

## Notes to the Consolidated Financial Statements

### Operations by geographic area:

	Millions of yen						Corporate assets and eliminations	Consolidated
	Japan	America	Europe	Asia	Other	Total		
<b>2004</b>								
Net sales:								
Sales to customers.....	¥ 78,367	¥ 44,237	¥ 40,254	¥ 13,648	¥ 2,225	¥ 178,731	¥ -	¥ 178,731
Intersegment sales .....	70,153	382	1,875	42,748	1	115,159	(115,159)	-
<b>Total.....</b>	<b>¥ 148,520</b>	<b>¥ 44,619</b>	<b>¥ 42,129</b>	<b>¥ 56,396</b>	<b>¥ 2,226</b>	<b>¥ 293,890</b>	<b>¥ (115,159)</b>	<b>¥ 178,731</b>
<b>Operating income .....</b>	<b>¥ 8,012</b>	<b>¥ 1,217</b>	<b>¥ 647</b>	<b>¥ 916</b>	<b>¥ 27</b>	<b>¥ 10,819</b>	<b>¥ 1,791</b>	<b>¥ 12,610</b>
<b>Identifiable assets .....</b>	<b>¥ 101,090</b>	<b>¥ 16,483</b>	<b>¥ 17,061</b>	<b>¥ 17,854</b>	<b>¥ 1,430</b>	<b>¥ 153,918</b>	<b>¥ (18,155)</b>	<b>¥ 135,763</b>
<b>2003</b>								
Net sales:								
Sales to customers .....	¥ 87,646	¥ 67,311	¥ 53,152	¥ 14,767	¥ 2,703	¥ 225,579	¥ -	¥ 225,579
Intersegment sales .....	94,124	487	10,320	63,421	12	168,364	(168,364)	-
<b>Total .....</b>	<b>¥ 181,770</b>	<b>¥ 67,798</b>	<b>¥ 63,472</b>	<b>¥ 78,188</b>	<b>¥ 2,715</b>	<b>¥ 393,943</b>	<b>¥ (168,364)</b>	<b>¥ 225,579</b>
<b>Operating income (loss) .....</b>	<b>¥ 7,374</b>	<b>¥ 2,210</b>	<b>¥ 1,186</b>	<b>¥ 1,091</b>	<b>¥ (75)</b>	<b>¥ 11,786</b>	<b>¥ 474</b>	<b>¥ 12,260</b>
<b>Identifiable assets .....</b>	<b>¥ 109,789</b>	<b>¥ 22,019</b>	<b>¥ 21,143</b>	<b>¥ 22,513</b>	<b>¥ 1,283</b>	<b>¥ 176,747</b>	<b>¥ (34,623)</b>	<b>¥ 142,124</b>
<b>Thousands of U.S. dollars</b>								
<b>2004</b>								
Net sales:								
Sales to customers.....	\$ 739,311	\$ 417,330	\$ 379,754	\$ 128,755	\$ 20,991	\$ 1,686,141	\$ -	\$ 1,686,141
Intersegment sales .....	661,821	3,604	17,689	403,283	9	1,086,406	(1,086,406)	-
<b>Total.....</b>	<b>\$ 1,401,132</b>	<b>\$ 420,934</b>	<b>\$ 397,443</b>	<b>\$ 532,038</b>	<b>\$ 21,000</b>	<b>\$ 2,772,547</b>	<b>\$ (1,086,406)</b>	<b>\$ 1,686,141</b>
<b>Operating income .....</b>	<b>\$ 75,585</b>	<b>\$ 11,481</b>	<b>\$ 6,104</b>	<b>\$ 8,641</b>	<b>\$ 255</b>	<b>\$ 102,066</b>	<b>\$ 16,896</b>	<b>\$ 118,962</b>
<b>Identifiable assets .....</b>	<b>\$ 953,679</b>	<b>\$ 155,500</b>	<b>\$ 160,953</b>	<b>\$ 168,434</b>	<b>\$ 13,491</b>	<b>\$ 1,452,057</b>	<b>\$ (171,274)</b>	<b>\$ 1,280,783</b>

