

5-20, MINAMI AOYAMA 2-CHOME, MINATO-KU, TOKYO 107-8680 JAPAN  
 PHONE: 03-5775-3000 FAX: 03-5775-3118

Date: mm dd, 20yy  
 Addressee:  
 Reference: SAMPLE

"\*" = Phonetically spelt, "NA" = Not Available

\*\*\*\*\*

COMPANY NAME: TEIKOKU TECHNO TOOL KABUSHIKI KAISHA  
 (ENGLISH STYLE: TEIKOKU TECHNO TOOL CO., LTD.)  
 ADDRESS: 3F, Teikoku Bldg., 1-12-2, Shintomi, Chuo-ku, Tokyo 104-0041 Japan  
 TELEPHONE: 03-5540-1309  
 REGISTERED ADDRESS: 2-5-20, Minami Aoyama, Minato-ku, Tokyo, Japan  
 URL: http://www.teikoku-technotool.com  
 URL (financial): NA  
 URL (publication): http://www.teikoku-technotool.com/ir/

CORPORATE NUMBER: 000000000000  
 TDB COMPANY CODE: 989999956  
 TIC: Primary Line 35441 Secondary Line 35431  
 STOCKS: Unlisted  
 SECURITIES CODE: None  
 REPRESENTATIVE: Kazumasa Shimizu  
 FOUNDED: September 1931  
 INCORPORATED: April 1937  
 CAPITAL: 400,000 Thousand yen  
 LINE OF BUSINESS: Manufacture of carbide tools and special steel tools under its brand name of "TECH" for auto parts makers  
 SALES: 4,950,128 Thousand yen (as of March 20XX)  
 BANKS: Mizuho Bank (Tokyo Chuo), Sumitomo Mitsui Banking (Tsukiji)  
 EMPLOYEES: 173

**CREDIT RATING**

<u>CREDIT FACTORS</u>		<u>MARKS</u>	<u>CREDIT RANGE</u>
History	1 ~ 5	5	[ ] A (86 ~ 100)
Net Worth	0 ~ 12	6	
Business Scale	2 ~ 19	8	[ ] B (66 ~ 85)
Profitability	0 ~ 10	7	
Financial Condition	0 ~ 20	9	[*] C (51 ~ 65)
Management	1 ~ 15	10	
Business Vitality	4 ~ 19	9	[ ] D (36 ~ 50)
Additional Marks if necessary	+1 ~ +5	-	
Demerit Marks if necessary	-1 ~ -10	-	[ ] E (Below 35)
TOTAL (/100)		54	

When it is judged that the total marks for the first seven credit factors are not sufficient to reflect the actual status of the company, some additional marks may be given

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REMARKS: This is just a SAMPLE REPORT. The information contained herein is fictitious and completely unrelated to any business organizations or individuals in existence. The format of the last page for financial information varies according to the availability of financial statements.

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ISSUABLE CAPITAL:	28,000,000	shares
PAID-UP CAPITAL:	8,000,000	shares
UNIT CAPITAL:	Dividends of Surplus: 1,600,000	shares
		- shares

RESTRICTION ON TRANSFER OF SHARES: Yes[ \* ] No[ ]

CAPITAL RECORDS: (Thousand yen)

		Date
When established	250	Apr. 1937
	2,600	Apr. 1944
	15,600	Jul. 1960
	70,000	Oct. 1961
	120,000	Apr. 1963
	200,000	Oct. 1974
Capital decreasing	360,000	May. 1977
	250,000	Mar. 1978
	300,000	Apr. 1978
	350,000	Apr. 1989
	400,000	Mar. 2000

Notes: Capital decreasing in March 1978 was to clear off accumulated loss.

**CESSION OF AN OBLIGATION**

[Transfer of receivable] Yes[ ] No[ \* ] NA[ ]

<u>Date</u>	<u>Alienee</u>	<u>Registered Number</u>
-------------	----------------	--------------------------

 Address:  
 Remarks:

[Chattel mortgage] Yes[ ] No[ \* ] NA[ ]

<u>Date</u>	<u>Alienee</u>	<u>Registered Number</u>
-------------	----------------	--------------------------

 Address:  
 Remarks:

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MANAGEMENT ("+"=active, "(RD)"=rep. director):  
President (RD): Kazumasa Shimizu +  
Senior Managing Director (RD): Masao Aoyama +  
Managing Director: Ryuichi Iwai +  
Director: Sanshiro Yokoyama +  
Director: Yumio Kawaguchi +  
Director: Shigeru Watanabe +  
Director: Katsura Komiya  
Auditor: Yasuo Kobayashi +  
Auditor: Kumi IwaiTYPE: Company with board of directors' committee  
Company with auditors

Notes: -

## PRINCIPAL SHAREHOLDERS AND RESPECTIVE HOLDINGS

Teikoku Holdings K.K.	5,600,000 shares	/	70.0%
Ryuichi Iwai	1,200,000 shares	/	15.0%
Kumi Iwai	500,000 shares	/	6.3%
Tomomi Iwai	250,000 shares	/	3.1%
Kazumasa Shimizu	200,000 shares	/	2.5%
Masao Aoyama	200,000 shares	/	2.5%

Notes: Other than above shares are held by the Iwai family and board members of the subject.

