

PRESS RELEASE (dated February 18, 2005)

Shioiri Kenzai to Be Wholly Owned by Asahi Pretec

Asahi Pretec Corporation will make Shioiri Kenzai K.K. its wholly owned subsidiary effective April 11, 2005, through a bilateral straight share swapping agreement.

The decision to that effect was contained in a resolution adopted on February 18 by Asahi Pretec's Board of Directors. The agreement is scheduled to be concluded on February 21.

Details of the arrangement, as announced by Asahi Pretec, follow:

1. Purposes of share swapping

(1) To strengthen the system of providing customers with integrated service

Shioiri Kenzai K.K., founded in 1985, has been growing primarily in the fields of construction work and demolition of buildings. When the construction industry entered into a period of sluggish demand in the wake of a boom created by the Nagano Winter Olympic Games, Shioiri entered into a new field of disposing of industrial wastes, in response to changing circumstances following the enactment of a new law requiring the construction industry to recycle wastes. This law was based on the basic law on recycling society. In recent years, growing portions of Shioiri's business are being accounted for by recycling of surplus soil, rubbles and sand and disposal of concrete blocks and lumber, all of which results from construction and demolition projects. For the future, that company plans to start disposing of plastic wastes in a bid to meet the further diversifying demand of its customers.

As Shioiri shares with Asahi Pretec the concept of strengthening the strategies of offering the customers with an integrated, "one-stop" service for waste disposal, it is believed that Shioiri will add much to expanding Asahi Pretec's operations for protecting the environment.

(2) To expand recycling models nationwide

Shioiri's primary strength lies in a highly efficient recycling model which it has already established in Nagano Prefecture.

Its plant is devoted to recycling concrete blocks, asphalt blocks and lumber used at construction sites, which are designated as special wastes in the construction industry recycling law. As regards concrete blocks in particular, Shioiri's plant is designated as the facility for recycling wastes being generated from projects in and around Nagano City which are supervised by the Ministry of Land, Infrastructure and Transport. Concrete blocks brought into the plant are sorted out and crushed before being re-used as construction materials by Shioiri and other companies. The same plant is also equipped to process surplus soil from construction sites, and has been designated as the supply source of recycled soil for projects undertaken by the Nagano Prefectural Government. Surplus soil from construction site is being used not only by Shioiri but also by other companies. Recycling of surplus soil undertaken at the company's plant has been designated by the prefectural government as a "model project for creating a new construction industry," and the plant received a letter of citation for its outstanding performance in September 2004. Recycling of wooden chips will be added to these processes, which will enable Asahi Pretec to carry out recycling and disposing for the construction industry in an integrated manner throughout the country.

2. Terms and conditions for swapping shares

(1) Schedule for share swapping

A meeting of the Board of Directors to approve the conclusion of the share swapping agreement: February 18, 2005

Conclusion of the share swapping agreement: February 21, 2005
(tentative)

Swapping of shares: April 11, 2005 (tentative)

Note: Pursuant to Article 358 Paragraph 1 of the Commercial Code (on straight share swapping), Asahi Pretec is entitled to swap shares under the swap sharing agreement without seeking approval at the shareholders' general meeting.

(2) Ratio of share swapping

	Asahi Pretec Corporation (100% parent company)	Shioiri Kenzai K.K. (wholly owned subsidiary)
Ratio of share swapping	1	2,000

Note:

