1. Significant accounting policies

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Fujitsu Limited (the "Company") and its consolidated subsidiaries (together, the "Group") have been prepared in accordance with accounting principles and practices generally accepted in Japan, and the regulations under the Securities and Exchange Law of Japan. The accounting principles and practices adopted by the consolidated subsidiaries outside Japan in their respective countries basically conform to those adopted by the Company. In presenting the accompanying consolidated financial statements, certain items have been reclassified for the convenience of readers outside Japan.

The accounting principles and practices adopted by the Group are in conformity with International Accounting Standards ("IAS") except for certain differences which are set forth in the relevant notes on accounting policies.

(b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and, with minor exceptions, those of its majority-owned subsidiaries, whether directly or indirectly controlled. All intercompany accounts and transactions have been eliminated in consolidation.

Investments in affiliates owned 20% to 50%, with minor exceptions, have been stated at cost plus the equity in their respective undistributed earnings (losses) and reserves since acquisition. Net income or loss includes the equity in the current net earnings (losses) of such companies, after the elimination of unrealized intercompany profit.

The difference between the cost and the underlying equity in the net assets of subsidiaries and affiliates accounted for on an equity basis is allocated to identifiable assets based on their fair value at the dates of acquisition. The unassigned residual value is recognized as goodwill, and is being amortized on a straight-line basis over periods not exceeding 20 years.

(c) Cash equivalents

For the purpose of the statement of cash flows, the Company considers all short-term, highly liquid instruments with a maturity of three months or less to be cash equivalents.

(d) Translation of foreign currency accounts

Current receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates in effect at the respective balance sheet dates. Noncurrent monetary items denominated in foreign currencies are translated into Japanese yen at historical exchange rates. Had noncurrent receivables and payables been translated at the exchange rates in effect at the balance sheet dates pursuant to IAS No. 21, the differences would not have been significant.

Asset and liability accounts of the consolidated subsidiaries outside Japan are translated into Japanese yen at the applicable fiscal year-end rates. Income and expense accounts are translated at the average rate during the year. The resulting translation adjustments are reflected in assets in conformity with accounting principles generally accepted in Japan.

(e) Revenue recognition

Revenues from sales of communications products and computer systems are generally recognized upon acceptance by the customers, while revenues from sales of personal computers and other equipment and electronic devices are recognized when the products are shipped.

(f) Marketable securities

Marketable securities included in short-term investments, and investments and long-term loans are stated at the lower of cost or market, cost being determined by the moving average method.

(g) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount that is deemed sufficient to cover estimated future losses.

(h) Inventories

Finished goods are stated at cost not in excess of their market value. Cost is determined by the actual cost method, the moving average method and the first-in, first-out method ("FIFO").

Work in process is stated at actual cost and cost determined by FIFO.

Raw materials are stated at cost not in excess of their market value. Cost is determined by the moving average method, the most recent purchase price method and FIFO.

IAS No. 2 requires that inventories be valued at the lower of historical cost or net realizable value. Had IAS No. 2 been applied, the difference in the aggregate value of the inventories would not have been significant.

(i) Property, plant and equipment and depreciation

Property, plant and equipment, including renewals and additions, are carried at cost.

Depreciation is computed by the declining-balance method at rates based on the estimated useful lives of the respective assets, which vary according to their general classification, type of construction and function.

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

(j) Leases

Leased assets are recorded in property, plant and equipment and lease liabilities are included in long-term liabilities under finance leases except those in Japan. The Company and its consolidated subsidiaries in Japan treat finance leases in the same way as operating leases.

(k) Retirement and severance benefits

Employees who terminate their service with the Group are generally entitled to annuities or lump-sum severance payments based on their current basic rates of pay and length of service.

The Company and its consolidated subsidiaries in Japan have contributory defined benefit plans with insurance companies, trust banks and investment management companies to supplement the public welfare pension plan. The plans entitle eligible employees upon retirement to receive either a lump-sum payment or annuity payments for life, or a combination of both.