The geographic areas consist primarily of the following countries and regions:  
 America ..... U.S., Canada and Panama  
 Europe..... Germany, France and the United Kingdom  
 Asia ..... China, Singapore and U.A.E  
 Other..... Australia

### Overseas sales:

	Millions of yen					Total
	America	Europe	Asia	Other		
<b>2004</b>						
Overseas sales .....	¥ 47,656	¥ 40,424	¥ 17,802	¥ 3,329	¥ 109,211	
<b>Consolidated net sales .....</b>						<b>¥ 178,731</b>
<b>Ratios of overseas sales .....</b>	<b>26.7%</b>	<b>22.6%</b>	<b>10.0%</b>	<b>1.9%</b>	<b>61.1%</b>	
<b>2003</b>						
Overseas sales .....	¥ 70,882	¥ 53,167	¥ 21,714	¥ 5,140	¥ 150,903	
<b>Consolidated net sales .....</b>						<b>¥ 225,579</b>
<b>Ratios of overseas sales.....</b>	<b>31.4%</b>	<b>23.6%</b>	<b>9.6%</b>	<b>2.3%</b>	<b>66.9%</b>	
<b>Thousands of U.S. Dollars</b>						
<b>2004</b>						
Overseas sales .....	\$ 449,585	\$ 381,358	\$ 167,943	\$ 31,406	\$ 1,030,292	
<b>Consolidated net sales .....</b>						<b>\$ 1,686,141</b>

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 America ..... U.S., Canada and Panama  
 Europe..... Germany, France and the United Kingdom  
 Asia ..... China, Singapore and U.A.E  
 Other..... Australia and Africa

#### 14. Subsequent Event

i) Reduction in shareholders' stated capital without a reduction in the number of shares outstanding.

The annual general shareholders' meeting held on June 29, 2004 resolved a reduction in shareholders' stated capital without a reduction in the number of shares outstanding. Further, no shares have actually been repurchased by the Company from shareholders. Therefore, since this is only a reorganization of the capital structure, no transfers of shares have taken place, and no payments for the modification of the capital structure have been made to the shareholders of the Company. The purpose of the capital reduction is to make up for the accumulated deficits and to possibly resume dividends. The capital reduction is to be implemented as a transfer from common stock to accumulated deficits and capital surplus. The total amount of capital reduction is to be ¥20,000 million (\$188,679 thousand).

##### Schedule

- a) Resolution at the Board of Directors Meeting: May 21, 2004
- b) Resolution at the General Shareholders' Meeting: June 29, 2004
- c) Deadline for creditors to lodge protests: August 5, 2004
- d) Effective date of Capital Reduction: August 6, 2004

ii) New share issuance

The Company's board of directors meeting held on May 21, 2004 and June 7, 2004, resolved a new share issuance with a payment due date of June 30, 2004.

The proceeds from the issuance of new shares are to be appropriated to redemption of Class A preferred stock, repayment of bank borrowing and working capital.

- 1) Number of new shares issued: 92,000,000 shares of common stock
- 2) Offering price per share: ¥250 (\$2.36)
- 3) Total offering price: ¥23,000,000,000 (\$216,981,132)
- 4) Issue price per share: ¥239.375 (\$2.26)
- 5) Total Issue price: ¥22,022,500,000 (\$207,759,434)
- 6) Stated capital per share: ¥120 (\$1.13)
- 7) Total stated capital: ¥11,040,000,000 (\$104,150,943)
- 8) Initial date of dividend recognition: April 1, 2004

iii) Reduction in the stated capital through the redemption of the Class A preferred stock.

The annual general shareholders' meeting and the Class A preferred stock shareholders meeting, held on June 29, 2004 resolved the reduction in the stated capital through the redemption of the Class A preferred stock. The purpose of the capital reduction is to minimize potential dilution on the shareholders of common stock caused by the conversion of Class A preferred stock into common stock and to reduce future dividend payments. The total amount of capital reduction is to be ¥16,100 million (\$151,887 thousand).

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