

4. Investments in Associated Companies

Summarized financial information in respect of associated companies as of March 31, 2006 and 2005, and for the years ended March 31, 2006, 2005 and 2004 is shown below:

	Millions of Yen		Millions of U.S. dollars
	2006	2005	2006
Current assets	¥ 4,625,846	¥ 2,190,830	\$ 39,379
Non-current assets, principally property and equipment	2,680,672	2,058,890	22,820
Total assets	7,306,518	4,249,720	62,199
Current liabilities	3,332,076	2,103,862	28,365
Long-term debt and others	2,918,157	1,168,026	24,842
Stockholders' equity	1,056,285	977,832	8,992
Total liabilities and stockholders' equity	¥ 7,306,518	¥ 4,249,720	\$ 62,199

	Millions of Yen			Millions of U.S. dollars
	2006	2005	2004	2006
Total trading transactions	¥ 6,526,254	¥ 5,522,258	¥ 5,049,194	\$ 55,557
Net earnings	125,826	63,260	55,311	1,071

Included above in current assets, non-current assets, current liabilities and long-term debt and others are amounts due to and from the Company and its subsidiaries as shown in the accompanying consolidated balance sheets.

Total trading transactions and purchases of the Company and its subsidiaries with associated companies for the years ended March 31, 2006, 2005 and 2004 are summarized as follows:

	Millions of Yen			Millions of U.S. dollars
	2006	2005	2004	2006
Total trading transactions ...	¥ 817,657	¥ 697,563	¥ 642,112	\$ 6,961
Purchases	184,549	157,612	143,984	1,571

Dividends received from associated companies for the years ended March 31, 2006, 2005 and 2004 were ¥8,498 million (\$72 million), ¥5,822 million and ¥5,549 million, respectively.

The Company and its subsidiaries account for investments in associated companies (generally companies owned 20% to 50%) by the equity method. Significant equity method investees include Orient Corporation (21.0%), Century Leasing System, Inc. (20.1%), Marubeni-Itochu Steel Inc. (50.0%), FamilyMart Co., Ltd. (31.0%) and kabu.com Securities Co., Ltd. (23.0%). The percentages shown parenthetically in the above sentence are voting shares held by the Company and its subsidiaries at March 31, 2006.

Investments in the common stock of associated companies include marketable equity securities in the carrying amounts of ¥321,085 million (\$2,733 million) and ¥252,881 million at March 31, 2006 and 2005, respectively. Corresponding aggregate quoted market values were ¥445,621 million (\$3,793 million) and ¥300,215 million at March 31, 2006 and 2005, respectively.

The balances of equity method goodwill as of March 31, 2006 and 2005 were ¥173,906 million (\$1,480 million) and ¥106,372 million, respectively.

Upon the adoption of SFAS 142 on April 1, 2002, the Company and its subsidiaries ceased amortization of goodwill and have subsequently tested such goodwill for impairment. During the year ended March 31, 2005, the Company and its subsidiaries recorded a ¥45,121 million impairment loss on the equity method goodwill of their investment in FamilyMart Co., Ltd ("FamilyMart"). The loss was included in "Gain (loss) on disposal of investments and marketable securities, net of write-down" in the consolidated statements of operations and represents the difference between the carrying value of the investment in FamilyMart and estimated fair value. The fair value was determined by the Company and its subsidiaries using discounted cash flow analysis prepared by third-party appraisers, which were prepared using the best-estimated future cash flow available, and by reference to the quoted market price of FamilyMart's publicly traded common stock.