

7. Short-Term Borrowings and Long-Term Debt

The weighted average interest rates on short-term borrowings outstanding at March 31, 2006 and 2005 were 3.95% and 2.01%, respectively.

Long-term debt at March 31, 2006 and 2005 consisted of the following:

	March 31,		
	2006	2005	2006
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Loans with collateral, due 2005 to 2010, at rates ranging from 3.84% to 5.69%	¥ 2,154,305	¥ 1,639,587	\$18,413
Loans without collateral, due 2005 to 2013, at rates ranging from 1.20% to 1.49%	1,547,729	2,398,500	13,228
Other	419,112	301,070	3,582
	<u>4,121,147</u>	<u>4,339,157</u>	<u>35,223</u>
Less current portion of long-term debt	<u>(1,153,966)</u>	<u>(1,580,510)</u>	<u>(9,863)</u>
	<u>¥ 2,967,180</u>	<u>¥ 2,758,646</u>	<u>\$25,361</u>

The aggregate annual maturities of long-term debt subsequent to March 31, 2006 are summarized as follows:

<u>Year ending March 31,</u>	<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>
2007	¥1,153,966	\$ 9,863
2008	864,095	7,385
2009	592,260	5,062
2010	405,973	3,470
2011 and thereafter	1,104,851	9,443
	<u>¥4,121,147</u>	<u>\$35,223</u>

Assets pledged as collateral for long-term debt at March 31, 2006 and 2005 are summarized as follows:

	March 31,		
	2006	2005	2006
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Land	¥ 198,357	¥ 175,056	\$ 1,695
Buildings and structures, net of accumulated depreciation	1,351,567	1,126,923	11,552
Flight equipment, net of accumulated depreciation	2,008,356	1,058,065	17,165
	<u>¥3,558,282</u>	<u>¥2,360,044</u>	<u>\$30,413</u>

8. Accrued Pension and Severance Costs

An employee whose employment is terminated is entitled, in most cases, to pension payments or lump-sum severance indemnities, the amounts of which are determined by reference to the basic rate of pay, length of service and the conditions under which the termination occurs.

The Company and the consolidated domestic subsidiaries have principally non-contributory defined pension plans. Certain consolidated foreign subsidiaries have defined contribution pension plans.

The projected benefit obligation and the funded status of the plans including a portion of the governmental welfare pension program were as follows:

	March 31,		
	2006	2005	2006
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Projected benefit obligation	¥(2,786,977)	¥(2,661,333)	\$(23,820)
Plan assets	2,486,934	2,137,176	21,256
Accrued pension and severance costs	283,616	329,100	2,424
Net unrecognized amount	<u>¥ (16,426)</u>	<u>¥ (195,055)</u>	<u>\$ (140)</u>

In computing the projected benefit obligation, several simplified methods are permitted for small companies, and certain of the Company's consolidated subsidiaries have adopted such methods.

The net unrecognized amount was as follows:

	March 31,		
	2006	2005	2006
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Actuarial assumption adjustment	¥(16,426)	¥(195,055)	\$(140)
Net unrecognized amount	<u>¥(16,426)</u>	<u>¥(195,055)</u>	<u>\$(140)</u>

8. Accrued Pension and Severance Costs (continued)

The components of net periodic pension and severance costs excluding the employees' contributory portion were as follows:

	Year ended March 31,			
	2006	2005	2004	2006
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Service cost	¥151,136	¥137,585	¥133,086	\$1,292
Interest cost on projected benefit obligation	65,202	62,666	68,545	557
Expected return on plan assets	(53,116)	(50,858)	(47,166)	(454)
Amortization of unrecognized benefit obligation at transition	–	70,477	70,477	–
Amortization of actuarial assumption adjustment	57,071	57,372	40,010	488
Net periodic pension and severance costs	<u>¥220,293</u>	<u>¥277,242</u>	<u>¥264,953</u>	<u>\$1,883</u>

The contributions based on the defined contribution pension plans have been charged to income as paid.

The assumptions used were as follows:

	2006	2005
Discount rate	2.5%	2.5%
Expected rate of return on plan assets	2.5%	2.5%

9. Other Income (Expenses)

The components of “Other, net” in “Non-operating income (expenses)” for each of the three years in the period ended March 31, 2006, 2005 and 2004 were as follows:

	Year ended March 31,			
	2006	2005	2004	2006
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Dividends received	¥ 36,556	¥ 38,274	¥ 55,320	\$ 312
Exchange (loss) gain, net	583,288	(110,201)	(342,910)	4,985
Gain on sales of property and equipment	12,022	237,385	306,203	103
Gain on sales of investments in securities	–	15,995	123,114	–
Gains on exemptions from consumption taxes	130,131	–	–	1,112
Loss on disposal of property and equipment	(26,312)	(156,139)	(51,981)	(225)
Loss on revaluation of investments in securities	–	–	(7,800)	–
Loss on revaluation of inventories	(95,181)	–	–	(814)
Revision of the loss of prior year of receivables	(35,522)	–	–	(304)
Impairment losses on fixed assets	(26,507)	(123,340)	–	(227)
Loss on advanced repayment of bank loans	–	–	(47,574)	–
Other, net	113,202	155,283	67,581	968
	<u>¥691,679</u>	<u>¥ 57,259</u>	<u>¥ 101,954</u>	<u>\$5,912</u>