

Significant components of deferred tax assets and liabilities at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Millions of U.S. dollars
	2006	2005	2006
Deferred tax assets:			
Inventories, property and equipment	¥ 129,270	¥ 131,984	\$ 1,101
Allowance for doubtful receivables	26,004	41,455	221
Net operating loss carryforwards	16,802	17,057	143
Accrued retirement and severance benefits	9,318	2,532	79
Marketable securities and investments	60,293	62,562	513
Other	31,104	31,388	265
Total deferred tax assets	272,791	286,978	2,322
Less valuation allowance	(56,640)	(54,839)	(482)
Deferred tax assets-net	216,151	232,139	1,840
Deferred tax liabilities:			
Installment sales	(396)	(483)	(3)
Accrued retirement and severance benefits	(53,261)	(45,043)	(454)
Marketable securities and investments	(67,385)	(29,532)	(574)
Other	(42,654)	(20,355)	(363)
Total deferred tax liabilities	(163,696)	(95,413)	(1,394)
Net deferred tax assets	¥ 52,455	¥ 136,726	\$ 446

Net changes in the valuation allowance for the years ended March 31, 2006, 2005 and 2004 were an increase of ¥1,801 million (\$15 million), an increase of ¥8,114 million and a decrease of ¥13,237 million, respectively.

The amount of undistributed earnings of foreign subsidiaries for which no deferred tax liability has been provided aggregated ¥129,710 million (\$1,104 million) and ¥89,225 million at March 31, 2006 and 2005, respectively. Most of the undistributed earnings of domestic subsidiaries are not considered to be a taxable temporary difference under present Japanese tax laws. It is not practicable to determine the deferred tax liability for undistributed earnings of foreign subsidiaries.

Net operating loss carryforwards are available to reduce future income taxes. If not utilized, such operating loss carryforwards expire as follows:

	Millions of Yen	Millions of U.S. dollars
within 1 year	¥ 64	\$ 0
within 2 years	2	0
within 3 years	3,357	29
within 4 years	3,058	26
within 5 years	3,428	29
After 5 to 10 years	9,434	80
After 10 to 15 years	1,078	9
After 15 years	28,500	243
Total	¥ 48,921	\$ 416

"Income (loss) before income taxes, minority interests, equity in earnings of associated companies, extraordinary items and cumulative effect of an accounting change" for the years ended March 31, 2006, 2005 and 2004 comprised as follows:

	Millions of Yen			Millions of U.S. dollars
	2006	2005	2004	2006
The Company and its domestic subsidiaries	¥ 139,774	¥ 72,407	¥ (98,052)	\$ 1,190
Foreign subsidiaries	77,095	47,551	6,006	656
Total	¥ 216,869	¥ 119,958	¥ (92,046)	\$ 1,846

"Income taxes" for the years ended March 31, 2006, 2005 and 2004 comprised as follows:

	Millions of Yen									Millions of U.S. dollars		
	2006			2005			2004			2006		
	Current	Deferred	Total	Current	Deferred	Total	Current	Deferred	Total	Current	Deferred	Total
The Company and its domestic subsidiaries	¥40,725	¥41,111	¥ 81,836	¥28,272	¥18,031	¥46,303	¥24,165	¥(72,462)	¥(48,297)	\$347	\$350	\$697
Foreign subsidiaries	24,507	580	25,087	18,715	(2,475)	16,240	6,957	(4,117)	2,840	208	5	213
Total	¥65,232	¥41,691	¥106,923	¥46,987	¥15,556	¥62,543	¥31,122	¥(76,579)	¥(45,457)	\$555	\$355	\$910