13. Foreign Exchange Gains and Losses

Net foreign exchange gains of ¥2,774 million ($24 million) and ¥5,372 million and loss of ¥8,737 million for the years ended March 31, 2006, 2005 and 2004, respectively, were included in "Other-net" within the accompanying consolidated statements of operations.

14. Income Taxes

The Company and its domestic subsidiaries are subject to a number of taxes based on income, which in the aggregate result in a normal income tax rate of approximately 41%. The normal income tax rate was 42% for the years ended March 31, 2004.

Foreign subsidiaries are subject to income taxes of the countries where they operate.

Effective for the year ended March 31, 2003, the Company adopted a consolidated taxation system.

A reconciliation between the normal and the effective income tax rate is as follows:

	2006	2005	2004
Normal income tax rate	41.0%	41.0%	(42.0)%
Expenses not deductible for tax purposes	1.0	1.3	1.7
Difference of tax rates for foreign subsidiaries	(2.5)	(2.3)	(2.3)
Tax effect on dividends	5.1	5.1	10.1
Valuation allowance	1.1	8.1	(11.6)
Other	3.6	(1.1)	(5.3)
Effective income tax rate	49.3%	52.1%	(49.4)%

Amounts provided for income taxes for the years ended March 31, 2006, 2005 and 2004 were allocated as follows:

	Millions of Yen			Millions of U.S. dollars
	2006	2005	2004	2006
Income taxes	¥ 106,923	¥ 62,543	¥ (45,457)	$ 910
Extraordinary items-gain on negative goodwill	—	—	1,271	—
Cumulative effect of an accounting change	(1,474)	—	—	(12)
Other comprehensive (income) loss	30,770	(1,874)	29,992	262
Total income tax (benefit) expense	¥ 136,219	¥ 60,669	¥ (14,194)	$ 1,160