Most consolidated subsidiaries outside Japan have defined benefit plans and/or defined contribution plans covering substantially all employees. The costs of benefits for annuities and lump-sum severance payments are currently funded or accrued.

(l) Provision for loss on repurchase of computers

Certain computers manufactured by the Group are sold to Japan Electronic Computer Company Limited ("JECC") and other leasing companies and financial institutions for leasing to the ultimate users under contracts which require that the Group repurchase the computers if they are returned by the users after a certain period. Based on past experience, an estimated amount for the loss arising from such repurchases is provided at the point of sale and is charged to income.

(m) Income taxes

The Company has adopted the liability method of tax effect accounting to recognize the effect of all temporary differences in the recognition of assets and liabilities for tax and their financial reporting purposes.

(n) Earnings or loss per share

Basic earnings or loss per share is computed based on the weighted average number of shares of common stock outstanding during the respective years.

Diluted earnings per share is computed based on the weighted average number of shares after consideration of the dilutive effect of potential ordinary shares including warrants and convertible bonds.

(o) Derivative financial instruments

Gains and losses on derivative financial instruments used to reduce exposures regarding receivables and liabilities denominated in foreign currencies are recognized over the lives of the contracts. They offset gains and losses arising from the related receivables and liabilities.

The differentials to be paid or received related to swap contracts are recognized over the lives of the contracts.

2. U.S. dollar amounts

The Company and its consolidated subsidiaries in Japan maintain their books of account in yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at ¥132 = US$1, the approximate rate of exchange prevailing on March 31, 1998. The U.S. dollar amounts are included solely for the convenience of the reader and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could readily be converted, realized or settled in U.S. dollars at the above or any other rate.

3. Acquisition

In September 1997, the Company acquired a 58% shares of Amdahl Corporation, a leading U.S. information systems supplier, for ¥111,072 million ($841,455 thousand) in cash. Upon this acquisition, Amdahl Corporation became a wholly owned consolidated subsidiary of Fujitsu Limited.

The acquisition was accounted for as a purchase and the operating results of the acquired company has been included in the accompanying consolidated financial statements since the date of acquisition. The excess of the purchase price over the estimated fair value of the net assets has been recorded as goodwill.

Out of the total goodwill, which amounted to ¥111,791 million ($846,902 thousand), ¥15,236 million ($115,424 thousand) was expensed upon acquisition and ¥96,555 million ($731,477 thousand) is to be amortized on a straight-line basis over a ten-year period.

The amortization of goodwill for the year ended March 31, 1998 amounted to ¥4,816 million ($36,485 thousand).

4. Marketable securities

The current and noncurrent portfolios of marketable securities at March 31, 1997 and 1998, which are included in short-term investments (current) and in investments and long-term loans–other (noncurrent), were summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	1997	1998	1998
Current:			
Carrying value	¥ 31,788	¥ 24,521	$ 185,765
Market value	31,376	24,745	187,462
Net unrealized gains (losses)	¥ (412)	¥ 224	$ 1,697
Noncurrent:			
Carrying value	¥106,138	¥103,624	$ 785,030
Market value	202,747	164,324	1,244,879
Net unrealized gains	¥ 96,609	¥ 60,700	$ 459,849

5. Inventories

Inventories at March 31, 1997 and 1998 consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	1997	1998	1998
Finished goods	¥403,277	¥433,620	$3,285,000
Work in process	333,312	366,251	2,774,629
Raw materials	143,993	158,595	1,201,477
	¥880,582	¥958,466	$7,261,106

6. Investments in affiliates

A summary of the financial information of the affiliates accounted for on an equity basis is presented below:

	Yen (millions)		U.S. dollars (thousands)
	1997	1998	1998
Current assets	¥ 799,324	¥ 772,633	$5,853,280
Other assets, including property, plant and equipment, net	569,122	543,585	4,118,068
	1,368,446	1,316,218	9,971,348
Current liabilities	486,136	454,928	3,446,424
Long-term liabilities	124,823	109,339	828,326
Net assets	¥ 757,487	¥ 751,951	$5,696,598

