

March27,2006

The Fourth Medium-Term Business Plan

Under the current Third Medium-Term Business Plan (MBP), covering the period of April 2003 through March 2006 our endeavors in the precious metal recycling business were directed at collecting more metals, improving the profitability, and handling new items such as indium. In the environmental protection business, we pursued strategies for sustained growth by promoting mergers and acquisitions. Organizationally, we adopted a new system of operating divisions with a view to further strengthening the customer-oriented mindset and risk management. We also worked toward further consolidating our capital structure through such means as issuing of convertible bonds.

As a result of all these efforts, the sales, operating income and operating margin for each of the three fiscal years under review far exceeded their respective targets established at the outset, and the sales and operating profit figures for fiscal 2005 are projected to set new records.

We are pleased to announce our Fourth MBP for the period of April 2006 through March 2009 as outlined hereunder.

1. Objectives of the Fourth MBP

- (1) Under the slogan of "Challenge 100 billion, on a New Stage," we will continue our efforts for achieving a well-balanced expansion while maintaining the speed of growth
- (2) The following figures are the targets set for the final year of the Fourth MBP, i.e., Fiscal 2008:
Consolidated sales: ¥100 billion (¥88 billion from the existing and related business and ¥12 billion from new business)
Consolidated operating income: ¥7.5 billion
Dividend on equity: 3.6%
(Note: Dividend on equity (DOE) = Return on equity (ROE) x dividend payout ratio)
- (3) Under the budget for Fiscal 2006, the consolidated sales are set at ¥73

billion and consolidated operating income at ¥6.3 billion.

The above targets are based on the following assumptions with respect to the prices of precious and rare metals: ¥1,900 per gram for gold, ¥33 per gram for silver, ¥950 per gram for palladium, ¥3,800 per gram for platinum, and ¥90 per gram for indium. It should also be noted that the targets have been arrived at on the basis of certain premises which we believe are reasonable under the prevailing circumstances, and, therefore, the actual results could deviate from the targets due to such factors as are listed below:

- Structural changes in the demand for precious and rare metals, which we recycle, that may be caused by market fluctuations and drastic technological innovations.
- Changes in prices of precious and rare metals due to major fluctuations in the precious metal and/or exchange markets.
- Unforeseeable changes in regulatory requirements and social sentiments relative to environmental protection.
- Success or failure in entering into arrangements for mergers, acquisitions and/or collaborations.

2. Management policy and plans under the Fourth MBP

(1) Strengthening precious metal recycling business

In the dental materials sector, we will seek to expand our share of the market through well-coordinated activities, and in the jewelry processing area, we will seek to step up sales by increasing effectiveness in collecting metals. As for the recycling operation, we will increase our capacity to treat indium for liquid crystal panels, the market for which is expanding rapidly. At the same time, further efforts will be directed toward collecting greater quantities of precious metals which are related to electronic component production and catalytic converters for automobile exhaust emissions. Development of new treatment technologies will continue so that we will be able to handle more diversified items. As the market for photosensitive materials shrinks because of rapid progress in digitization, we will aim for expanding our market share and for further improving efficiency. In all of these fields, we will make continued endeavors for improving productivity and profitability through incessant development of new production processes.

(2) Marketing strategies in the environmental protection sector encompassing all Group companies

By taking full advantage of our nationwide network for collecting and transporting wastes, we will seek to expand the volume of transactions and go into new fields such as used up IT equipment. We will implement new marketing strategies encompassing all Group companies. Specifically, we will reinforce collaboration with our subsidiaries, Nihon Chemitech Co.,Ltd and Sansho Co.,Ltd. customer-related information collected by the Group companies will be utilized in such a manner as to create synergy. We will aim for further strengthening our one-stop service under which Asahi Pretec Group as a whole offers an integrated service to meet the customer needs for emission-free treatment and recycling of wastes in compliance with laws and regulations. For that purpose, we will continue our efforts to improve treatment technologies and logistics while forming alliances with waste treatment facilities of other corporations.

(3) Business operations outside of Japan, especially in Asia

A new office for recycling industrial precious and rare metals will be established in Seoul, Korea, in April, joining two other similar facilities already operating in Shanghai, China, and Penang, Malaysia. We intend to make this network of facilities a key to expanding our operations in Asia. Moreover, we will conduct market surveys with a view to increasing the number of items we handle in the Asian region.

(4) Creating and expanding new business

We will seek to enter into new types of business beyond the scope of our present operations. For that purpose, we will look into the possibility of formulating mergers, acquisitions and/or tie-ups on a large scale. Efforts will be directed toward initiating and fostering new types of business that contribute to protection of the environment and conservation of resources. By so doing, we will structure our business operations for the period beyond the three years covered by the Fourth MBP.

(5) Organizational restructuring

In a bid to make the entire Group more customer-oriented, we have recently

reorganized the former corporate structure into forces designed to meet each customer's total demand. As a means of reinforcing our operations in the Kanto region surrounding Tokyo, where the functions related to customers, finance and business development are concentrated, the headquarters of all operating divisions and a part of the management-administration divisions will be moved to Tokyo. In or after April 2007, Asahi Pretec will have two corporate headquarters, one in Kobe and the other in Tokyo.

(6) In pursuit of corporate social responsibility

Gaining and maintaining social credibility is a prerequisite to operating business related to environmental protection. As the scope of business risks grows in parallel with expansion of our operations, further efforts will be directed toward securing risk management. In preparation for possible amendments to the Commercial Code in the future, we will work harder toward attaining better corporate governance. We will work positively to make social contributions so that we will become a corporate group worthy of trust from society and markets.

(7) Rewarding shareholders

In a bid to live up to the expectations of long-term shareholders of this company, we will make challenges in the growth segments, elevate the corporate value through efficient use of capital, and emphasize dividends for our shareholders.