NUMBER OF SHAREHOLDERS: 10 (as of January 20XX)

## APPROVAL AND LICENSE

<u>Category</u>	<u>Number</u>
Real estate transaction license	(3) No. 3400 issued by the Governor of Tokyo
ISO9001:2015	JQA-7778
ISO14001:2015	S-1857

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**EMPLOYEES**

<u>Changes in population</u>	<u>Mar. 20XX</u>	<u>Nov. 20XX</u>	<u>Sep. 20XX</u>	<u>Jan. 20XX</u>
Regular employee	167	170	173	173
Contract worker				
Temporary staffer				
Part-timer	65	62	64	64

Notes: Regular employees consist of 60 marketing workers, 91 manufacture workers (including 3 workers for R&D), and 22 office workers.

There are 51 employees in the head office, 98 employees in Niigata factory, 16 employees in Osaka sales office, and 8 employees in Kyushu sales office.

Of employees in the marketing division and the manufacture division, 63 certified skilled workers of machine processing (special class-third class) are included.

The number of regular employees shown above includes three employees sent on loan from Chukai Kikai Kogyo K.K., an affiliate, for the purpose of development of tools.

The subject regularly recruits employees every term. Two employees joined the subject in April 20XX.

**FACILITIES**

	<u>Mar. 20XX</u>	<u>Nov. 20XX</u>	<u>Sep. 20XX</u>	<u>Jan. 20XX</u>
Branch office	2	2	2	2
Factory	1	1	1	1
Outlet				
Others				
Total(except head office)	3	3	3	3

**Location of branch & sub-branch offices:**

Domestic: Osaka, Fukuoka

Overseas: None

**Location of factories:**

Domestic: Niigata

Overseas: None

**Location of outlet:**

Domestic: None

Overseas: None

Location of laboratories: None  
 Location of delivery centers: None  
 Location of employees' dormitories: None  
 Location of warehouses: None  
 Location of real estate: Tokyo

Notes: -

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**INSURANCE**Fire insurance: Tokio Marine & Nichido Fire Insurance Co., Ltd.  
Corporate pension insurance: Nippon Life Insurance Co.  
Automobile insurance: Sompo Japan Nipponkoa Insurance Inc.**PLANS FOR FACILITY CONSTRUCTION & EXPANSION**

						(Thousand yen)	
<u>Business Place</u>	<u>Object</u>	<u>Plan</u>	<u>Ownership</u>	<u>Schedule</u>	<u>Place</u>	<u>Investment Amount</u>	
Niigata factory	Equipment	New	Owned	Dec. 20XX	Kita-ku, Niigata City, Niigata	100,000	

Means: Borrowing from banks

Notes: It is planning to introduce numerical control cutting-processing system. With this introduction, manufacturing efficiency is to be improved by 20% compared with the current system.

NOTES: In addition to the above, the subject has a plan to relocate Kyushu sales office, though the new location and time are not known.

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## MANAGEMENT BACKGROUND: (to be continued)

Name: Kazumasa Shimizu - President (RD)

Date of birth: August 10, 1945

Sex: Male

Hometown: Tokyo

Address: 4-51-1103, Benten-dori, Naka-ku, Yokohama City, Kanagawa 231-0007

Telephone: 045-641-2555

Education: Chuo Univ. (1968)

## Business career: (in chronological order)

In April 1968: Joined Asahi Boshoku K.K.

In August 1973: Joined Teikoku Yakin Kogyo K.K.

In June 1979: Left the above.

In August 1979: Became managing director of the subject and director of Teikoku Plant K.K.

In December 1993: Was appointed as president of rep. director of the subject.

## Related companies/associations and each position

Name of Companies

Teikoku Plant K.K.

