

(Translation)

December 19, 2011

Company Name: Asahi Tec Corporation
Representative: Shoichiro Irimajiri,
President and Executive Officer
(Code: 5606, First Section of the Tokyo
Stock Exchange)
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Announcement Concerning Possibility of Extraordinary Losses Due to Breach of Representations and Warranties Given in Connection with Sale of Our Consolidated Subsidiary

As disclosed in the press release entitled "Announcement of Transfer of Shares in Our Consolidated Subsidiary" dated October 19, 2010 and in the press release entitled "Announcement of Completion of Transfer of Shares in Our Consolidated Subsidiary" dated November 19, 2010, Asahi Tec Corporation (the "Company") sold all shares held by the Company in Asahi Tec Environmental Solutions Corporation ("ATES"; currently named Aquaintec Corporation), which was a consolidated subsidiary of the Company, to the special purpose company (NMC Fund 15 Corporation) wholly owned by NMC2007 Investment Limited Partnership which Nippon Mirai Capital Co., Ltd. is managing. (Thereafter, NMC Fund 15 Corporation and Aquaintec Corporation merged.)

The Company has recently received a request for indemnification for an amount of JPY 457,521,612 in total from Aquaintec Corporation alleging that the Company breached certain representations and warranties under the relevant share purchase agreement (i.e., incorrectness of certain representations and warranties that the treatment of construction expenses and inventory of assets at ATES is proper and accurate). ATC is currently analyzing the merits of this claim and, consequently, the amount of the resulting extraordinary loss and the effect on the Company's financial forecast, if any. Accordingly we will endeavor to provide you with an update as soon as the information becomes available.

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