



# Afia Corporation - Results of Operations

(June 24, 2003 - March 31, 2004)

(1) Key operations, location, shares, employees, etc

(2) Key results of operations

This fiscal year was the Afia's first, and thus efforts were focused on building infrastructure and establishing its brand in the marketplace. Thus, revenues were low and a net loss was reported.

While several long-term corporate projects and contracts have been secured in the management consulting space, revenues for the fiscal year were raised predominantly from individual clients. Plans to relocate headquarters have been postponed.

Afia was incorporated under the provisions for minimal capital initiated in February 2003; however a capital increase to 10 million yen in February 2004 has freed Afia from the additional filing requirements that accompanied this provision. No change in employees has occurred during this fiscal year.

(3) Relationship with parent company / subsidiaries; other matters relating to consolidation

(4) Description of operations and accounts during last 3 fiscal years

N/A

(5) Issues faced by the company

Securing a constant source of revenue is the first priority, followed by the securing of additional human capital.

(6) Scope of auditor's work and position within the company

Afia's auditor is external and thus is able to exercise free judgment on accounting matters. Ledgers and financial statements created by the president & CEO have been reviewed by the auditor in electronic form such that incorrect formulas as well as incorrect accounting



treatment can be detected.

Afia is a “small corporation” as defined by the Japanese Commercial Code and thus the auditor’s scope is limited to the auditing of accounting practices and statements.

(7) Top 7 shareholders and number of shares held; capital injections

President & CEO Takeshi Okamoto holds 100% of the shares outstanding. The capital increase of 8 million yen in February 2004 was also fully funded by Takeshi Okamoto. Number of shares outstanding increased from 40,000 to 200,000; authorized shares increased from 160,000 to 800,000.

(8) Borrowings

(8-2) Treasury stock

(9) Important issues since the end of the fiscal year

N/A

Best regards,

Takeshi Okamoto  
President & CEO  
Afia Corporation

May 28, 2004