Position

Director

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## MANAGEMENT BACKGROUND: (continued)

Academic title: -

Prized: -

Hobbies &amp; sports: Golf

Business experience in this line:  [\*] More than 10 years  More than 3 years  Less than 3 yearsManagement experience:  [\*] More than 10 years  More than 3 years  Less than 3 yearsSpecialized in:  Marketing & sales activity  Engineering  Accounting  [\*] AdministrationAssumption of present post:  Founder  Family succession  Acquisition  [\*] Inside promotion  
 Outside invitation  Transfer  Spin-off

Notes: -

Residence:  Company possession  [\*] Owner-occupied  Family-possession  
 Rented  Unavailable-information

Registration: Unconfirmed

Land: -

Building: 105.00 m<sup>2</sup>

Notes: A building name is "Central Stage Yokohama Towers."

Successors:  [\*] Yes {  Spouse  Child  Relative  [\*] Non-family member }  
Name [ Mr. Ryuichi Iwai, managing director ]  
 No  Undecided  Unavailable-information

Notes: -

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**SUPPLIERS**

Steel: Nisshin Koki K.K. (Mizuho-ku, Nagoya City, Aichi, 40%), Hiyoshi Kozai K.K. (Chiyoda-ku, Tokyo),  
K.K. Yagikami Tekkosho (Meguro-ku, Tokyo)

Tungsten, cobalt, etc.: K.K. Fujiki Seisakusho (Higashi-ku, Nagoya City, Aichi, 30%), Diamond Industrial (Naka-ku, Nagoya  
City, Aichi)

Subcontractors: K.K. Otani Eikosha (Naka-ku, Nagoya City, Aichi), Nihon Kiko\* (Tsuchiura City, Ibaraki)

IMPORT:  Yes {  Direct  Indirect }  No  
NUMBER OF SUPPLIERS: 70**TERMS OF PAYMENTS**

1/60-day cash	70 %
120-day notes	30 %
Notes endorsed	%
Off-setting account	%
Advances	%

Notes: The percentages in parentheses are the ratios in total procurement.  
Payment to subcontractors is partly made with advance payments.

**CUSTOMERS**

Cutting tools: Diamond Industrial (Naka-ku, Nagoya City, Aichi, 20%), Aoyama Motors (Naka-ku, Nagoya City,  
Aichi, 15%), K.K. Daisui Engineering (Ota-ku, Tokyo), Onogawa Motor Techno K.K. (Ota-ku,  
Tokyo), Chiba Seimitsu Kogy K.K. (Shinagawa-ku, Tokyo), Sainan Kogy Hambai K.K. (Kawaguchi  
City, Saitama), K.K. Suzukawa Shokai (Nerima-ku, Tokyo), Matsuoka Koki Y.K. (Nishi-ku, Osaka  
City, Osaka), Sorihashi Kogyo K.K. (Taito-ku, Tokyo), K.K. Nagaki Kiko (Higashi Osaka City,  
Osaka)

Export: USA, China and other Asian countries

Tenant: 10 general corporations

EXPORT:  Yes {  Direct  Indirect }  No  
NUMBER OF CUSTOMERS: 300**TERMS OF COLLECTION**

30/120-day cash	50 %
120/150-day notes	50 %
Off-setting account	%
Advances	%
Factoring	Yes

Notes: Factoring accounts for 10% of cash payment.  
D/A and D/P for export; Advances negligible

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BANKS: (Thousand yen)

Banks (Branches)	Notes Discounted	Short-term Loans	Long-term Loans	Fixed Deposit
Mizuho Bank (Tokyo Chuo)	*	180,000	270,000	25,000
Sumitomo Mitsui Banking (Tsukiji)	*	150,000	15,000	
Bank of Tokyo-Mitsubishi UFJ (Shintomicho)				
<b>Total</b>	<b>720,000</b>	<b>330,000</b>	<b>285,000</b>	<b>25,000</b>

CHANGE OF MAIN BANK: None

## OTHER LOANS

	Amount	Notes
None		
<b>Total</b>		

## BOND PAYABLE

Category	Date	Amount	Underwriter	Balance at the End of the Previous Term	Term of Redemption	Mortgage/ Guarantee
None						
<b>Total</b>						

## DEBT LOAN RECORDS

Category	Mar. 20XX	Oct. 20XX	Sep. 20XX	Jan. 20XX
Banks	663,222	665,000	625,000	615,000
Other loans				
Bond payable				
<b>Total</b>	<b>663,222</b>	<b>665,000</b>	<b>625,000</b>	<b>615,000</b>

## GUARANTEE

Real estate    {     Company possession     Owner-occupied     Other    }  
 Securities     Guarantee     Deposit with banks     Credit     Guarantee society  
 Other

## LOAN RECEIVABLE

Borrower	Amount	Notes
None		
<b>Total</b>		

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**COMMENTS:**

The above are data as of January 20XX.

