

5. Impaired Loans and Allowance for Doubtful Receivables

An analysis of the changes in the allowance for doubtful receivables is as follows:

	Millions of Yen		Millions of U.S. dollars
	2005	2004	2005
Balance at beginning of year	¥ 196,599	¥ 230,866	\$ 1,831
Provision for doubtful receivables	6,181	10,624	58
Charge-offs	(46,854)	(36,812)	(436)
Other	7,525	(8,079)	69
Balance at end of year	¥ 163,451	¥ 196,599	\$ 1,522

Other changes consisted primarily of the effects due to changes in the number of consolidated subsidiaries and changes in foreign currency exchange rates. Net change during the year

ended March 31, 2003 was a decrease of ¥45,045 million.

The carrying amounts of impaired loans within the scope of SFAS 114 as of March 31, 2005 and 2004 were ¥183,566 million (\$1,709 million) and ¥219,923 million, respectively. The allowance for doubtful receivables related to those impaired loans was ¥133,120 million (\$1,240 million) and ¥158,663 million, as of March 31, 2005 and 2004, respectively. The recorded investment in the impaired loans, net of the allowance for doubtful receivables, is either secured by collateral or believed to be collectible.

The average amounts of impaired loans during the years ended March 31, 2005, 2004 and 2003 were ¥200,513 million (\$1,867 million), ¥245,049 million and ¥292,959 million, respectively. The amounts of interest income recognized on the impaired loans for the years ended March 31, 2005, 2004 and 2003 were not significant.

6. Goodwill and Other Intangible Assets

Intangible assets subject to amortization at March 31, 2005 and 2004 comprised the following:

	Millions of Yen				Millions of U.S. dollars	
	2005		2004		2005	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Trademarks	¥ 23,305	¥ (8,046)	¥ 23,744	¥ (6,612)	\$ 217	\$ (75)
Software	37,036	(19,534)	40,429	(20,434)	345	(182)
Others	17,812	(5,522)	18,801	(6,325)	166	(52)
Total	¥ 78,153	¥ (33,102)	¥ 82,974	¥ (33,371)	\$ 728	\$ (309)

Intangible assets subject to amortization that were acquired during the year ended March 31, 2005 totaled ¥9,315 million (\$87 million), and consisted primarily of software of ¥5,082 million (\$47 million) and agent contracts of ¥3,506 million (\$33 million). The weighted average amortization periods for software and agent contracts that were acquired during the year ended March 31, 2005 were both 5 years. They are generally amortized using the straight-line method for software and agent contracts.

The aggregate amortization expense for intangible assets for the years ended March 31, 2005, 2004 and 2003 were ¥10,789 million (\$100 million), ¥9,513 million and ¥9,800 million, respectively. The estimated aggregate amortization expense for intangible assets for the next five years is as follows:

Years ending March 31	Millions of Yen	Millions of U.S. dollars
2006	¥ 10,060	\$ 94
2007	8,935	83
2008	5,283	49
2009	3,851	36
2010	2,519	23

The carrying amount of intangible assets with indefinite useful lives which are therefore not subject to amortization comprised the following at March 31, 2005 and 2004:

	Millions of Yen		Millions of U.S. dollars
	2005	2004	2005
Unlimited land lease	¥ 1,532	¥ 1,883	\$ 14
Trademarks and others	6,629	5,619	62
Total	¥ 8,161	¥ 7,502	\$ 76

Intangible assets with indefinite useful life that are not subject to amortization were acquired during the year ended March 31, 2005, and mainly consisted of franchise agreements of ¥1,326 million (\$12 million).

As a result of testing for impairment of goodwill, impairment losses amounting to ¥549 million (\$5 million), ¥474 million and ¥1,077 million, respectively, were recognized during the years ended March 31, 2005, 2004 and 2003.