	Yen (millions)			U.S. dollars (thousands)
	1996	1997	1998	1998
Net sales	¥859,826	¥937,439	¥1,062,300	$8,047,727
Net income	41,436	16,182	60,812	460,697

Of the affiliates which are accounted for on an equity basis, the carrying and market values of the shares of the publicly listed companies at March 31, 1997 and 1998 were as follows:

	Yen (millions)		U.S. dollars (thousands)
	1997	1998	1998
Carrying value	¥284,177	¥256,356	$1,942,091
Market value	572,075	646,212	4,895,545

At March 31, 1997 and 1998, the amount of ¥19,373 million ($146,765 thousand) representing the Company's 29.49% investment in JECC was included in investments and long-term loans—other. The Company does not regard JECC as an affiliate as it is unable to exercise significant influence over JECC's affairs. JECC's principal business is the leasing of computers and peripheral computer equipment which it purchases from its seven shareholders. At March 31, 1997 and 1998, JECC's issued share capital was ¥65,700 million ($497,727 thousand). Its net sales for the years ended March 31, 1996, 1997 and 1998 amounted to ¥315,536 million, ¥305,221 million and ¥299,269 million ($2,267,189 thousand), respectively.

7. Other assets

At March 31, 1997 and 1998, other assets principally consisted of goodwill of ¥137,667 million and ¥231,267 million ($1,752,023 thousand), respectively.

8. Short-term borrowings and long-term debt

Short-term borrowings at March 31, 1997 and 1998 consisted of:

	Yen (millions)		U.S. dollars (thousands)
	1997	1998	1998
Loans, principally from banks, at interest rates ranging from 0.58% to 7.75% at March 31, 1997, and from 0.81% to 8.41% at March 31, 1998:			
Secured	¥ 3,425	¥ 9,113	$ 69,038
Unsecured	573,306	572,194	4,334,803
Commercial paper at interest rates ranging from 0.56% to 6.30% at March 31, 1997, and from 0.50% to 7.95% at March 31, 1998	88,656	80,550	610,227
	¥665,387	¥661,857	$5,014,068

Long-term debt at March 31, 1997 and 1998 consisted of:

	Yen (millions)		U.S. dollars (thousands)
	1997	1998	1998
Loans, principally from banks and insurance companies, due from 1997 to 2013 at interest rates ranging from 0.76% to 8.30% at March 31, 1997 and 1998:			
Secured	¥ 17,620	¥ 18,339	$ 138,932
Unsecured	211,354	284,684	2,156,697
Bonds and notes issued by the Company:			
3.0% U.S. dollar convertible bonds due 1999	289	274	2,076
1.3% unsecured convertible bonds due 1998	39,782	39,782	301,379
1.4% unsecured convertible bonds due 2004	39,649	39,649	300,371
1.9% unsecured convertible bonds due 2002	39,876	38,139	288,932
1.95% unsecured convertible bonds due 2003	39,968	39,342	298,045
2.0% unsecured convertible bonds due 2004	19,919	18,045	136,704
3.0% Swiss Franc notes due 1998 with warrants	29,578	29,578	224,076
3 1/8% U.S. dollar bonds due 2000 with warrants	50,341	50,341	381,371
4.1% bonds due 1999 with warrants	35,000	35,000	265,151
7 3/8% bonds due 1997	30,000	–	–
7.0% bonds due 1998	30,000	30,000	227,273
3 1/4% bonds due 1997	30,000	–	–
3 3/4% bonds due 1999	30,000	30,000	227,273
3.95% bonds due 1997	28,500	–	–
3.15% bonds due 1997	20,000	–	–
3.6% bonds due 1998	20,000	20,000	151,515
2.3% bonds due 2001	30,000	30,000	227,273
2.6% bonds due 2002	30,000	30,000	227,273
2.825% bonds due 2001	60,000	60,000	454,545
3.025% bonds due 2002	30,000	30,000	227,273
3.225% bonds due 2003	30,000	30,000	227,273
2.425% bonds due 2003	50,000	50,000	378,788
2.875% bonds due 2006	50,000	50,000	378,788
2.575% bonds due 2004	–	50,000	378,788
3.15% bonds due 2009	–	50,000	378,788
3.0% dual currency bonds due 2001	–	30,000	227,273
2.3% bonds due 2007	–	50,000	378,788
2.325% bonds due 2008	–	50,000	378,788
Bonds and notes issued by consolidated subsidiaries:			
Unsecured (3.00% - 3.45%, due 1997 - 2002)	54,647	45,812	347,060
Less amounts due within one year	202,692	165,460	1,253,485
	¥843,831	¥1,063,525	$8,057,008