Short-term loans are for working funds and long-term loans are for construction funds for rental real estate and machinery/equipment at factories. The subject is going to raise funds for introducing cutting-processing system of 100 million yen from Mizuho Bank, its main bank.

The interest rate is approximately 1.3%. The annual amount of long-term loan repayments is around 40 million yen. The subject has obtained a credit line of 300 million yen from Sumitomo Mitsui Banking.

**FINANCIAL PROFILE**

Trend (Sales)	<input type="checkbox"/>	Upsurge	<input type="checkbox"/>	Upward	<input checked="" type="checkbox"/>	Leveling off	<input type="checkbox"/>	Downward
Profitability	<input type="checkbox"/>	High	<input checked="" type="checkbox"/>	Fair	<input type="checkbox"/>	Poor but may improve	<input type="checkbox"/>	Poor
Collection	<input type="checkbox"/>	Satisfactory	<input checked="" type="checkbox"/>	Fair	<input type="checkbox"/>	Slow at times	<input type="checkbox"/>	Slow
Solvency	<input type="checkbox"/>	Strong	<input checked="" type="checkbox"/>	Moderate	<input type="checkbox"/>	Weak	<input type="checkbox"/>	Poor
Funds required	<input type="checkbox"/>	No extra funds required			<input checked="" type="checkbox"/>	Positive use*	<input type="checkbox"/>	Negative use**
Fund-raising capacity	<input type="checkbox"/>	High	<input checked="" type="checkbox"/>	Adequate	<input type="checkbox"/>	Nearly limited	<input type="checkbox"/>	Limited

\* Funds required for investment in fixed assets and some other constructive purposes that would promote business development

\*\* Funds required for paying or reducing debts and some other nonconstructive purpose

Notes: Demand for working funds is small. The subject requires funds for positive use to invest in equipment at factories. Therefore funds required are considered to be positive use.

**BAD DEBT RECORDS**

Date	Borrower	Amount	Status	Reason
------	----------	--------	--------	--------

Notes: No large bad debt has been incurred in the last year.

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**HISTORY**

Establishment: This joint-stock company was incorporated in April 1937 as a successor of a sole proprietorship of Masao Iwai carried on under the name of Shinagawa Kogu Seisakusho since September 1931. Masao Iwai became the first president & rep. director.

Type of legal organization: Joint-stock company

Change of corporation style: In December 1958, changed the corporate name from Shinagawa Kogu K.K.\* to Teikoku Engineering K.K.\* In March 1998, changed the corporate name from Teikoku Engineering K.K.\* to the present style.

Relocation of head office: In September 1969, moved the head office from 3-22-3, Nishi Rokugo, Ota-ku, Tokyo to the present address.

Latest reshuffle of Representative Director/President: In December 1993, Kazumasa Shimizu was appointed as president & rep. director.

When/where stock listed: Unlisted

Business/technical tie-ups with: None

Mergers: None

Acquisitions: None

Related group: Teikoku Holdings K.K.

Parent company: (Investment ratio to the subject %)  
Domestic: Teikoku Holdings K.K. (70.00)  
Overseas: None

Affiliated company: (Investment ratio from the subject %)  
Domestic: Teikoku Plant K.K. (0.00), Chukai Kikai Kogyo K.K. (0.00)  
Overseas: None

Other information: Teikoku Holdings K.K. is a holding company of the Iwai family. The said company forms a group.  
Teikoku Plant K.K. and Chukai Kikai Kogyo K.K. are wholly invested by Teikoku Holdings K.K.  
In February 1994, obtained ISO9001 certification.  
In August 2005, obtained ISO14001 certification.

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OPERATING RECORDS: (Thousand yen) ('-'=deficit, 'E'=estimate, 'T'=pretax income, 'P'=projected)

Year Ended	Sales	Operating Profit	Ordinary Income	(Increasing Ratio %)	
				Net Income	Dividend
	-%	-%	-%	-%	
Mar. 20XX	4,730,480	82,110	59,131	24,295	0
	-3.0%	-7.0%	-17.5%	-14.3%	
Mar. 20XX	4,588,566	76,383	48,801	20,815	0
	-3.0%	-78.9%	-%	-%	
Mar. 20XX	4,450,909	16,151	-11,834	-20,020	0
	3.0%	333.9%	-%	-%	
Mar. 20XX	4,584,423	70,083	40,013	18,541	0
	6.5%	22.8%	16.9%	19.6%	
Mar. 20XX	4,882,410	86,027	46,783	22,169	0
	1.4%	-11.9%	-4.2%	-13.7%	
Mar. 20XX	4,950,128	75,819	44,837	19,128	0
	2.0%	-%	0.0%	-%	
Mar. 20XX P	E 5,050,000	- E	45,000	-	-

