

as indefinite lived assets; (ii) an entry to reduce intangible assets and retained earnings by approximately \$8.8 million to reflect a reduction in the carrying amount of the marketing rights previously purchased from a group of controlling shareholders to its carryover basis; and (iii) an entry to reclassify approximately \$7.4 million from goodwill to distributor network and trade names and trademarks to retroactively reflect intangible assets acquired.

As a result of these changes the Company recorded an additional \$0.9 million of amortization related to these assets through the remainder of 2004 and will continue to recognize an additional \$1.2 million of such amortization per year through the remainder of the useful lives, which approximate 11 years as of December 31, 2004.

Goodwill and indefinite life intangible assets are not amortized, rather they are subject to annual impairment tests. Annual impairment tests were completed resulting in no impairment charges for any of the periods shown. Finite life intangibles are amortized over their useful lives unless circumstances occur that cause the Company to revise such lives or review such assets for impairment.

6. OTHER ASSETS

Other assets consist of the following:

	December 31,	
	2003	2004
	(U.S. dollars in thousands)	
Deferred taxes	\$ 32,936	\$ 34,856
Deposits for noncancelable operating leases	15,912	11,636
Deposit for customs assessment (Note 19)	—	11,820
Other	14,220	15,114
	<u>\$ 63,068</u>	<u>\$ 73,426</u>

7. ACCRUED EXPENSES

Accrued expenses consist of the following:

	December 31,	
	2003	2004
	(U.S. dollars in thousands)	
Accrued commission payments to distributors	\$ 39,405	\$ 43,845
Income taxes payable	7,792	6,612
Other taxes payable	8,916	5,521
Accrued payroll and payroll taxes	14,618	11,435
Accrued contingent payable (Note 20)	—	8,217
Other accruals	24,337	31,596
	<u>\$ 95,068</u>	<u>\$ 107,226</u>

8. LONG-TERM DEBT

The Company maintains a \$25.0 million revolving credit facility that expires in May 2007. Drawings on this revolving credit facility may be used for working capital, capital expenditures and other purposes including repurchases of the Company's outstanding shares of Class A common stock. As of December 31, 2004, there were no outstanding balances under this revolving credit facility.

The Company also has a \$125.0 million multi-currency private uncommitted shelf facility with Prudential Investment Management, Inc. As of December 31, 2004, we had \$70.0 million outstanding under our shelf facility, \$5.0 million of which is included in the current portion of long-term debt. This long-term debt is U.S. dollar denominated, bears interest of approximately 4.5% per annum and is amortized in two tranches over five and seven years. The Company's long-term debt also includes the long-term portion of Japanese yen denominated ten-year senior notes issued to the Prudential Insurance Company of America in 2000. The notes bear interest at an effective rate of 3.0% per annum and are due October 2010, with annual principal payments that began in October 2004. As of December 31, 2004, the outstanding balance on the notes was 8.3 billion Japanese yen, or \$81.2 million, \$13.5 million of which is included in the current portion of long-term debt. The Japanese notes and the revolving and shelf credit facilities are secured by guarantees issued by our material subsidiaries or by pledges of 65% to 100% of the outstanding stock of our material subsidiaries.