Assets pledged as collateral for bank loans and long-term debt at March 31, 1997 and 1998 were summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	1997	1998	1998
Investments-noncurrent	¥ 352	¥ 330	$ 2,500
Property, plant and equipment, net	30,467	27,181	205,917
	¥30,819	¥27,511	$208,417

As is customary in Japan, substantially all loans from banks (including short-term loans) are made under general agreements which provide that, at the request of the banks, the borrower is required to provide collateral or guarantors (or additional collateral or guarantors, as appropriate) with respect to such loans, and that all assets pledged as collateral under such agreements will be applicable to all present and future indebtedness to the banks concerned. These general agreements further provide that the banks have the right, as the indebtedness matures or becomes due prematurely by default, to offset any deposits at the banks against the indebtedness.

The current conversion prices of the 3%, 1.3%, 1.4%, 1.9%, 1.95% and 2.0% convertble bonds issued by the Company are ¥1,093.90, ¥1,751.50, ¥1,751.50, ¥998.00, ¥998.00 and ¥998.00 per share, respectively, and the current exercise prices of the warrants issued with the 3.0% notes and the 3 1/8% and 4.1% bonds are ¥1,144.90, ¥1,220.00 and ¥1,144.90 per share, respectively. The conversion and exercise prices referred to above are subject to adjustment in certain circumstances including stock splits or free share distributions of common stock. At March 31, 1998, approximately 231 million shares of common stock were reserved for the conversion or exercise of all outstanding convertible bonds and warrants. Conversion options of convertible bonds and warrants are recorded under liabilities in accordance with accounting principles generally accepted in Japan.

Certain outstanding convertible bonds and notes can be repurchased at any time and may be redeemed at the option of the Company, in whole or in part, at prices ranging from 106% to 100% of their principal amounts.

The aggregate annual maturities of long-term debt subsequent to March 31, 1998 are summarized as follows:

Year ending March 31	Yen (millions)	U.S. dollars (thousands)
1999	¥165,460	$1,253,485
2000	109,522	829,712
2001	111,419	844,083
2002	177,682	1,346,076
2003 and thereafter	664,902	5,037,137

9. Retirement and severance benefits

Accrued severance benefits in the consolidated balance sheets comprise the principal pension plans which are unfunded defined benefit plans. Under the plans, employees are entitled to lump-sum payments based on current basic rates of pay and length of service. Accrued severance benefits in the consolidated balance sheets are stated at the present value of the vested benefit obligation which would be required if all employees voluntarily terminated their employment at the balance sheet dates. Provisions for employees' severance benefits charged to income for the years ended March 31, 1996, 1997 and 1998 amounted to ¥23,140 million, ¥26,697 million and ¥25,352 ($192,061) million, respectively.

In addition to the plans described above, substantially all employees of the Company and most subsidiaries in Japan are covered by contributory defined benefit plans which include a substitutional portion of the benefits under the National Welfare Pension Plan of Japan ("the NWP Plan"). The plans require that the liability reserve and annual contributions be actuarially calculated by the open aggregate cost method for the substitutional portion under the NWP Plan, and by the entry-age normal cost method for the remainder.

