

Date: January 07, 2008
 Addressee:
 Reference: SAMPLE

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

COMPANY NAME: TEIKOKU TECHNO TOOL KABUSHIKI KAISHA
 (ENGLISH STYLE: TEIKOKU TECHNO TOOL CO., LTD.)
 ADDRESS: Teikoku Bldg., 1-12-2, Shintomi, Chuo-ku, Tokyo 104-0041 Japan
 TELEPHONE: 03-3206-2585
 REGISTERED ADDRESS: 2-5-20, Minami Aoyama, Minato-ku, Tokyo, Japan
 URL: <http://www.techno-tool.co.jp/>
 URL (financial): <http://www.techno-tool.co.jp/kessan>
 URL (publication): <http://www.techno-tool.co.jp/ir>

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: Mfg. and sale of precision cutting tools and machine parts, and real estate renting
 SALES: 4,584,423 Thousand yen (as of May 2007)
 BANKS: Mizuho Bank (Ginza), Sumitomo Mitsui Banking (Ginza)
 EMPLOYEES: 167

CREDIT RATING

<u>CREDIT FACTORS</u>		<u>MARKS</u>	<u>CREDIT RANGE</u>
History	1 ~ 5	5	[] A (86 ~ 100)
Net Worth	0 ~ 12	4	
Business Scale	2 ~ 19	10	[] B (66 ~ 85)
Profitability	0 ~ 10	6	
Financial Condition	0 ~ 20	8	[*] C (51 ~ 65)
Management	1 ~ 15	10	
Business Vitality	4 ~ 19	11	[] 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: - shares
RESTRICTION ON TRANSFER OF SHARES: Yes[*] No[]

CAPITAL RECORDS: (Thousand yen)

		<u>Date</u>
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	Oct. 1978
	350,000	Apr. 1989
	400,000	May. 2000

CESSION OF AN OBLIGATION

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

Date _____ Alienor _____ Registered Number _____

Address:
Remarks:

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

Date _____ Alienor _____ Registered Number _____

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+
Standing Auditor:	Yasuo Kobayashi+
Auditor:	Kumi Fukuoka
Auditor:	Ryoma Akai

TYPE: Company with board of directors' committee

Notes:

PRINCIPAL SHAREHOLDERS AND RESPECTIVE HOLDINGS

Sanwa Co.	2,000,000 shares	/	25.0%
Masao Iwai	1,700,000 shares	/	21.3%
Kowa Shoji K.K.	900,000 shares	/	11.3%
Ryuichi Iwai	600,000 shares	/	7.5%
Kazumasa Shimizu	500,000 shares	/	6.3%

Notes: When capital increased in March 2000, 1 million of newly issued shares were undertaken as follows;
Kowa Shoji K.K. undertook 600 thousands of them, while Mr. Kazumasa Shimizu and Mr. Ryuichi Iwai undertook 200 thousands each.

NUMBER OF SHAREHOLDERS: 50 (as of December 2007)

APPROVAL AND LICENSE

<u>Category</u>	<u>Number</u>
Real estate transaction license	(3) No.3400 issued by the Governor of Tokyo

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EMPLOYEES

	<u>Dec. 2007</u>
Regular employee	<u>167</u>
Contract worker	<u>0</u>
Temporary staffer	<u>0</u>
Part-timer	<u>40</u>

FACILITIES

	<u>Dec. 2007</u>
Branch office	<u>2</u>
Factory	<u>1</u>
Outlet	<u>0</u>
Others	<u>2</u>
Total(except head office)	<u>5</u>

Factory: Niigata
Sales Office: Osaka, Fukuoka
Dormitory: Tokyo
Real estate for lend: Tokyo

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	Newly	Owned	Feb. 2008	Niigata City, Niigata	10,000