TAXABLE INCOME: (Thousand yen)

- (Mar. 20XX), - (Mar. 20XX), - (Mar. 20XX), - (Mar. 20XX), - (Mar. 20XX), - (Mar. 20XX)

DEPRECIATION (Thousand yen)

Fiscal Term	Depreciation Amount	Comment
March 20XX	40,201	Cost of sales, selling & administrative expenses
March 20XX	44,094	Cost of sales, selling & administrative expenses
March 20XX	43,577	Cost of sales, selling & administrative expenses
March 20XX	53,799	Cost of sales, selling & administrative expenses
March 20XX	43,284	Cost of sales, selling & administrative expenses
March 20XX	41,096	Cost of sales, selling & administrative expenses

Notes:

In the fiscal year ended March 20XX, orders for mobile phone products from domestic home appliance manufacturers were sluggish. There was no extension in orders for products from automobile parts manufacturers. However, diversification of products for China contributed the expanded exports and sales increased slightly. The gross profit ratio dropped due to the price increase of raw materials and steel products, but ordinary income increased because of the sales growth.

In the fiscal year ended March 20XX, sales were favorable in the first half of the year due to orders of new products for flat screen TV parts. However, orders of products for automobile industry rapidly slowed down by a global recession and sales resulted in decrease. The gross profit ratio was down slightly because of the high price of tungsten. The reduction of selling & administrative expenses was not sufficient and profit decreased.

In the fiscal year ended March 20XX, orders of exported products increased due to increase in sales channel through the penetration of the domestic manufacturers to China. On the other hand, completed vehicles were in slow sales due to soaring gasoline costs and orders of products for home appliances were sluggish. As a result, sales decreased. The gross profit ratio dropped because the continued price increases of raw materials and steel products. Ordinary profit and loss fell into the deficit because the business scale was retreated.

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Notes: (continued from Page 12)

In the fiscal year ended March 20XX, large orders were scarce, but sales increased because of regular maintenance demands, and orders of the unique small diameter products and custom made products for particular users. Due to thorough inventory control and reduction in the outsourcing cost, operating profit and loss raised profit levels and ordinary profit and loss turned to profitability.

In the fiscal year ended March 20XX, sales increased because of a strong demand of machine tools by solid sales of automobiles at home and abroad, and also a regular replacement demand of special steel tools. The gross profit ratio was down due to delay in passing higher cost of steel materials onto selling prices and selling & administrative expenses increased, but the sales growth led to the increased profit.

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## OPERATION AND OUTLOOK

## [Composition of Business]

	March 20XX	March 20XX	(%)
Manufacture of carbide tools	71.2	71.5	
Manufacture of special steel tools	27.3	27.3	
Real estate rental	1.5	1.2	

## [Line of Business]

The subject is engaged in the manufacture of carbide tools and special steel tools for automotive parts manufacturers as the own brand product "TECH."

Carbide tools are mainly on small diameter products made by sintered processing a mixture of tungsten and cobalt. The subject engaged in manufacturing of end mills for metallic molding and machine parts processing, also square end mills and ball end mills with various blades. Special steel tools are mainly on taps and dies which can be customized for the needs of users. The custom made products account for 60%. The subject is outsourcing only the process before quenching, but the subcontract ratio is less than 10%.

Automotive parts manufacturers that manufacture engines and transmissions that require high accuracy account for more than 90% in the subject's sales channel. The subject is engaged in the sale to overseas and exports to Asian countries mainly for China and to North America account for 30%. The subject also makes sales to home appliances manufacturers, but it makes sales via specialized trading companies of machine tools not by a direct sales.

The subject is also engaged in the rental of a 5-story office building (10 rooms). It is maintaining a stable occupancy rate due to a good location condition, but the ratio of sales is small.

## [Characteristics of the Company]

The subject is known for a highly technology-oriented company as well as its brand "TECH" and recommends employees to acquire machine processing skill certification. Over 60 employees are already certified. The subject won grand prize 2 times and technology prize 5 times in the national contest of All Japan Metal Processing Machinery Association and gained the external evaluation. With this technological skills, small diameter end mills account for 30% of domestic market share. As small diameter end mills are difficult to process, material price fluctuations and price competition do not put pressure on profitability.

In overseas market, low price products are desired and there is a need to develop the products to compete with these products. The subject is continuing a development of new products based on technological skills, but is also trying to develop carbide tools without using the expensive tungsten in cooperation with Teikoku University.