The liability reserve for the substitutional portion of the NWP Plan of the Company and certain subsidiaries at March 31, 1996 and 1997, the most recent valuation dates, amounted to ¥223,600 million and ¥217,740 million ($1,649,545 thousand), respectively. The liability reserve for the remainder at March 31, 1996 and 1997 amounted to ¥199,784 million and ¥245,892 million ($1,862,818 thousand), respectively.

The aggregate fair value of the plan assets of the contributory defined benefit plans, primarily marketable securities and loans, at March 31, 1996 and 1997 totaled ¥422,947 million and ¥463,782 million ($3,513,500 thousand), respectively.

The assumed rate for salary increases, the expected long-term rate of return and the discount rate for the above contributory pension plans were from 2.2% to 5.3%, 5.5%, and 5.5%, respectively.

The balance of past service cost of ¥35,479 million ($268,780 thousand) as of March 31, 1997 is being amortized over 8 years. Amortization of past service cost for the years ended March 31, 1995, 1996 and 1997 totaled ¥4,701 million, ¥5,132 million and ¥5,578 million ($42,258 thousand), respectively.

Most subsidiaries outside Japan have defined benefit pension plans and/or defined contribution pension plans covering substantially all employees. The major plan is the ICL Group Pension Plan, which is a defined benefit plan. The pension cost of the plan is calculated by the projected unit method. The plan is subject to formal actuarial valuation and the fair value of the plan assets at April 5, 1997, the most recent valuation date, was sufficient to cover the actuarial present value of future benefit obligations.

10. Income taxes

The presentation of the following income tax information is prepared in accordance with the regulations under the Securities and Exchange Law of Japan.

The Group is subject to a number of income taxes. The relationship between the aggregate statutory rate in Japan (approximately 50%) and the effective rates on income (loss) before income taxes is normally distorted as tax benefits are not available for the operating losses of certain consolidated subsidiaries, and also because of the effect of various tax credits, certain expenses of which are not deductible for income tax purposes, and the different tax rates applicable to the consolidated subsidiaries outside Japan.

Deferred income taxes at March 31, 1997 and 1998 were reflected in the accompanying consolidated balance sheets under the following captions:

	Yen (millions)		U.S. dollars (thousands)
	1997	1998	1998
Other current assets	¥15,371	¥17,266	$130,803
Other long-term liabilities	19,888	19,041	144,250

11. Shareholders' equity

The changes in the number of issued shares of common stock during the years ended March 31, 1996, 1997 and 1998 were as follows:

	Number of shares		
	1996	1997	1998
Balance at beginning of year	1,816,848,438	1,841,272,768	1,841,435,783
Exercise of warrants	–	–	16,661,107
Conversion of bonds	24,424,330	163,015	4,259,020
Balance at end of year	1,841,272,768	1,841,435,783	1,862,355,910

The issuance of shares upon conversion of convertible bonds and the exercise of stock purchase warrants are accounted for by crediting an amount equal to at least 50% of the amount of the issue to the common stock account and the balance to the capital surplus account in accordance with certain provisions of the Commercial Code of Japan, which became effective October 1, 1982.

The Commercial Code further provides that an amount equal to at least 10% of cash dividends and bonuses to directors and statutory auditors paid by a company and its subsidiaries in Japan from retained earnings be appropriated to the legal reserve until the reserve equals 25% of common stock.

Appropriations of retained earnings for the year ended March 31, 1998, which included year-end cash dividends of ¥9,311 million ($70,538 thousand), were recorded on the Company's statutory books of account after approval at the general shareholders' meeting held on June 26, 1998, and will be included in the consolidated balance sheet in the following year.

