

Date: January 07, 2008  
 Addressee:  
 Reference: SAMPLE

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

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 TEIKOKU TECHNO TOOL KABUSHIKI KAISHA  
 (TEIKOKU TECHNO TOOL CO., LTD.)  
 Tokyo, Japan

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## ANALYSIS OF FINANCIAL STATEMENTS

TDB COMPANY CODE: 989999956

TIC: 35441

ITEM (FORMULAS)	From 01 Jun. 2004 To 31 May. 2005		From 01 Jun. 2005 To 31 May. 2006		From 01 Jun. 2006 To 31 May. 2007	
	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 (%)	1.87	-0.38 4.35 C	-0.46	-2.33 6.39 E	1.51	1.97 7.68 E
<b>PROFITABILITY</b>						
Ratio of Ordinary Income to Net Sales OI / NS (%)	1.06	-0.19 6.19 D	-0.27	-1.33 5.91 E	0.87	1.14 6.91 E
Ratio of Gross Profit to Net Sales GP / NS (%)	28.00	0.00 38.68 B	26.37	-1.63 22.67 B	27.26	0.89 23.58 B
Ratio of Operating Profit to Net Sales OP / NS (%)	1.66	-0.18 6.07 D	0.36	-1.30 6.06 E	1.53	1.17 7.06 E
Average Interest Ratio on Borrowings IP / B (%)	2.00	0.00 2.35 B	2.00	0.00 2.35 C	2.00	0.00 2.17 C
<b>EFFICIENCY</b>						
Turnover Ratio of Total Liabilities and Net Worth NS / L & NW (Times)	1.76	-0.04 17.08 A	1.74	-0.02 1.13 A	1.72	-0.02 1.13 A
Turnover Period of Inventory Assets IA / MS (Months)	1.21	-0.01 2.22 B	1.23	0.02 1.96 B	1.26	0.03 2.05 B
Turnover Period of Trade Receivables (NR & AR) / MS (Months)	2.26	0.01 3.53 B	2.28	0.02 3.18 B	2.33	0.05 3.26 B
Turnover Period of Trade Payables (NP & AP) / MS (Months)	2.30	0.01 2.40 C	2.25	-0.05 2.40 C	2.33	0.08 2.32 C
Turnover Period of Fixed Assets FA / MS (Months)	2.03	0.03 7.97 B	1.98	-0.05 4.68 B	1.91	-0.07 4.32 B
<b>SAFENESS/STABILITY</b>						
Net Worth Ratio NW / L & NW (%)	33.50	1.07 86.30 C	33.26	-0.24 32.78 C	32.79	-0.47 34.58 C
Current Ratio CA / CL (%)	134.52	4.88 296.09 C	137.81	3.29 189.22 D	138.33	0.52 191.58 D
Fixed Ratio FA / NW (%)	89.12	-3.20 217.17 C	85.97	-3.15 206.33 C	83.56	-2.41 187.57 C
Ratio of Interest-Bearing Liabilities to Monthly Sales IBL / MS (Times)	1.92	0.01 5.38 B	2.02	0.10 4.34 B	2.00	-0.02 3.93 B

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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 Jun. 2004 To 31 May. 2005		From 01 Jun. 2005 To 31 May. 2006		From 01 Jun. 2006 To 31 May. 2007	
	Amount	Increase Ratio (%)	Amount	Increase Ratio (%)	Amount	Increase Ratio (%)
Sales at Break-even Point (Total Fixed Expenses / Marginal Profit Ratio)	4,473,470	-2.6	4,479,577	0.1	4,488,592	0.2
Sales (Operating Revenue)	4,588,566	-3.0	4,450,909	-3.0	4,584,423	3.0
Total Variable Expenses	2,643,014	-3.0	2,621,636	-0.8	2,667,729	1.8
Marginal Profit (Sales – Total Variable Expenses)	1,945,551	-3.0	1,829,272	-6.0	1,916,693	4.8
Total Fixed Expenses	1,896,751	-2.6	1,841,106	-2.9	1,876,680	1.9
Ordinary Income	48,801	-17.5	-11,834	-124.2	40,013	438.1