## [Operating Performance]

In the fiscal year ended March 20XX, demand for automobiles in the Asian region continued to be strong, the popularity of eco cars was strong in Japan. Also, by the effect of the introduction of new models, the number of cars sold was on upward. For the manufacturing of carbide tools, demand for machine tools from major customers was strong. Especially orders of small diameter end mills for hybrid car parts from Diamond Industrial and Aoyama Motors increased. For special steel tools, orders for taps and dies from existing customers slightly improved from the previous term due to continuing replacement demand. As a result, annual sales increased by 1.4% to 4,950 million yen from the previous term.

The gross profit ratio was 26.5% lower than the previous term due to the continued high price of steels such as tungsten and delay in passing higher cost onto selling prices. Selling & administrative expenses remained on the same level, but operating profit decreased by 11.9% to 75.81 million yen from the previous term by the effect of the decreased gross profit ratio. Interest paid decreased. Ordinary income decreased by 4.2% to 44.83 million yen and net income decreased by 13.7% to 19.12 million yen from the previous term, respectively.

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OPERATION AND OUTLOOK: (continued from Page 14)

**[Financial Position and Fund-Raising Capacity]**

As for a part of collection by due date cash, the subject uses factoring to convert receivables to cash at an early date. Collection and payment are balanced. It has more than 1 month of inventory. There is demand for stopgap funds and loans from financial institute are allocated. However, the dependence on loans for stopgap funds is low and the funding is relatively stable as cash on hand of more than monthly sales is secured.

For fund-raising capacity, judging from the recent net income and depreciation cost, etc., the source of repayment is secured. There is no concern on financial structure so that it seems to have adequate capacity in raising working funds and necessary funds for business investment.

**[Latest Trend and Prospects]**

For the fiscal year ended March 20XX, the subject expected the increased sales from the sale of new product (cutting tool with the improved abrasion resistance) and started with target of annual sales 5,050 million yen and ordinary income 50 million yen. For carbide tools, a main customer, Diamond Industrial penetrated into the Asian market where growth is expected and orders of small diameter end mills for the said company are solid. As of the end of January 20XX, sales increased slightly from the previous term. For special steel tools, replacement demands for taps and dies remained the same level with the previous term. By hiring 3 more sales staff, a sales channel of own developed small diameter end mills is gradually expanding into aircraft parts market. Annual sales are expected to be around 5,050 million yen, the target at the beginning of the term.

The gross profit ratio is lower than the previous term due to the continued high price of a main raw material, tungsten. Selling & administrative expenses have increased because of hiring sales staff. It intends to recover the gross profit ratio by improving the operating rate through review of production shifts and introducing of new products. Ordinary income is estimated to be around 45 million yen, the same level with the previous term.

Carbide tools without tungsten which are developed jointly with Teikoku University are scheduled to be available in the fall of 20XX.

In view of the established technological skills, a steady operating base on automotive parts industry and a fairly sound financial position, the subject is likely to sustain the present business condition for the time being.

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## ANALYSIS OF FINANCIAL STATEMENTS