12. Derivative financial instruments

Purpose and classes of derivative financial instruments

The Company and representing consolidated subsidiaries in Japan enter into derivative financial instruments related to foreign currency and interest to reduce exposure arising from fluctuations in foreign currency exchange rates and interest rates, to reduce the costs of funds financed, and to improve the return of invested funds.

Policy for derivative financial instruments and risk levels

The Company and representing consolidated subsidiaries in Japan basically enter into derivative financial instruments only to cover the actual needs for receivables/liabilities, and not for speculative or dealing purposes.

The Company and representing consolidated subsidiaries in Japan in principle, have no intention to use derivative financial instruments that may enlarge market risks. Furthermore, the counterparties to derivative financial instruments are thoroughly evaluated in terms of credit risk. Therefore, the Company and representing consolidated subsidiaries in Japan regard derivative financial instruments they use have minimal market and credit risks.

The Company and representing consolidated subsidiaries in Japan had the following contracts at March 31, 1998.

		Yen (millions)		U.S. dollars (thousands)	
		1998		1998	
		Principal amount	Estimated fair value	Principal amount	Estimated fair value
Forward exchange contracts	Receivables	¥ 4,071	¥ 4,203	$ 30,841	$ 31,841
	Liabilities	1,452	2,033	11,000	15,402
Interest rate and currency swap contracts		126,113	(1,968)	955,402	(14,909)
Option contracts	Call	16,218	209	122,864	1,583
	Put	16,158	312	122,409	2,364

The fair value estimates presented above are made as of March 31, 1998, based on various assumptions. Accordingly, the Company and representing consolidated subsidiaries in Japan believe that the estimated fair value may be of limited usefulness.

13. Supplementary information to the consolidated balance sheets

Balances with affiliates at March 31, 1997 and 1998 were as follows:

	Yen (millions)		U.S. dollars (thousands)
	1997	1998	1998
Receivables, trade	¥85,600	¥88,817	$672,856
Payables, trade	30,735	36,842	279,106

14. Supplementary information to the consolidated statements of income

Research and development expenses charged to selling, general and administrative expenses for the years ended March 31, 1996, 1997 and 1998 amounted to ¥346,389 million, ¥352,818 million and ¥387,129 million ($2,932,795 thousand), respectively.

Other income (expenses) – other, net for the years ended March 31, 1996, 1997 and 1998 consisted of the following:

	Yen (millions)			U.S. dollars (thousands)
	1996	1997	1998	1998
Foreign exchange gains (losses), net	¥ 6,212	¥ 22,524	¥ (9,445)	$ (71,553)
Loss on disposal of property, plant and equipment	(9,824)	(11,656)	(12,866)	(97,470)
Expenses for issuance and offering of securities	(1,948)	(1,264)	(1,818)	(13,773)
Loss on devaluation of marketable securities	(1,290)	(5,283)	(13,200)	(100,000)
Gain on sales of marketable securities	–	–	14,593	110,553
Amortization of goodwill	(11,010)	(10,896)	(33,909)	(256,886)
Restructuring charges	(31,618)	(4,964)	–	–
Other, net	8,895	(6,550)	(5,871)	(44,477)
	¥(40,583)	¥(18,089)	¥(62,516)	$(473,606)

Restructuring charges related mainly to the reorganization of manufacturing and office facilities and the disposal of assets throughout the Group in order to streamline its business structure. The amount of ¥4,964 million for the year ended March 31, 1997 related to the restructuring of FDK Corporation. The amount of ¥31,618 million for the year ended March 31, 1996 included an exceptional charge incurred to facilitate the re-engineering of ICL.

15. Leases

At March 31, 1998 future minimum lease payments of the consolidated subsidiaries outside Japan amounted to ¥17,611 million ($133,416 thousand) for within one year, ¥60,457 million ($458,007 thousand) for over one year and within five years, and ¥35,279 million ($267,265 thousand) for over five years.