**ANALYSIS RATIO**

ITEM (FORMULAS)	From 01 Jun. 2004 To 31 May. 2005		From 01 Jun. 2005 To 31 May. 2006		From 01 Jun. 2006 To 31 May. 2007	
	Analysis	Comparison Average	Analysis	Comparison Average	Analysis	Comparison Average
Ratio of Sales at Break-even Point to Net Sales NS / SBP (Times )	1.03	0.00 1.20 D	0.99	-0.04 1.24 E	1.02	0.00 1.30 E
Variable Expense Ratio VE / NS (%)	57.60	0.00 69.24 A	58.90	1.30 66.44 B	58.19	-0.71 66.68 B
Marginal Profit Ratio MP / NS (%)	42.40	0.00 30.76 A	41.10	-1.30 33.56 B	41.81	0.71 33.32 B
Fixed Expense Ratio FE / NS (%)	41.34	0.19 24.72 E	41.36	0.02 27.54 E	40.94	-0.42 25.84 E
Margin of Management Safety Ratio (NS-SBP) / NS (%)	2.51	-0.44 16.92 D	-0.64	-3.15 16.91 E	2.09	2.73 21.64 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	31 May. 2005	31 May. 2006	(Thousand yen) 31 May. 2007
<b>ASSETS</b>			
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	-	-	-
<b>TOTAL ASSETS</b>	<b>2,606,180</b>	<b>2,564,256</b>	<b>2,658,134</b>
<b>LIABILITIES</b>			
Current Liabilities	1,359,082	1,328,626	1,395,193
Long-Term Liabilities	374,123	382,673	391,445
Reserves	-	-	0
<b>Total Liabilities</b>	<b>1,733,205</b>	<b>1,711,299</b>	<b>1,786,638</b>
<b>SHAREHOLDERS' EQUITY</b>			
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	-	-	-
<b>Total Shareholders' Equity</b>	<b>872,975</b>	<b>852,955</b>	<b>871,496</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>2,606,180</b>	<b>2,564,254</b>	<b>2,658,134</b>

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

Notes: Deficit if used (-)

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## CONDENSED STATEMENT OF CHANGES IN NET WORTH

(Thousand yen)

	From 01 Jun. 2004 To 31 May. 2005	From 01 Jun. 2005 To 31 May. 2006	From 01 Jun. 2006 To 31 May. 2007
<b>Shareholders' Equity</b>			
Balance of Shareholders' Equity at End of Previous Term	-	872,975	852,955
Changes in Shareholders' Equity during the Term	-	-20,020	18,541
Dividend from Capital Surplus	-	-	-
Dividend from Retained Earnings	-	-	-
Balance of Shareholders' Equity at End of Term	-	852,955	871,496
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<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	-	-	-
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<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	-	872,975	852,955
Changes in Total Net Worth during the Term	-	-20,020	18,541
Balance of Total Net Worth at End of Term	-	852,955	871,496

Notes: Deficit if used (-)

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## CONDENSED STATEMENT OF APPROPRIATION OF RETAINED EARNINGS:

(Thousand yen)

	31 May. 2005	31 May. 2006	31 May. 2007
Unapprop. Retained Earnings at End of Term	445,559	-	-
Reversal of Voluntary Reserves	-	-	-
Distributed Income	-	-	-
Dividends	-	-	-
Director's Bonuses	-	-	-
Other Distributed Income	-	-	-
Appropriation of Voluntary Reserves	-	-	-
Retained Earnings Carried Forward	445,559	-	-
Other Capital Surplus	-	-	-
Reversal of Capital etc	-	-	-
Other Appropriated Capital Surplus	-	-	-
Other Appropriated Capital Surplus Carried Forward	-	-	-

Notes: Deficit if used (-)