

## 8. Impairment of Long-lived Assets

The Company and its subsidiaries recognized impairment losses on long-lived assets of ¥4,735 million (\$44 million), ¥125,343 million and ¥2,150 million for the years ended March 31, 2005, 2004 and 2003, respectively, which were included in "Loss on property and equipment-net" in the consolidated statements of operations. The impaired assets were primarily domestic commercial rental buildings in the Finance, Realty, Insurance & Logistics Services operating segment for the year ended March 31, 2005 and domestic commercial rental buildings and golf courses in the Finance, Realty,

Insurance & Logistics Services operating segment and domestic property held for lease and unutilized assets in the Other, Adjustments & Eliminations operating segment for the year ended March 31, 2004. The impairments were generally due to the slow recovery of rents for commercial buildings and to the continuous decline in the market value of land in Japan.

The fair values of long-lived assets were primarily determined based on discounted cash flows and independent appraisals by third parties.

Impairment losses recognized for the years ended March 31, 2005, and 2004 by operating segment were as follows:

	Millions of Yen		Millions of U.S. dollars
	2005	2004	2005
Textile .....	¥ 783	¥ 188	\$ 7
Machinery .....	87	1,913	1
Aerospace, Electronics & Multimedia .....	703	1,330	6
Chemicals, Forest Products & General Merchandise .....	192	7	2
Food .....	578	1,035	5
Finance, Realty, Insurance & Logistics Services .....	1,144	91,920	11
Other, Adjustments & Eliminations .....	1,248	28,950	12
Total .....	¥ 4,735	¥ 125,343	\$ 44

The Company also recognized impairment losses on investments in real estate of ¥1,457 million and ¥583 million for the years ended March 31, 2004 and 2003, respectively, which were included in "Loss on disposal of investments and marketable securities, including write-down" in the consolidated

statements of operations. The impaired assets included certain domestic land held for development purpose.

The impairments were mainly due to the continuous decline in the market value of land in Japan.