TDB COMPANY CODE: 989999956  
TIC: 35441

ITEM (FORMULAS)	From 01 Apr. 20XX To 31 Mar. 20XX		From 01 Apr. 20XX To 31 Mar. 20XX		From 01 Apr. 20XX To 31 Mar. 20XX	
	Analysis	Comparison Average	Analysis	Comparison Average	Analysis	Comparison Average
<b>GENERAL INDEX</b>						
Ratio of Ordinary Income to Total Liabilities & Net Worth OI / L & NW (%)	1.63	2.13 5.28 D	1.82	0.19 6.74 D	1.74	-0.08 6.95 E
<b>PROFITABILITY</b>						
Ratio of Ordinary Income to Net Sales OI / NS (%)	0.87	1.14 6.25 D	0.96	0.09 7.86 D	0.91	-0.05 8.08 E
Ratio of Gross Profit to Net Sales GP / NS (%)	27.26	0.89 32.52 C	26.95	-0.31 30.84 C	26.50	-0.45 32.60 C
Ratio of Operating Profit to Net Sales OP / NS (%)	1.53	1.17 6.02 D	1.76	0.23 6.74 D	1.53	-0.23 7.02 D
Average Interest Ratio on Borrowings IP / B (%)	2.14	-0.01 1.81 D	2.25	0.11 1.80 D	2.21	-0.04 1.58 D
<b>EFFICIENCY</b>						
Turnover Ratio of Total Liabilities and Net Worth NS / L & NW (Times)	1.87	-0.01 0.96 A	1.90	0.03 0.94 A	1.92	0.02 0.91 A
Turnover Period of Inventory Assets IA / MS (Months)	1.26	0.03 1.79 C	1.41	0.15 1.68 C	1.06	-0.35 1.57 C
Turnover Period of Trade Receivables (NR & AR) / MS (Months)	2.33	0.05 2.54 C	2.12	-0.21 2.64 B	2.28	0.16 2.66 C
Turnover Period of Trade Payables (NP & AP) / MS (Months)	2.07	0.08 0.95 E	2.06	-0.01 0.92 E	2.03	-0.03 0.96 E
Turnover Period of Fixed Assets FA / MS (Months)	1.91	-0.07 7.28 A	1.77	-0.14 7.58 A	1.70	-0.07 7.66 A
<b>SAFENESS/STABILITY</b>						
Net Worth Ratio NW / L & NW (%)	35.45	-0.63 45.68 D	34.77	-0.68 49.82 D	35.36	0.59 47.83 C
Current Ratio CA / CL (%)	144.74	0.14 414.46 D	142.89	-1.85 368.90 D	144.75	1.86 368.54 D
Fixed Ratio FA / NW (%)	83.56	-2.41 208.55 C	80.67	-2.89 170.28 C	76.99	-3.68 151.56 C
Ratio of Interest-Bearing Liabilities to Monthly Sales IBL / MS (Times)	1.74	-0.01 4.81 B	1.63	-0.11 4.58 B	1.60	-0.03 4.72 B

## NOTES:

*Net Worth = NW	Liabilities = L	Ordinary Income = OI	Net Sales = NS
Gross Profit = GP	Operating Profit = OP	Interest Payable = IP	Borrowings = B
Inventory Assets = IA	Monthly Sales = MS	Notes Receivable = NR	Accounts Receivable = AR
Notes Payable = NP	Accounts Payable = AP	Current Assets = CA	Current Liabilities = CL
Fixed Assets = FA	Fixed Liabilities = FL	Interest-Bearing Liabilities = IBL	

\*\* Rank in Industry Comparison: A= Less than high rank 20%, B= From 20 to Less than 40%, C= From 40 to Less than 60%,  
D= From 60 to Less than 80%, E= Subordinate position 20%

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**BREAK-EVEN POINT ANALYSIS TABLE**

(Thousand yen)

ITEM	From 01 Apr. 20XX To 31 Mar. 20XX		From 01 Apr. 20XX To 31 Mar. 20XX		From 01 Apr. 20XX To 31 Mar. 20XX	
	Amount	Increase Ratio (%)	Amount	Increase Ratio (%)	Amount	Increase Ratio (%)
Sales at Break-even Point (Total Fixed Expenses / Marginal Profit Ratio)	4,498,147	0.4	4,781,524	6.3	4,849,954	1.4
Sales (Operating Revenue)	4,584,423	3.0	4,882,410	6.5	4,950,128	1.4
Total Variable Expenses	2,455,470	-5.1	2,614,608	6.5	2,724,751	4.2
Marginal Profit (Sales – Total Variable Expenses)	2,128,952	14.3	2,267,801	6.5	2,225,376	-1.9
Total Fixed Expenses	2,088,939	11.5	2,221,018	6.3	2,180,539	-1.8
Ordinary Income	40,013	438.1	46,783	16.9	44,837	-4.2

**ANALYSIS RATIO**

ITEM (FORMULAS)	From 01 Apr. 20XX To 31 Mar. 20XX		From 01 Apr. 20XX To 31 Mar. 20XX		From 01 Apr. 20XX To 31 Mar. 20XX	
	Analysis	Comparison Average	Analysis	Comparison Average	Analysis	Comparison Average
Ratio of Sales at Break-even Point to Net Sales NS / SBP (Times )	1.02	0.03 1.15 E	1.02	0.00 1.19 D	1.02	0.00 1.21 E
Variable Expense Ratio VE / NS (%)	53.56	-4.60 47.84 C	53.55	-0.01 47.61 D	55.04	1.49 46.78 D
Marginal Profit Ratio MP / NS (%)	46.44	4.60 52.16 C	46.45	0.01 52.39 D	44.96	-1.49 53.22 D
Fixed Expense Ratio FE / NS (%)	45.57	3.46 45.65 C	45.49	-0.08 44.53 C	44.05	-1.44 45.15 C
Margin of Management Safety Ratio (NS-SBP) / NS (%)	1.88	2.52 11.70 D	2.07	0.19 14.53 D	2.02	-0.05 15.32 E

