end of fiscal year (millions of Yen) | 4,435   | 3,141  |

(4) Scope of Consolidation and equity method affiliates

|  |      |
|--|------|
| Consolidated subsidiaries                                      | 9    |
| Unconsolidated subsidiaries accounted for by the equity method | None |
| Affiliates accounted for by the equity method                  | None |

Changes in scope of consolidation ; There were 4 new consolidated subsidiaries.

**2. Forecast for the next fiscal year ending March 31, 2006**

|                                       | 1st half | Full year |
|---------------------------------------|----------|-----------|
| Net sales (millions of Yen)           | 25,000   | 51,000    |
| Ordinary income (millions of Yen)     | 1,850    | 3,900     |
| Net income (millions of Yen)          | 1,050    | 2,400     |
| Forecasted net income per share (Yen) | -        | 111.53    |

The financial results projection stated above is based on currently available information and may change depending on the fluctuation of the price of the precious metal and other factors.

Asahi Pretec Corp. and Consolidated Subsidiaries  
CONSOLIDATED BALANCE SHEET  
At March 31, 2005 and 2004

|  | 2005            |       | 2004            |       | 2005                     |
|--|-----------------|-------|-----------------|-------|--------------------------|
|  | Millions of yen | %     | Millions of yen | %     | Thousands of U.S.dollars |
| <b>ASSETS</b>  |                 |       |                 |       |                          |
| Current assets   |                 |       |                 |       |                          |
| Cash and cash equivalents                                      | 4,435           |       | 3,141           |       | 41,303                   |
| Notes and accounts receivable                                  | 2,464           |       | 2,264           |       | 22,951                   |
| Inventories  | 5,094           |       | 3,849           |       | 47,439                   |
| Deferred tax assets  | 318             |       | 257             |       | 2,969                    |
| Other current assets   | 65              |       | 45              |       | 609                      |
| Less: allowance for doubtful accounts                          | (3)             |       | (3)             |       | (33)                     |
| Total current assets   | 12,375          | 39.7  | 9,555           | 35.2  | 115,237                  |
| Fixed assets   |                 |       |                 |       |                          |
| Tangible assets  |                 |       |                 |       |                          |
| Buildings and structures                                       | 5,946           |       | 5,464           |       | 55,377                   |
| Machinery and carriers   | 3,391           |       | 3,499           |       | 31,583                   |
| Land   | 7,600           |       | 6,694           |       | 70,775                   |
| Construction in progress                                       | 563             |       | 578             |       | 5,244                    |
| Other tangible assets  | 493             |       | 279             |       | 4,595                    |
| Total tangible assets  | 17,995          | 57.8  | 16,516          | 60.8  | 167,573                  |
| Intangible assets  |                 |       |                 |       |                          |
| Consolidation adjustment                                       | -               |       | 184             |       | -                        |
| Other intangible assets  | 360             |       | 491             |       | 3,360                    |
| Total intangible assets  | 360             | 1.1   | 675             | 2.5   | 3,360                    |
| Investment and other assets                                    |                 |       |                 |       |                          |
| Investment securities  | 19              |       | 9               |       | 179                      |
| Deferred tax assets  | 72              |       | 69              |       | 679                      |
| Other investment and other assets                              | 333             |       | 337             |       | 3,108                    |
| Less: allowance for doubtful accounts                          | (0)             |       | (16)            |       | (6)                      |
| Total investment and other assets                              | 425             | 1.4   | 400             | 1.5   | 3,960                    |
| Total fixed assets   | 18,781          | 60.3  | 17,592          | 64.8  | 174,894                  |
| Total assets   | 31,157          | 100.0 | 27,148          | 100.0 | 290,131                  |
| <b>LIABILITIES</b>   |                 |       |                 |       |                          |
| Current liabilities  |                 |       |                 |       |                          |
| Notes and accounts payable                                     | 1,769           |       | 1,179           |       | 16,476                   |
| Short-term loans   | 875             |       | 2,180           |       | 8,148                    |
| Current portion of long-term debt                              | 699             |       | 1,009           |       | 6,510                    |
| Accrued income taxes   | 903             |       | 350             |       | 8,417                    |
| Accrued bonus  | 451             |       | 451             |       | 4,204                    |
| Other current liabilities                                      | 1,052           |       | 999             |       | 11,426                   |
| Total current liabilities                                      | 5,751           | 18.5  | 6,170           | 22.7  | 53,557                   |
| Long-term liabilities  |                 |       |                 |       |                          |
| Convertible notes with stock acquisition rights                | 3,492           |       | -               |       | 32,517                   |
| Long-term debt   | 656             |       | 1,335           |       | 6,115                    |
| Accrued retirement benefit                                     | 58              |       | 70              |       | 543                      |
| Accrued directors' retirement benefit                          | 161             |       | 161             |       | 1,500                    |
| Deferred tax liabilities                                       | 111             |       | -               |       | 1,034                    |
| Consolidation adjustment                                       | 88              |       | -               |       | 824                      |
| Total long-term liabilities                                    | 4,567           | 14.6  | 1,567           | 5.8   | 42,534                   |
| Total liabilities  | 10,319          | 33.1  | 7,737           | 28.5  | 96,090                   |
| MINORITY INTERESTS   | 21              | 0.1   | -               | -     | 202                      |
| <b>SHAREHOLDERS' EQUITY</b>                                    |                 |       |                 |       |                          |
| Common stock   | 2,737           | 8.8   | 2,737           | 10.1  | 25,487                   |
| Capital surplus  | 4,310           | 13.8  | 4,310           | 15.9  | 40,137                   |
| Retained earnings  | 15,019          | 48.2  | 13,608          | 50.1  | 139,863                  |
| Unrealized gain on securities                                  | 3               | 0.0   | 1               | 0.0   | 37                       |
| Foreign currency translation adjustments                       | (49)            | (0.1) | (41)            | (0.2) | (459)                    |
| Less: Treasury stock   | (1,205)         | (3.9) | (1,205)         | (4.4) | (11,226)                 |
| Total shareholders' equity                                     | 20,816          | 66.8  | 19,410          | 71.5  | 193,839                  |
| Total liabilities, minority interests and shareholders' equity | 31,157          | 100.0 | 27,148          | 100.0 | 290,131                  |

