

CHANGES IN ACCOUNTING POLICIES

Prior fiscal year [From April 1, 2006] [To March 31, 2007]	Current fiscal year [From April 1, 2007] [To March 31, 2008]
<p>Accounting standard for share-based payment</p> <p>Effective April 1, 2006, the Company adopted the Accounting Standard for Share-based Payment (ASBJ Statement No. 8 issued on December 27, 2005) and the Implementation Guidance on Accounting Standard for Share-based Payment (ASBJ Guidance No. 11 issued on May 31, 2006).</p> <p>The effect of this change was to decrease operating income, ordinary income, and income before income taxes and minority interests by ¥1,037 million for the year ended March 31, 2007, compared with the corresponding amounts which would have been recorded if the previous method had been followed.</p> <p>The effect of this change on Segment Information is explained in the applicable notes.</p>	<p>Accounting for Directors' Retirement Benefits</p> <p>Until the year ended March 31, certain subsidiaries expensed retirement benefits for directors and statutory auditors to income when general shareholders' meetings approved resolutions for the payment of those benefits. In April 2007, a new position paper was issued by the Japanese Institute of Certified Public Accountants to clarify the accounting treatment for retirement benefits for directors and statutory auditors. In this connection, certain subsidiaries began to record an accrual for the retirement benefits for the directors and statutory auditors at the amount which would have been required to be paid in accordance with their respective internal rules if those directors and statutory auditors had resigned their offices as of the balance sheet date in order to establish a sound financial position.</p> <p>The effect of this change was to increase selling, general and administrative expenses by ¥441 million, to decrease operating income and ordinary income each by ¥441 million, and to decrease income before income taxes and minority interests by ¥1,569 million for the year ended March 31, 2008, compared with the corresponding amounts that would have been recorded under the previous method.</p> <p>The effect of this change on Segment Information is explained in the applicable notes.</p> <p>"Accrued directors' retirement benefits" recognized on balance sheets by some of the Company's consolidated subsidiaries were previously included in "Accrued retirement benefits." Following the aforementioned change, however, they are separately reported effective from the fiscal year ended March 31, 2008.</p>
<p>Accounting standard for presentation of net assets in the balance sheet</p> <p>Effective April 1, 2006, the Company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005).</p> <p>Shareholders' equity under the previous presentation method amounted to ¥3,543,420 million as of March 31, 2007.</p> <p>Net assets in the consolidated balance sheet as of March 31, 2007 have been presented in accordance with the revised "Regulations for Consolidated Financial Statements."</p>	
<p>Change of Closing Dates of Consolidated Subsidiaries</p> <p>Until the year ended March 31, 2006, since the difference between the fiscal year end of the parent company and those of 55 consolidated subsidiaries was within three months, the operating results of those subsidiaries were consolidated by using their financial statements as of their respective fiscal year ends. Effective the year ended March 31, 2007, 22 consolidated subsidiaries have been consolidated by using their financial statements as of the parent's fiscal year end prepared solely for consolidation purposes instead of those as of their respective fiscal year end. This change was made, upon the completion of the internal reporting systems which allow those subsidiaries to accelerate their financial statement closing process, in order to make the disclosures of the consolidated financial statements more meaningful by unifying the fiscal year. In addition, 33 consolidated subsidiaries have also changed their fiscal year end to March 31 for the same reason.</p> <p>As a result, the financial statements of the 55 consolidated subsidiaries described above were prepared for the 15-month period from January 1, 2006 to March 31, 2007. The effect of this change was to increase consolidated net sales by ¥767,606 million, operating income by ¥21,443 million, ordinary income by ¥18,483 million, net income before income taxes and minority interests by ¥15,661 million, and net income by ¥11,589 million compared with the corresponding amounts which would have been recorded if the previous method had been followed.</p> <p>This change was made during the second half of the fiscal year, because the subsidiaries' internal systems to accelerate their financial statements closing processes were completed during that period.</p> <p>The effect of this change on Segment Information is explained in the applicable notes.</p>	