

March7, 2006

Announcement on Simplified Merger

Asahi Pretec is pleased to announce that the board of directors of the company passed a resolution at its meeting on March 6, 2006 that it shall merge its wholly-owned subsidiary, Nishiki Kosan Co., Ltd. into Asahi Pretec (simplified merger) as of May 1, 2006.

1. Purpose of the merger:

In February 2006 Asahi Pretec made a wholly-owned subsidiary of Nishiki Kosan that has its operational base in the Kanto area in order to strengthen our business of recycling of PC's and other information equipment. By combining Nishiki Kosan and ACOREC, our PC recycling center, with its operational base in the Kansai area in the same field, we will further enhance our customer services and make our marketing and management more effective.

2. Summary of the merger:

(1) Merger schedule:

- a. Board approval of merger agreement – March 6, 2006
- b. Execution of merger agreement – March 6, 2006
- c. Effective date of merger – (scheduled for) May 1, 2006
- d. Registration of merger – (scheduled for) May 1, 2006

The effective date of the merger may be subject to change depending on the date of approval of regulatory authority.

(2) Method of merger:

The merger will be by acquisition, whereby Asahi Pretec will be the surviving company and Nishiki Kosan will be dissolved. Since this merger will be effectuated by a simplified merger plan set forth in Article 413-3 of the Commercial Law, we shall dispense with an approval of the merger agreement by the general meeting of the shareholders pursuant to Article 408, Section 1 of the Commercial Law.

(3) Allocation of shares:

Since Asahi Pretec owns all the issued and outstanding shares of Nishiki Kosan Co., Ltd., there will be neither new share issue nor capital increase by reason of the merger.

(4) Merger payment:

There will be no payment of money attending the merger.

3. Outline of companies in merger:

(1) Company Name	Asahi Pretec Corp. (Acquiring company)	Nishiki Kosan Co., Ltd. (Acquired company)
(2) Principal business	Precious & rare metals recycling; environmental preservation	Recycling, storage and warehousing of IT equipment
(3) Date established	April 20, 1964	July 1, 1968
(4) Home office address	21 Uosakihama-cho, Higashinada-ku, Kobe City	11-6 Fujigaoka 2chome, Aoba-ku, Yokohama City
(5) Representative	Mitsuharu Terayama, Chairman and CEO	Seiji Ota, Representative Director and President
(6) Capital	¥ 4,480 million (at merger)	¥ 20 million (at merger)
(7) Total shares issued	24,169,563 (at merger)	20,000 (at merger)
(8) Shareholders' equity	¥ 24,992 million (9/30/05)	¥ 132 million (5/31/05)
(9) Total assets	¥ 30,562 million (9/30/05)	¥ 210 million (5/31/05)
(10) Fiscal year ends	March 31	May 31
(11) No. of employees	702 (9/30/2005)	18 (9/30/2005)
(12) Major customers	Fuji Photo Film; Mitsui & Co.; Sumisho Material	Oki Electric Industry; Oki Logistics Co., Ltd.; Oki – Sapurai Center Co., Ltd.
(13) Major shareholders and ratio of ownership	Mitsuharu Terayama 10.21% Masamichi Terayama 8.97% Japan Trustee Services Bank Ltd. 4.01%	Asahi Pretec 100.00%
(14) Major banks	Mitsubishi Tokyo UFJ Bank Mitsui Sumitomo Bank	Mitsubishi Tokyo UFJ Bank; Chiba Bank

(15) Relationship Among companies	Capital	Acquiring company owns all issued shares of acquired company
	Personnel	Corporate officers and employees of acquiring company have either concurrent assignments with, or are seconded to, acquired company as directors, auditors and employees.
	Business	Acquiring company and acquired company jointly operate part of recycling, storage, etc. of IT equipment.

(16) Performance of last 3 fiscal years

(Unit: ¥ million)

FY ending	Asahi Pretec Corp. (Acquiring Co.)			Nishiki Kosan Co. (Acquired Co.)		
	Mar 2003	Mar 2004	Mar 2005	May 2003	May 2004	May 2005
Sales	34,647	34,125	43,292	215	293	334
Operating income	2,033	2,103	3,047	11	38	51
Recurrent income	2,027	2,118	3,014	20	40	50
Current income	1,020	961	1,629	12	23	26
Current income per share (¥)	47.06	46.22	79.21	631.48	1,160.17	1,307.07
Dividend per share (¥)	26.00	26.00	27.00	0.00	0.00	0.00
Shareholder equity per share (¥)	932.96	956.53	1,009.86	4,181.41	5,341.58	6,648.65

4. Situation after merger:

(1) Company Name	Asahi Pretec Corporation
(2) Business	Precious & rare metals recycling; environmental preservation
(3) Home office location	21 Uosakihama-cho, Higashinada-ku, Kobe City
(4) Representative	Mitsuharu Terayama, Chairman and CEO
(5) Capital	¥ 4,480 million (no change by merger)
(6) Total assets	Only minor impact is expected on total assets by merger
(7) Fiscal year ends on	March 31 st
(8) Impact on performance	There will be no impact on the performance for the period ending March 2006 because the effective date of merger is May 1, 2006.