At March 31, 1998 future minimum lease payments of the Company and its consolidated subsidiaries in Japan amounted to ¥21,265 million ($161,098 thousand) for within one year, ¥39,596 million ($299,969 thousand) for over one year and within five years, and ¥15,356 million ($116,333 thousand) for over five years. Total lease payments for the years ended March 31,1997 and 1998 amouned to ¥21,993 million and ¥23,118 million ($175,136 thousand), respectively. The persentation of 1996 information was not required by the regulations under the Securities and Exchange Law of Japan.

16. Commitments and contingent liabilities

Commitments outstanding at March 31, 1998 for purchases of property, plant and equipment were approximately ¥20,636 million ($156,333 thousand) in the aggregate.

Contingent liabilities for guarantees given in the ordinary course of business and for loans to employees amounted to approximately ¥66,659 million ($504,992 thousand) at March 31, 1998.

17. Segment information

The following segment information is prepared in accordance with the regulations under the Securities and Exchange Law of Japan.

Industry segment information

In the information technology industry, the Group operates in one business segment. The Group, as a total supplier, supplies products and services which satisfy customers' needs by incorporating leading-edge technologies.

Geographic segment information

The following is a breakdown of net sales, operating income and total assets at March 31, 1996, 1997 and 1998 by geographic segment (presentation of 1996 and 1997 breakdown information on overseas segments was not required).

Years ended March 31

		Yen (millions)			
		Japan	Overseas	Elimination	Consolidated
1996	Net sales				
	Unaffiliated customers	¥2,829,526	¥ 932,440	¥ –	¥3,761,966
	Intersegment	292,405	170,255	(462,660)	–
	Total	¥3,121,931	¥1,102,695	¥(462,660)	¥3,761,966
	Operating income	¥ 194,805	¥ 15,033	¥ (3,956)	¥ 205,882
	Total assets	¥3,501,647	¥ 886,163	¥ (63,320)	¥4,324,490
1997	Net sales				
	Unaffiliated customers	¥3,376,708	¥1,126,766	¥ –	¥4,503,474
	Intersegment	385,520	278,621	(664,141)	–
	Total	¥3,762,228	¥1,405,387	¥(664,141)	¥4,503,474
	Operating income	¥ 218,644	¥ (20,410)	¥ 2,447	¥ 200,681
	Total assets	¥3,789,830	¥1,099,054	¥(161,197)	¥4,727,687

		Yen (millions)					
		Japan	Europe	The Americas	Other	Elimination	Consolidated
1998	Net sales						
	Unaffiliated customers	¥3,528,164	¥795,932	¥449,998	¥211,288	¥ –	¥4,985,382
	Intersegment	482,785	30,751	61,694	312,581	(887,811)	–
	Total	¥4,010,949	¥826,683	¥511,692	¥523,869	¥(887,811)	¥4,985,382
	Operating income	¥ 219,095	¥ 3,566	¥ (38,106)	¥ 26,642	¥ 65	¥ 211,262
	Total assets	¥3,942,138	¥711,051	¥488,686	¥275,313	¥(294,125)	¥5,123,063

		U.S. dollars (thousands)					
		Japan	Europe	The Americas	Other	Elimination	Consolidated
1998	Net sales						
	Unaffiliated customers	$26,728,515	$6,029,788	$3,409,076	$1,600,666	$ –	$37,768,045
	Intersegment	3,657,462	232,962	467,379	2,368,038	(6,725,841)	–
	Total	$30,385,977	$6,262,750	$3,876,455	$3,968,704	$(6,725,841)	$37,768,045
	Operating income	$ 1,659,811	$ 27,015	$ (288,682)	$ 201,834	$ 492	$ 1,600,470
	Total assets	$29,864,682	$5,386,750	$3,702,167	$2,085,704	$(2,228,220)	$38,811,083

18. Subsequent event

The Company issued ¥30,000 million ($ 227,273 thousand) 3.0% bonds due 2018 on May 8, 1998 and ¥50,000 million ($378,788 thousand) 2.175% bonds due 2008 on June 10, 1998.