Means: Borrowing capital

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

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SUPPLIERS

Main materials: Nisshin Koki (Naka-ku, Nagoya, 50 million yen a month), Hiyoshi Kozai (Chiyoda-ku, Tokyo, 30 million yen a month)
Sub-materials: Nagashima Tekkosho (Kohoku-ku, Yokohama), Eikosha (Sagamihara, Kanagawa), Takai Koki (Mito, Ibaraki), Diamond Industrial (Chiyoda-ku, Tokyo)
Subcontractors: Nakano Seimitsu Kogu Seisakusho (Nakano-ku, Tokyo), Kondo Seiko (Ome, Tokyo), Otsuka Seisakusho (Koshigaya, Saitama)

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

TERMS OF PAYMENTS

30/60-day cash	40 %	120/-day notes	40 %	Notes endorsed	20 %
Off-setting account	%	Advances	%		

Notes: Subcontracting expenses : cash
Material expenses : notes.

CUSTOMERS

Cutting tools: Diamond Industrial (Chiyoda-ku, Tokyo, 59 million yen a month), Aoyama Motors (Minato-ku, Tokyo, 32 million yen a month), Frice Seisakusho, Ota Kikai (Takaoka, Toyama), Niigata Shoko (Chiyoda-ku, Tokyo), Nihon Kiko (Tsuchiura, Ibaraki)

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

TERMS OF COLLECTION

30/60-day cash	30 %	120/150-day notes	70 %	Off-setting account	%
Advances	%	Factoring	No		

Notes: Import : D/A, D/P

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BANKS: (Thousand yen)

Banks (Branches)	Notes Discounted	Short-term Loans	Long-term Loans	Fixed Deposit
Mizuho Bank (Ginza)	732,000	365,000	341,000	350,000
Sumitomo Mitsui Banking (Ginza)	24,000	48,000	25,000	30,000
Total	756,000	413,000	366,000	380,000

CHANGE OF MAIN BANK: None

OTHER LOANS

	Amount	Notes
Teikoku Plant Kensetsu K.K.	7,500	Long term loans
Total		

BOND PAYABLE

Category	Date	Amount	Underwriter	Balance at the End of the Previous Term	Term of Redemption	Mortgage/ Guarantee
Total						

DEBT LOAN RECORDS

Category	May. 2007	Oct. 2007
Banks	755,500	779,500
Other loans	7,500	7,500
Bond payable		
Total	763,000	787,000

GUARANTEE

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

LOAN RECEIVABLE

Borrower	Amount	Notes
Total		

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FINANCIAL PROFILE

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

BAD DEBT RECORDS

Date	Borrower	Amount	Status	Reason
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Notes:

HISTORY

This joint-stock company was incorporated in April 1937 under the style Shinagawa Kogu K.K. as successor in reorganization to a sole proprietorship of Masao Iwai carried on under the name Shinagawa Kogu Seisakusho since September 1931.

In December 1958, the style was changed to Teikoku Engineering K.K.

In September 1969, the subject moved the head office to 1-12-2, Shintomi, Chuo-ku, Tokyo from 3-22-3, Nishi Rokugo, Ota-ku, Tokyo and placed the registered head office at 2-5-20, Minami Aoyama, Minato-ku, Tokyo.

In April 1978, Takeo Onuma became new president/rep. director, replacing Masao Iwai.

In December 1993, Kazumasa Shimizu, managing director, was elected new president/rep.

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Related group: Sanwa K.K.
 Parent company: (Investment ratio to the subject %)
 Domestic: Sanwa K.K.(holds a 25% stock interest in the subject)
 Overseas:
 Affiliated company: (Investment ratio from the subject %)
 Domestic: Teikoku Plant K.K. (a consolidated subsidiary of the subject in which the subject holds 66.7% stock interest), Teikoku Plant Kensetsu K.K. (Mr. Kazumasa Shimizu, president & rep. director of the subject, serves the company as a director)
 Overseas:

Other information:

