11. Foreign Exchange Gains and Losses

Net foreign exchange gains of ¥5,372 million ($50 million) and losses of ¥8,737 million and ¥5,164 million for the years ended March 31, 2005, 2004 and 2003, respectively, were included in "Other-net" within the accompanying consolidated statements of operations.

12. 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 tax rate of approximately 41%. The normal tax rate was 42% for the years ended March 31, 2004 and 2003.

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 of the normal and the effective tax rate is as follows:

	2005	2004	2003
Normal income tax rate	41.0%	(42.0)%	42.0%
Expenses not deductible for tax purposes	1.3	1.7	2.8
Difference of tax rates for foreign subsidiaries	(2.3)	(2.3)	(3.0)
Tax benefits not recognized on operating losses of subsidiaries	3.6	3.2	3.0
Tax benefits on losses of subsidiaries	(4.0)	(5.9)	(11.1)
Tax on dividends	5.8	6.6	20.5
Effect on deferred tax assets and deferred tax liabilities from a change in the tax regulations	—	—	3.8
Foreign tax credits	2.0	7.4	5.3
Valuation allowance	4.3	(16.8)	11.4
Other	0.4	(1.3)	4.5
Effective income tax rate	52.1%	(49.4)%	79.2%

Amounts provided for income taxes for the years ended March 31, 2005, 2004 and 2003 were allocated as follows:

	Millions of Yen			Millions of U.S. dollars
	2005	2004	2003	2005
Income taxes	¥ 62,543	¥ (45,457)	¥ 45,652	$ 582
Extraordinary items-gain on negative goodwill	—	1,271	—	—
Other comprehensive (income) loss	(1,874)	29,992	(12,305)	(18)
Total income tax (benefit) expense	¥ 60,669	¥ (14,194)	¥ 33,347	$ 564