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Tokyo Kyodo Accounting Office  
United Partners, Inc.

## **Valuation Service Alliance**

Mr. Ryutaro Uchiyama, representative partner for Tokyo Kyodo Accounting Office (“TKAO”), and Mr. Yoshiaki Nishimura, CEO of United Partners, Inc. (“UP”), are delighted to announce their partnership in the provision of corporate valuation services. Both firms are based in Chiyoda-ku, Tokyo.

The new LLP is to be named Tokyo United Partners LLP (“Tokyo UP”) and both companies will invest an equal amount of capital (50%:50%).

TKAO and UP have entered into this alliance based on our common vision of providing our clients with the most advanced, cost-effective valuation services in Japan. Indeed, this partnership is based on the synergies created by strengths in TKAO’s structured finance-related service, human resources and client network as well as UP’s robust understanding and employment of valuation techniques, extensive network of third party valuation sources, not to mention client trust.

Both firms have extensive experience in the provision of the following services;

- accounting & tax advice to their clients
- tax audit support for inspections by the National Tax Agency (“NTA”)
- tax inquiries to and consultations with NTA prior to transactions (“advanced letter ruling”) with respect to structuring transactions, such as domestic and international corporate restructuring (including MBO, takeover defenses and delisting)
- corporate recovery
- business succession (including inheritance, gift and income tax planning for wealthy individual clients and other private banking services)
- real estate transactions
- securitization of bad debts
- the structuring of real estate investment funds (domestic and international) and private equity funds.

Providing these services through our partnership will allow us to provide our clients with even more integrated valuation, accounting and tax advice. This, in turn, will enable our clients to minimize their collective legal, tax and valuation risks

## **1. Business**

### **(1) Valuation Service**

#### **(a) Target**

We will engage in the provision of the following valuations;

- stocks-common stocks, classified stocks (including preferred stocks with derivatives, which are similar to MSCBs)
- bonds- straight bonds, bonds with stock options, convertible bonds, mezzanine bonds, MSCBs
- loans- normal loans, bad debt loans, mezzanine loans, bulk loans,
- stock options
- trade marks, brand value and intangible assets
- enterprise value and transferred business value (including goodwill or negative goodwill)

We will provide not only valuations based on financial theory but also valuations for tax purposes including the valuation of stocks, loans, goodwill and negative goodwill (asset and liability adjustment accounts), and the valuation of intangible assets especially for transfer pricing taxation purposes.

#### **(b) Valuation Rationale (business stages)**

We are to provide valuation services for any number of business purposes (business stages). For example;

- restructuring (including stock purchase request from minority shareholders, TOB, MBO, delisting, business succession, support for future tax inspections, pre-tax negotiation with NTA)
- corporate recovery (preparation for a reasonable recovery plan),
- opinion letter for transfer pricing taxation
- company lawsuit and tax lawsuits

### **(2) Related Business**

We are also to be engaged in the provision of a diverse range of valuation-related services such as accounting, tax and business projection related due diligence services, tax structuring services, private banking services (such as business succession and inheritance, gift and income tax planning), and corporate restructuring (domestic and international).

### **(3) Related Seminars, Publications.**

We intend to publish a book on stock valuation-related case law in the near future.

## **2. Features of our Services**

### **(1) Provision of Reliable Valuation Service**

We intend to hold regular internal training sessions where we will share our knowledge of the latest techniques and trends in accounting, tax (including transfer pricing tax), Company Law (including court case analysis) and financial valuation technique, etc.

We also intend to organize a Valuation Verification Committee (“VVC”) comprising of members from TKAO and UP. This committee will be charged with checking the valuation outcomes of Tokyo UP with a view to ensuring the fairest, most objective results. Ultimately, this will enhance client confidence in our valuation services.

### **(2) Extensive Range of Valuation Services**

As outlined above, our strength lies in our ability to deliver highest-quality valuation services for a wide range of business purposes.

### **(3) Objective Valuation through employment of External Resources**

Two important third party sources of valuation services are Credit Pricing Corporation (“CPC”), <http://credit-pricing.info/index2.html>), which provides credit risk data and Ibbotson Associates Japan which provides equity risk data (<http://www.ibbotson.co.jp/>). Data from both companies is utilized in the “EV Series” (“EVS”) application. We will employ credit and equity risk data from these sources in ensuring the most objective and accountable valuations. We will also ensure that these vendors update their EVS software regularly to reflect changes in accounting practices and amendments in Tax Law and Company Law.

### **(4) Accounting & Tax Professionals and Trust**

Both TKAO and UP have each established solid reputations in the fields of corporate valuation and real estate & private equity fund related businesses. That said, there is still room to further differentiate ourselves from our competitors by effectively utilizing our hard-earned accounting and tax consulting know-how.

In more concrete terms, we have the capacity to review any kind of business projection consisting of BS, PL, CF and tax returns. We are also, in accordance with our internal policies, able to accurately compute deferred tax assets & liabilities, business assets and liabilities, non-business assets and liabilities, required working capital and distributable profits.

### 3. Fees

Fees will be indicated to our clients after considering the following;

- valuation targets, purposes and techniques
- characteristics of the valuation -listed or non-listed company, domestic or international, whether nature of industry, size of the firm, whether family-owned, number of interested parties
- the reasoning behind the valuation -e.g., lawsuit, tax investigation or pre-tax consulting with NTA

The following table, however, introduces our standard fees. Please take note, however, that the actual amount may vary depending on the client's needs. Requests for estimates are welcome and are free of charge and kept strictly confidential.

#### <Standard Fees for Valuation related Services>

Services	Standard price
Stock valuation for tax purposes	@¥1,000,000
Common stock and business valuation of a non-listed company for M&A purposes	@¥3,000,000 to ¥5,000,000
Common stock valuation of a listed company for M&A and Company Law purposes (stocks purchase request from a minority shareholder, TOB and MBO, etc)	@¥5,000,000 to ¥10,000,000
Valuation of a special type stocks (MSCB, etc), straight bonds, bonds with stock options, convertible bonds, subordinate bonds, MSCB, normal loans, bad loans, subordinate loans, bulk loans, stock options, trade marks and brand value for a listed company	@¥7,000,000 to ¥15,000,000
Translation of Valuation Report into English	@¥1,000,000 to ¥3,000,000
Business plan preparation support for a non-listed company for fund-raising purposes	@¥1,000,000 to ¥2,000,000
Valuation of a non-listed company for business succession and Company Law purposes	@¥1,000,000—
Valuation opinion letter for a lawsuit related to Company Law and Tax Law	@¥5,000,000 to ¥15,000,000



#### 4. Actual Valuation Procedure

The standard valuation workflow from request for an estimate to completion of valuation project is as follows;

- Within one week of the request, the client will be informed of the possibility of proceeding with the valuation project (based on a preliminary review by the VVC) and in the event that it can proceed, an estimated fee proposal will be provided.
- Upon client acceptance, Tokyo UP will provide a valuation report to the client which has been approved by VVC within two weeks.

#### <Contact us>

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