**NOTES:**

 \*Sales at Break-even Point = SBP  
 Fixed Expenses = FE

 Net Sales = NS  
 Fixed Assets = FA

 Variable Expenses = VE  
 Marginal Profit = MP

 \*\* Rank in Industry Comparison: A= Less than high rank 20%, B= From 20 to Less than 40%, C= From 40 to Less than 60%,  
 D= From 60 to Less than 80%, E= Subordinate position 20%

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## CONDENSED BALANCE SHEET

(Thousand yen)

	31 Mar. 20XX	31 Mar. 20XX	31 Mar. 20XX
<b>ASSETS</b>			
Current Assets	1,729,923	1,849,181	1,878,459
Fixed Assets	728,221	720,941	702,721
Tangible Fixed Assets	568,224	566,536	560,316
Intangible Fixed Assets	1,492	1,492	1,492
Investments & Other Assets	158,495	152,913	140,913
Deferred Charges	0	0	0
<b>TOTAL ASSETS</b>	<b>2,458,134</b>	<b>2,570,122</b>	<b>2,581,180</b>
<b>LIABILITIES</b>			
Current Liabilities	1,195,193	1,294,153	1,297,734
Long-Term Liabilities	391,445	382,304	370,653
Reserves	0	0	0
<b>Total Liabilities</b>	<b>1,586,633</b>	<b>1,676,457</b>	<b>1,668,387</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital Stock	871,496	893,665	912,793
Capital	400,000	400,000	400,000
Capital Surplus	27,416	27,416	27,416
Retained Earnings	444,080	466,249	485,377
Treasury Stock	-	-	-
Valuation and Translation Adjustments	-	-	-
Share-Purchase Warrants	-	-	-
<b>Total Shareholders' Equity</b>	<b>871,496</b>	<b>893,665</b>	<b>912,793</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>2,458,134</b>	<b>2,570,122</b>	<b>2,581,180</b>

Notes: Deficit if used (-)

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## CONDENSED INCOME STATEMENT

	From 01 Apr. 20XX To 31 Mar. 20XX	From 01 Apr. 20XX To 31 Mar. 20XX	(Thousand yen) From 01 Apr. 20XX To 31 Mar. 20XX
Sales	4,584,423	4,882,410	4,950,128
Operating Expenses	4,514,340	4,796,383	4,874,309
Cost of Sales	3,334,662	3,566,755	3,638,344
Gross Profit	1,249,761	1,315,655	1,311,784
Selling and General Expenses	1,179,678	1,229,628	1,235,965
Operating Profit	70,083	86,027	75,819
Non-Operating Profit	1,925	1,721	1,483
Non-Operating Expense	31,995	40,965	32,465
Ordinary Income	40,013	46,783	44,837
Extraordinary Profit	0	0	0
Extraordinary Loss	9,468	6,135	5,322
Pretax Income	30,545	40,648	39,515
Corporation Taxes etc	12,004	18,479	20,387
Net Income	18,541	22,169	19,128
Unapprop. Income (Begin. of Term)	-	-	-
Unapprop. Retained Earnings (End of Term)	-	-	-

Notes: Deficit if used (-)

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## CONDENSED STATEMENT OF CHANGES IN NET WORTH

(Thousand yen)

	From 01 Apr. 20XX To 31 Mar. 20XX	From 01 Apr. 20XX To 31 Mar. 20XX	From 01 Apr. 20XX To 31 Mar. 20XX
<b>Shareholders' Equity</b>			
Balance of Shareholders' Equity at End of Previous Term	852,955	871,496	893,665
Changes in Shareholders' Equity during the Term	18,541	22,169	19,128
Dividend from Capital Surplus	-	-	-
Dividend from Retained Earnings	-	-	-
Balance of Shareholders' Equity at End of Term	871,496	893,665	912,793
<b>Valuation and Translation Adjustments</b>			
Balance of Valuation and Translation Adjustments at End of Previous Term	-	-	-
Changes in Valuation and Translation Adjustments during the Term	-	-	-
Balance of Valuation and Translation Adjustments at End of Term	-	-	-
<b>Share-Purchase Warrants</b>			
Balance of Share-Purchase Warrants at End of Previous Term	-	-	-
Changes in Share-Purchase Warrants during the Term	-	-	-
Balance of Share-Purchase Warrants at End of Term	-	-	-
Balance of Total Net Worth at End of Previous Term	852,955	871,496	893,665
Changes in Total Net Worth during the Term	18,541	22,169	19,128
Balance of Total Net Worth at End of Term	871,496	893,665	912,793

Notes: Deficit if used (-)

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