- (i) Ratio of share allocation: For each share of Shioiri Kenzai K.K., 2,000 shares of Asahi Pretec Corporation will be allocated.
 - (ii) Basis for calculating the ratio of share swapping: the Omoo Yamazaki Certified Public Accountant Office, which is a neutral third party, was asked to calculate the appropriate ratio of swapping shares of the two companies, and based on the calculation presented by that office, the two companies consulted with each other and agreed on the above-mentioned ratio.
 - (iii) The methods and the basis of calculation which that third party used in arriving at the ratio: In calculating the ratio of share swapping, the Omoo Yamazaki Certified Public Accountant Office applied the market value standard method (the average closing price at the Tokyo Stock Exchange during the period from November 1, 2004, through January 31, 2005) to Asahi Pretec Corporation, and the market value net asset method and the discounted cash-flow method to calculate the share price of Shioiri Kenzai K.K.
 - (iv) Number of shares to be issued in the share swapping: 530,000 ordinary shares of Asahi Pretec Corporation, all of which will come from the shares owned by the company without issuing new shares.
- (3) Amount to be paid for share swapping: No money will be paid for the share swapping.

3. Outline of the parties to share swapping

1. Company name	Asahi Pretec Corporation (100% parent company)	Shioiri Kenzai K.K. (wholly owned subsidiary)
2. Lines of business	Recycling precious metals, environmental protection	Construction, demolition of buildings, disposal of industrial wastes, recycling of surplus soil from construction sites
3. Date of founding	April 20, 1964	May 1, 1985
4. Principal place of business	21 Uozaki Hama-cho, Nada-ku, Kobe City, Hyogo Prefecture	478-1 Minami Nagaike, Nagano City, Nagano Prefecture

5. Representative	Mitsuharu Terayama, chairman and CEO	Hideo Shioiri, Representative Director and president
6. Capital	¥2,737 million (as of February 21, 2005)	¥40 million (as of February 21, 2005)
7. Total number of shares issued	21,590,240 shares (as of February 21, 2005)	265 shares (as of February 21, 2005)
8. Total assets	¥26,243 million (as of March 31, 2004)	¥818 million (as of April 30, 2004)
9. Shareholders' equity	¥19,337 million (as of March 31, 2004)	¥405 million (as of April 30, 2004)
10. Fiscal year ends on	March 31	April 30
11. Number of employees	723 (as of March 31, 2004)	60 (as of April 30, 2004)
12. Main clients	Fuji Photo Film Co., Ltd., Mitsui & Co., Sumisho Materials Ltd.	Asanuma Corporation, Obayashi Corporation, Maeda Corporation
13. Major shareholders and respective percentages (as of September 30, 2004)	Mitsuharu Terayama (11.43%), Masamichi Terayama (10.27%), The Master Trust Bank of Japan Ltd. (3.11%)	Hideo Shioiri (76%), Noriko Shioiri (20%), Chie Sato (4%)

14. Records for the most recent two fiscal years and forecasts for the current fiscal year: (in ¥1,000,000)

Asahi Pretec Corporation (100% parent company)

Year ending	March 2003	March 2004	March 2005 (forecast)
Gross sales	34,647	34,125	41,000
Operating profit	2,033	2,103	2,900
Recurring profit	2,027	2,118	2,900
Net profit	1,020	961	1,500

Shioiri Kenzai K.K. (wholly owned subsidiary)

Year ending	April 2003	April 2004	April 2005 (forecast)
Gross sales	1,044	931	960
Operating profit	47	39	125
Recurring profit	47	49	120
Net profit	130	40	70

4. Situations after share swapping

(1) Company name, lines of business, principal place of business,

representative: The company names, lines of business and principal places of business of the two companies and the representative of this company will not be changed from what is described in “3. Outline of parties to share swapping” above.

- (2) Capital: The capital of either company will not increase as a result of this share swapping.
- (3) Tenures of office of those directors who were appointed prior to the date of share swapping: This share swapping will result in no change in the tenures of office of the directors and auditors of this company who were appointed prior to the date of share swapping.
- (4) Impact on business performance: Since the share swapping is scheduled to take place on April 11, 2005, there will be no impact on the consolidated performance figures of this company for the fiscal year ending in March 2004. It is believed, however, that in the medium to long terms, this share swapping will serve to strengthen the group companies’ system of providing “one-stop” service in waste disposal, and thus contribute to expanding and improving the environmental protection activities of the entire Asahi Pretec group of companies.