

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥107.00 = U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2005, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

4. Cash Flow Information

The components of cash and cash equivalents are summarized as follows:

	March 31,		
	2005	2004	2005
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Cash and time deposits	¥5,218,478	¥4,130,377	\$48,771
Time deposits with maturities of more than three months	(23,140)	(23,323)	(216)
Credit balances of current accounts included in short-term bank loans	(61,227)	(1,019)	(572)
Current assets – other (Deposits Paid)	760	186	7
	<u>¥5,134,871</u>	<u>¥4,106,222</u>	<u>\$47,989</u>

The following is a summary of the assets and liabilities which the Company taken over as a result of the merger with JAS TRADING CO, LTD. (“JTR”) for the year ended March 31, 2004:

	March 31, 2004
	<i>(Thousands of yen)</i>
Current assets	¥1,540,835
Noncurrent assets	1,006,249
Total assets	<u>2,547,085</u>
Current liabilities	2,023,379
Noncurrent liabilities	51,518
Total liabilities	<u>¥2,074,898</u>

As a result of the merger with JTR, capital surplus at March 31, 2004 increased by ¥50,000 thousand.

5. Fair Value of Securities

The Company and its consolidated subsidiaries did not possess any trading securities or held-to-maturity securities at March 31, 2005 and 2004. Securities classified as other securities have been included in “investments and advances – other” in the accompanying consolidated balance sheets at March 31, 2005 and 2004.

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2005 and 2004 are summarized as follows:

	March 31, 2005		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	<i>(Thousands of yen)</i>		
Unrealized gain:			
Stocks	¥20,709	¥47,643	¥26,933
Bonds:			
Government bonds	7,162	8,504	1,341
Other	3,794	4,114	319
	<u>31,666</u>	<u>60,261</u>	<u>28,595</u>
Unrealized loss:			
Stocks	9,187	8,480	(706)
	<u>9,187</u>	<u>8,480</u>	<u>(706)</u>
Total	<u>¥40,854</u>	<u>¥68,742</u>	<u>¥27,888</u>
	March 31, 2005		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	<i>(Thousands of U.S. dollars)</i>		
Unrealized gain:			
Stocks	\$194	\$445	\$252
Bonds:			
Government bonds	67	79	13
Other	35	38	3
	<u>296</u>	<u>563</u>	<u>267</u>
Unrealized loss:			
Stocks	86	79	(7)
	<u>86</u>	<u>79</u>	<u>(7)</u>
Total	<u>\$382</u>	<u>\$642</u>	<u>\$261</u>

5. Fair Value of Securities (continued)

	March 31, 2004		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	<i>(Thousands of yen)</i>		
Unrealized gain:			
Stocks	¥13,512	¥39,419	¥25,907
Bonds:			
Government bonds	7,162	8,859	1,697
Other	3,791	4,037	246
	<u>24,466</u>	<u>52,317</u>	<u>27,851</u>
Unrealized loss:			
Stocks	16,384	15,240	(1,143)
	<u>16,384</u>	<u>15,240</u>	<u>(1,143)</u>
Total	<u>¥40,850</u>	<u>¥67,558</u>	<u>¥26,707</u>

Non-marketable securities classified as other securities at March 31, 2005 and 2004 amounted to ¥125,728 thousand (\$1,175 thousand) and ¥137,475 thousand, respectively.

Proceeds from sales of securities classified as other securities amounted to ¥28,112 thousand (\$263 thousand), ¥202,457 thousand and ¥61,257 thousand with an aggregate gain of ¥15,995 thousand (\$149 thousand), ¥123,114 thousand and ¥1,446 thousand and an aggregate loss of nil for the years ended March 31, 2005, 2004 and 2003, respectively.

The redemption schedule for securities with maturity dates which were classified as other securities as of March 31, 2005 and 2004 are summarized as follows:

	March 31, 2005	
	Due in one year or less	Due after one year through five years
	<i>(Thousands of yen)</i>	
Bonds:		
Government bonds	¥ –	¥ 7,500
Other:		
Investment trusts	–	4,114
Total	<u>¥ –</u>	<u>¥11,614</u>

	March 31, 2005	
	Due in one year or less	Due after one year through five years
	<i>(Thousands of U.S. dollars)</i>	
Bonds:		
Government bonds	\$ –	\$ 70
Other:		
Investment trusts	–	38
Total	<u>\$ –</u>	<u>\$109</u>

5. Fair Value of Securities (continued)

	March 31, 2004	
	Due in one year or less	Due after one year through five years
	<i>(Thousands of yen)</i>	
Bonds:		
Government bonds	¥ –	¥ 7,500
Other:		
Investment trusts	–	4,037
Total	¥ –	¥11,537

6. Impairment of Fixed Assets

For the year ended March 31, 2005, the Company and its domestic consolidated subsidiaries recognized impairment losses on fixed assets of ¥123,340 thousand (\$1,153 thousand) which consisted of the following:

Location	Use	Classification	Years ended March 31,	
			2005	2005
			<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
Izumisano-shi, Osaka and other 6 shops	Airport shop	Furniture and other	¥72,017	\$673
Ito-shi, Shizuoka	Unused assets	Land	51,322	480

Assets are classification into groups based on their business segment as cash-generation units which are defined as the smallest identifiable group of assets which generate cash inflows and which are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss on airport shops was recognized due to significant decrease in expected future cash flows on the medium-range strategy plan decided in March 2005. An impairment loss on unused assets was recognized as a recovery in market value is not expected and because certain assets have been scheduled for disposal.

The recoverable amount of airport shops was measured by their usage value and future cash flows at a discount rate of 8.1%. The recoverable amount of the unused assets was measured by the net realized value based on the buying and selling transaction prices.