Asahi Pretec Corp. and Consolidated Subsidiaries  
CONSOLIDATED STATEMENTS OF INCOME (SUMMARY)  
Year ended March 31 , 2005 and 2004

|   | 2005            |       | 2004            |       | 2005                     |
|---|-----------------|-------|-----------------|-------|--------------------------|
|   | Millions of yen | %     | Millions of yen | %     | Thousands of U.S.dollars |
| Net sales   | 46,937          | 100.0 | 35,897          | 100.0 | 437,073                  |
| Cost of sales   | 41,290          | 88.0  | 31,758          | 88.5  | 384,491                  |
| Gross profit  | 5,646           | 12.0  | 4,138           | 11.5  | 52,582                   |
| Selling, general and administrative expenses                | 2,133           | 4.5   | 1,909           | 5.3   | 19,865                   |
| Operating Income  | 3,513           | 7.5   | 2,228           | 6.2   | 32,717                   |
| Non-operating profits                                       | 38              | 0.1   | 36              | 0.1   | 362                      |
| Non-operating expenses                                      | 89              | 0.2   | 36              | 0.1   | 832                      |
| Ordinary income   | 3,463           | 7.4   | 2,228           | 6.2   | 32,247                   |
| Special gains   | 0               | 0.0   | 12              | 0.0   | 5                        |
| Special losses  | 312             | 0.7   | 395             | 1.1   | 2,909                    |
| Net income before tax and other adjustments                 | 3,151           | 6.7   | 1,845           | 5.1   | 29,344                   |
| Income taxes  | 1,259           | 2.7   | 859             | 2.3   | 11,725                   |
| Deferred tax  | (67)            | (0.2) | (16)            | (0.0) | (628)                    |
| Minority interests in earnings of consolidated subsidiaries | 3               | 0.0   | -               | -     | 33                       |
| Net income  | 1,956           | 4.2   | 1,002           | 2.8   | 18,214                   |

Asahi Pretec Corp. and Consolidated Subsidiaries  
APPROPRIATION OF CONSOLIDATED RETAINED EARNINGS  
Year ended March 31 , 2005 and 2004

|   | 2005            | 2004            | 2005                     |
|---|-----------------|-----------------|--------------------------|
|   | Millions of yen | Millions of yen | Thousands of U.S.dollars |
| <u>Capital reserve</u>                    |                 |                 |                          |
| Balance at the beginning of year          | 4,310           | 4,310           | 40,137                   |
| Capital reserve at the end of year        | 4,310           | 4,310           | 40,137                   |
| <u>Retained earnings</u>                  |                 |                 |                          |
| Balance at the beginning of year          | 13,608          | 13,160          | 126,725                  |
| Increase in retained earnings             |                 |                 |                          |
| Net income                                | 1,956           | 1,002           | 18,214                   |
| Total increase in retained earnings       | 1,956           | 1,002           | 18,214                   |
| Appropriations of retained earnings       |                 |                 |                          |
| Cash dividends                            | 525             | 533             | 4,890                    |
| Directors' bonuses                        | 20              | 20              | 186                      |
| Total appropriations of retained earnings | 545             | 553             | 5,076                    |
| Retained earnings                         | 15,019          | 13,608          | 139,863                  |