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

Year Ended	(Increasing Ratio %)					
	Sales	Operating Profit	Ordinary Income	Net Income	Dividend	
	-%	-%	-%	-%	-%	
May. 2002	E 4,930,464	E 89,739	E 77,501	E 23,858		-
	-5.0%	-16.0%	-33.0%	-18.0%		
May. 2003	E 4,679,011	E 75,341	E 50,376	E 19,496		-
	1.0%	9.0%	17.0%	25.0%		
May. 2004	E 4,730,480	E 82,110	E 59,131	E 24,295		-
	-1.0%	-5.0%	-17.0%	-14.0%		
May. 2005	E 4,588,566	E 76,383	E 48,801	E 20,815		-
	-3.0%	-77.0%	-%	-%		
May. 2006	E 4,450,909	E 66,151	E -11,834	E -20,020		-
	3.0%	334.0%	-%	-%		
May. 2007	E 4,584,423	E 70,083	E 40,013	E 18,541		0
	-6.0%	-14.0%	-25.0%	-19.0%		
May. 2008 P	E 4,300,000	E 60,000	E 30,000	E 15,000		0

TAXABLE INCOME: (Thousand yen)

66,651 (May. 2002), 43,323 (May. 2003), 48,512 (May. 2004), 40,030 (May. 2005)

DEPRECIATION (Thousand yen)

Fiscal Term	Depreciation Amount	Comment
May 2003	13,000	
May 2004	13,000	
May 2005	14,000	
May 2006	13,000	
May 2007	13,000	

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OPERATION AND OUTLOOK**[Composition of Business]**

	May 2006	May 2007	(%)
Manufacturing of cutting tools	96.7	96.5	
Real estate leasing	3.3	3.5	

[Line of Business]

The subject is engaged in the manufacture and distribution of precision cutting tools and machine parts, and in real estate leasing.

Sales breakdown for the fiscal year ended May 2007 by the principal items and activities showed cutting tools such as end mills, taps, dies, etc., 60.2% (the previous fiscal year, 59.3%), precision machine parts such as spindles, fraise arbors, MC tooling, etc., 29.8% (30.5%), machine jigs such as shaping tool grinders, universal tool grinders, steel ball styli, etc., 6.5% (6.9%), and real estate (located at Ginza in Tokyo) leasing, 3.5% (3.3%).

Office leasing business still continues to be a stable source of income for the subject.

[Characteristics of the Company]

The subject is known for its brand "TECH" which is principally for automotive, machine tools and industrial machinery industries.

The subject is considered as a leading company in the cutting tool industry. It is a forerunner in applying newly developed materials to its products and is known to have an adequate capacity for technology and development. Newly developed cutting tools will be introduced in the market next year.

Sanwa K.K. holds 25-percent of equity stake, yet its relation to the subject in terms of marketing is not as close as it used to be.

[Operating Performance]

Sales for the fiscal year ended May 2007 were up 3% to 4,584.4 million yen attributed to the strong demand for drills for lathe and end mills for milling machines from Asian markets.

Gross profit ratio was up 0.9% to 27.3%, this was due to the reduction in production cost by introducing new machines that absorbs price increase of metal materials. Ordinary income and net income increased greatly to 40 million yen and 18.54 million yen, owing to the reduction in selling and general expenses such as personnel expenses.

[Financial Position and Fund-Raising Capacity]

Working funds is smoothly financed by note discounted.

Day-to-day finance is generally under control through the use of note discounted, as actual discount was around 800 million yen relative to limits of 1,400 million yen. Additionally, the subject has a well-valued real estate so that it is believed to have enough capacity in raising necessary funds for R&D and for investment in fixed assets in the future.

[Latest Trend and Prospects]

For the fiscal year ending May 2008, average monthly sales are showing decrease to be around 350 million yen even though as orders coming from Aoyama Motors, one of the major customers, have been increasing. Gross profit ratio fell by 2 points to 25%, mainly due to rise in the price of materials. Sales and ordinary income are expected to show slight decrease, posting 4,300 million yen and 30 million yen, respectively, with the recovery of demand from Asian markets.

