

October 22, 2007

Name of Company: Asahi Tec Corporation
Representative: Hideo Ishii
Director, President, Representative Executive Officer and Co-CEO
Code No: 5606
Tokyo Stock Exchange 1st Section
Contact: Takao Yoshida
Senior Managing Executive Officer and CFO
(Phone: 0537-36-3103)

ASAHI TEC CORPORATION Will Establish A New Subsidiary for Environmental Business

Asahi Tec Corporation (Asahi Tec) announced that it will establish a new subsidiary for Environmental Business as follows.

1. Purpose of Establishment of A New Company

Asahi Tec decided to establish a new subsidiary for environmental business.

Asahi Tec is planning to transfer its own environmental business to the company for further expansion of the business next spring.

2. Details of the New Company

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|---------------------|---|
| (1) Registered Name | Asahi Tec Environmental Solutions Corporation |
| (2) Representative | Katsunori Otsuka, President & Representative Director |
| (3) Address | 547-1 Horinouchi, Kikugawa-city, Shizuoka, Japan |
| (4) Foundation | October 31, 2007 (Plan) |
| (5) Business Area | Production, sales, designing, construction, and supervision of water & sewage equipment and waste water treatment devices.
Production and sales of materials, construction, sales and leasing of construction equipment for pipe rehabilitation. |
| (6) Fiscal Year End | March 31 |
| (7) Capital | 100 million yen |
| (8) Shareholder | 100% Asahi Tec Corporation |

3. Impact on Fiscal Year Financial Forecast

We forecast there are no impact on FY2007 (from April 1, 2007 to March 31, 2008) financial forecast for both consolidated and standalone.