Asahi Pretec Corp. and Consolidated Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Year ended March 31 , 2005 and 2004

|   | 2005                | 2004                | 2005                        |
|---|---------------------|---------------------|-----------------------------|
|   | Millions of yen     | Millions of yen     | Thousands of<br>U.S.dollars |
| <b>Cash flow from operating activities</b>                                |                     |                     |                             |
| Net income before tax and other adjustments                               | 3,151               | 1,845               | 29,344                      |
| Depreciation and amortization   | 1,526               | 1,403               | 14,213                      |
| Amortization of excess of cost over net assets acquired                   | 48                  | -                   | 454                         |
| Net loss on disposal or sales of fixed assets                             | 244                 | 394                 | 2,273                       |
| Amortization of consolidation adjustment                                  | 23                  | 73                  | 223                         |
| Provision of accrued retirement benefits                                  | (11)                | (25)                | (110)                       |
| Interest and dividend income  | (2)                 | (2)                 | (23)                        |
| Loss (gain) on sales of investment securities, net                        | 3                   | (11)                | 35                          |
| Interest expenses   | 30                  | 27                  | 282                         |
| (Increase) decrease in notes and accounts receivable                      | 245                 | (133)               | 2,289                       |
| (Increase) decrease in inventories  | (1,233)             | 295                 | (11,486)                    |
| Increase in notes and accounts payable                                    | 520                 | 131                 | 4,845                       |
| Increase (decrease) in tax and other liabilities                          | (123)               | 75                  | (1,149)                     |
| Payment of directors' bonuses   | (20)                | (20)                | (186)                       |
| Other   | (62)                | (32)                | (577)                       |
| Sub-total   | <u>4,341</u>        | <u>4,022</u>        | <u>40,426</u>               |
| Interest and dividends received   | 2                   | 2                   | 23                          |
| Interest paid   | (30)                | (28)                | (287)                       |
| Income taxes paid   | <u>(751)</u>        | <u>(871)</u>        | <u>(7,000)</u>              |
| Net cash provided by operating activities                                 | 3,561               | 3,124               | 33,162                      |
| <b>Cash flow from investing activities</b>                                |                     |                     |                             |
| Repayment of deposits   | 8                   | 13                  | 83                          |
| Payment for purchase of investments in subsidiaries, net of cash acquired | (575)               | -                   | (5,362)                     |
| Additions to tangible assets  | (1,930)             | (1,917)             | (17,975)                    |
| Proceeds from sales of fixed assets                                       | 22                  | 0                   | 208                         |
| Additions to intangible assets  | (91)                | (206)               | (853)                       |
| Other payments  | (71)                | (64)                | (662)                       |
| Other receipt   | <u>38</u>           | <u>27</u>           | <u>357</u>                  |
| Net cash used in investing activities                                     | (2,599)             | (2,147)             | (24,203)                    |
| <b>Cash flow from financing activities</b>                                |                     |                     |                             |
| decrease in short-term debt   | (1,482)             | (50)                | (13,802)                    |
| Proceeds from long-term debt  | 20                  | 1,500               | 186                         |
| Repayment of long-term debt   | (1,175)             | (965)               | (10,947)                    |
| Proceeds from convertible notes with stock acquisition right              | 3,492               | -                   | 32,517                      |
| Purchase of treasury stock  | (0)                 | (440)               | (1)                         |
| Contributions from Minority Shareholders                                  | 9                   | -                   | 84                          |
| Dividends paid  | <u>(525)</u>        | <u>(533)</u>        | <u>(4,893)</u>              |
| Net cash used in financing activities                                     | 337                 | (490)               | 3,144                       |
| Effect of exchange rate changes on cash and cash equivalents              | <u>(6)</u>          | <u>(33)</u>         | <u>(56)</u>                 |
| increase in cash and cash equivalents                                     | <u>1,293</u>        | <u>452</u>          | <u>12,047</u>               |
| Cash and cash equivalents at the beginning of year                        | <u>3,141</u>        | <u>2,689</u>        | <u>29,256</u>               |
| Cash and cash equivalents at the end of year                              | <u><u>4,435</u></u> | <u><u>3,141</u></u> | <u><u>41,303</u></u>        |

U.S. dollar amounts represent translations using the approximate exchange rate on March 31,2005,of 107.39 yen=US\$1,and are included solely for the convenience of readers.