In view of competitive technology, positive attitude toward new product development, and property background, the subject is likely to sustain the present business condition for the time being.

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MANAGEMENT BACKGROUND

Name: Kazumasa Shimizu - President (RD)
Date of Birth: August 10, 1935
Sex: Male
Hometown: Tokyo
Address: 2-11, Tokiwa-cho, Naka-ku, Yokohama City, Kanagawa 231-0014
Telephone: 045-641-2555
Education: Chuo University (graduated in 1958)

Business career: (in chronological order)

In April 1958: joined Asahi Boshoku K.K.
In August 1968: joined Teikoku Yakin Kogyo K.K. and became manager of planning section.
In June 1979: left the above.
In August 1979: joined the subject and became managing director.
In December 1993: was elected president and rep.director.

Related companies/Associations: Teikoku Plant Kensetsu K.K., Director

Hobbies & Sports: Golf

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CONDENSED BALANCE SHEET	31 May. 2005	31 May. 2006	(Thousand yen) 31 May. 2007
ASSETS			
Current Assets	1,828,192	1,831,013	1,929,923
Fixed Assets	777,988	733,243	728,211
Tangible Fixed Assets	595,224	581,224	568,224
Intangible Fixed Assets	1,492	1,492	1,492
Investments & Other Assets	181,272	150,527	158,495
Deferred Charges	-	-	-
TOTAL ASSETS	2,606,180	2,564,256	2,658,134
LIABILITIES			
Current Liabilities	1,359,082	1,328,626	1,395,193
Long-Term Liabilities	374,123	382,673	391,445
Reserves	-	-	0
Total Liabilities	1,733,205	1,711,299	1,786,638
SHAREHOLDERS' EQUITY			
Capital Stock	872,975	852,955	871,496
Capital	400,000	400,000	400,000
Retained Earnings	445,559	425,539	444,080
Valuation and Translation Adjustments	-	-	-
Share-Purchase Warrants	-	-	-
Total Shareholders' Equity	872,975	852,955	871,496
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	2,606,180	2,564,254	2,658,134

Notes: Deficit if used (-)

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CONDENSED INCOME STATEMENT

	From 01 Jun. 2004 To 31 May. 2005	From 01 Jun. 2005 To 31 May. 2006	(Thousand yen) From 01 Jun. 2006 To 31 May. 2007
Sales	4,588,566	4,450,909	4,584,423
Operating Expenses	4,512,184	4,384,758	4,514,340
Cost of Sales	3,303,768	3,277,046	3,334,662
Gross Profit	1,284,798	1,173,863	1,249,761
Selling and General Expenses	1,208,416	1,157,712	1,179,678
Operating Profit	76,383	16,151	70,083
Non-Operating Profit	1,855	1,812	1,925
Non-Operating Expense	29,437	29,797	31,995
Ordinary Income	48,801	-11,834	40,013
Extraordinary Profit	-	-	-
Extraordinary Loss	13,346	8,076	9,468
Pretax Income	35,455	-19,910	30,545
Corporation Taxes etc	14,640	110	12,004
Net Income	20,815	-20,020	18,541
Unapprop. Income (Begin. of Term)	424,744	-	-
Unapprop. Retained Earnings (End of Term)	445,559	-	-

FINANCIAL ANALYSIS	31 May. 2005	Average	31 May. 2006	Average	31 May. 2007	Average
Net Worth Ratio	33.50	86.30	33.26	32.78	32.79	34.58
Current Ratio	134.52	296.09	137.81	189.22	138.33	191.58
Fixed Ratio	89.12	217.17	85.97	206.33	83.56	187.57
Ratio of Ordinary Income to Sales	1.06	6.19	-0.27	5.91	0.87	6.91

Notes: Deficit if used (-)