

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, 2006 and 2005. Securities classified as other securities have been included in “investments and advances – other” in the accompanying consolidated balance sheets at March 31, 2006 and 2005.

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2006 and 2005 are summarized as follows:

	March 31, 2006		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	<i>(Thousands of yen)</i>		
Unrealized gain:			
Stocks	¥23,279	¥60,230	¥36,951
Bonds:			
Government bonds	7,162	8,060	898
Other	3,798	6,307	2,509
	<u>34,239</u>	<u>74,599</u>	<u>40,359</u>
Unrealized loss:			
Stocks	6,617	5,475	(1,142)
	<u>6,617</u>	<u>5,475</u>	<u>(1,142)</u>
Total	<u>¥40,857</u>	<u>¥80,074</u>	<u>¥39,216</u>

	March 31, 2006		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	<i>(Thousands of U.S. dollars)</i>		
Unrealized gain:			
Stocks	\$199	\$515	\$316
Bonds:			
Government bonds	61	69	8
Other	32	54	21
	<u>293</u>	<u>638</u>	<u>345</u>
Unrealized loss:			
Stocks	57	47	(10)
	<u>57</u>	<u>47</u>	<u>(10)</u>
Total	<u>\$349</u>	<u>\$684</u>	<u>\$335</u>

5. Fair Value of Securities (continued)

	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>

Non-marketable securities classified as other securities at March 31, 2006 and 2005 amounted to ¥292,883 thousand (\$2,503 thousand) and ¥125,728 thousand, respectively.

Proceeds from sales of securities classified as other securities amounted to ¥28,112 thousand and ¥202,457 thousand with an aggregate gain of ¥15,995 thousand and ¥123,114 thousand and an aggregate loss of nil for the years ended March 31, 2005 and 2004, respectively.

The redemption schedule for securities with maturity dates which were classified as other securities as of March 31, 2006 and 2005 are summarized as follows:

	March 31, 2006	
	Due after one year through five years	Due after five years through ten years
	<i>(Thousands of yen)</i>	
Bonds:		
Government bonds	¥ –	¥7,500
Other:		
Investment trusts	6,307	–
Total	<u>¥6,307</u>	<u>¥7,500</u>

	March 31, 2006	
	Due in one year or less	Due after one year through five years
	<i>(Thousands of U.S. dollars)</i>	
Bonds:		
Government bonds	\$ –	\$64
Other:		
Investment trusts	54	–
Total	<u>\$54</u>	<u>\$64</u>

5. Fair Value of Securities (continued)

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

6. Impairment of Fixed Assets

For the years ended March 31, 2006 and 2005, the Company recognized impairment losses on fixed assets of ¥26,507 thousand (\$227 thousand) and ¥123,340 thousand which consisted of the following:

<u>Location</u>	<u>Use</u>	<u>Classification</u>	<u>Year ended March 31,</u>		
			<u>2006</u>	<u>2005</u>	<u>2006</u>
			<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Aomori-shi, Aomori and other 4 shops	Airport shop	Furniture and other	¥26,507	¥ –	\$227
Izumisano-shi, Osaka and other 6 shops	Airport shop	Furniture and other	–	72,017	–
Ito-shi, Shizuoka	Unused assets	Land	–	51,322	–

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 2006 and 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.

For the years ended March 31, 2006 and 2005, the recoverable amount of airport shops was measured by their usage value and future cash flows at discount rates of 5.2% and 8.1%. The recoverable amount of the unused assets was measured by the net realized value based on the buying and selling transaction prices.