4. Consolidated Financial Statements

(1) Consolidated Statements of Income

[Millions of yen]

	April 1, 2005 – March 31, 2006		April 1, 2006 – March 31, 2007		Change	
	Amount	% of net sales	Amount	% of net sales	Amount	YOY[%]
Net sales	1,068,390	100.0	1,027,630	100.0	(40,759)	(3.8)
Cost of sales	575,163	53.8	532,714	51.8	(42,448)	(7.4)
Gross profit	493,227	46.2	494,916	48.2	1,689	0.3
Selling, general and administrative expenses	409,811	38.4	390,909	38.1	(18,901)	(4.6)
Operating income	83,415	7.8	104,006	10.1	20,590	24.7
Non-operating income	[14,879]	1.4	[14,653]	1.4	[(226)]	(1.5)
Interest and dividend income	1,756		2,316		559	
Exchange gain	5,413		3,432		(1,981)	
Other	7,709		8,904		1,195	
Non-operating expenses	[21,457]	2.0	[20,559]	2.0	[(897)]	(4.2)
Interest expense	5,427		5,088		(338)	
Disposal losses of inventories	7,540		7,054		(485)	
Equity method loss	2,507		160		(2,347)	
Other	5,982		8,255		2,273	
Recurring profit	76,838	7.2	98,099	9.5	21,261	27.7
Extraordinary profit	[3,353]	0.3	[11,848]	1.2	(8,495)	253.3
Gain on sales of fixed assets	1,255		7,275		6,019	
Gain on sales of investment securities	1,528		2,788		1,259	
Gain on sales of investments in affiliated companies	569		1,200		630	
Gain on sale of investment	-		54		54	
Reversal of allowance for doubtful receivables	-		529		529	
Extraordinary losses	[116,126]	10.9	[5,058]	0.5	[(111,068)]	(95.6)
Loss on disposal and sale of fixed assets	3,689		2,791		(898)	
Loss on sale of investment in affiliates	19		619		599	
Loss on sale of investment securities	420		44		(376)	
Write-down on investment securities	8		26		18	
Loss on impairment of fixed assets	4,143		640		(3,502)	
Payment for dissolution of business	96,625		935		(95,689)	
Provisioning of special outplacement program	6,484		-		(6,484)	
Amortization of consolidation goodwill	2,361		-		(2,361)	
Other extraordinary loss	2,372		-		(2,372)	
Income (loss) before income taxes and minority interests	(35,934)	(3.4)	104,890	10.2	140,824	-
Income taxes	24,650	2.3	27,307	2.6	2,656	10.8
Deferred income taxes	(7,116)	(0.7)	4,827	0.5	11,944	-
Minority interests in earnings of consolidated subsidiaries	837	0.1	213	0.0	(623)	(74.5)
Net Income (loss)	(54,305)	(5.1)	72,542	7.1	126,847	-

(2) Consolidated Balance Sheets

[Millions of yen]

	As of March 31, 2006		As of March 31, 2007		Change	
	Amount	% of total	Amount	% of total	Amount	YOY[%]
Current assets	[540,152]	[57.2]	[544,237]	[57.2]	[4,085]	[0.8]
Cash and deposits	80,878		85,677		4,799	
Trade notes and accounts receivable	246,264		257,380		11,115	
Marketable securities	-		909		909	
Inventories	149,428		133,550		(15,877)	
Deferred tax assets	43,242		41,336		(1,906)	
Other accounts receivable	10,048		10,999		950	
Other current assets	19,681		19,489		(192)	
Allowance for doubtful accounts	(9,393)		(5,106)		4,287	
Fixed assets	[403,902]	[42.8]	[406,814]	[42.8]	[2,912]	0.7
Tangible fixed assets	[216,127]	22.9	[230,094]	24.2	[13,967]	6.5
Buildings and structures	63,426		65,368		1,941	
Machinery and vehicles	55,607		69,264		13,657	
Tools and equipment	25,227		28,643		3,415	
Land	35,871		33,065		(2,805)	
Construction in progress	13,128		12,406		(722)	
Rental business-use assets	22,866		21,346		(1,519)	
Intangible fixed assets	[103,483]	11.0	[97,971]	10.3	[(5,511)]	(5.3)
Goodwill	-		82,074		82,074	
Consolidated goodwill	80,789		-		(80,789)	
Other intangible fixed assets	22,694		15,897		(6,796)	
Investments and others	[84,291]	8.9	[78,748]	8.3	[(5,543)]	(6.6)
Investment securities	37,459		33,948		(3,511)	
Long-term loans	1,051		614		(437)	
Long-term prepaid expenses	4,462		4,393		(68)	
Deferred tax assets	29,135		27,306		(1,828)	
Other investments	13,328		13,037		(290)	
Allowance for doubtful accounts	(1,146)		(552)		593	
Total assets	944,054	100.0	951,052	100.0	6,997	0.7

[Millions of yen]

	As of March 31, 2006		As of March 31, 2007		Change	
	Amount	% of total	Amount	% of total	Amount	YOY[%]
Liabilities						
Current liabilities	[476,559]	50.5	[377,069]	39.6	[(99,489)]	(20.9)
Notes and account payable - trade	117,974		121,707		3,732	
Short-term loans	135,362		79,927		(55,435)	
Long-term loans due within one year	8,086		17,075		8,989	
Bonds due within one year	14,037		29		(14,007)	
Unpaid expenses	27,948		44,230		16,281	
Accrued expenses	77,044		36,799		(40,244)	
Accrued income taxes	8,778		14,171		5,393	
Allowance for bonus	-		13,485		13,485	
Allowance for director’s bonus	-		278		278	
Allowance for product warranty	5,084		4,994		(90)	
Provision for loss on discontinued operations	58,078		28,097		(29,980)	
Note payable equipment	6,035		5,082		(952)	
Other current liabilities	18,128		11,188		(6,939)	
Long-term liabilities	[170,924]	18.1	[205,358]	21.6	[34,434]	20.1
Bonds	5,030		75,266		70,236	
Long-term loans	74,045		57,065		(16,980)	
Deferred tax assets on land revaluation	4,042		4,028		(14)	
Reserve for retirement benefits and pension plans	64,869		57,947		(6,921)	
Reserve for directors’ retirement benefits	442		459		17	
Other long-term liabilities	22,493		10,590		(11,903)	
Total liabilities	647,483	[68.6]	582,427	[61.2]	(65,055)	[(10.0)]

[Millions of yen]

	As of March 31, 2006		As of March 31, 2007		Change	
	Amount	% of total	Amount	% of total	Amount	YOY[%]
Minority Interests	2,753	0.3	-	-	-	-
Capital stock	37,519	4.0	-	-	-	-
Additional paid-in capital	226,069	23.9	-	-	-	-
Regained earnings	20,088	2.1	-	-	-	-
Unrealized gain on securities	10,180	1.1	-	-	-	-
Translation adjustment	875	0.1	-	-	-	-
Treasury stock	(915)	(0.1)	-	-	-	-
Total shareholders' equity	293,817	[31.1]	-	-	-	-
Total liabilities, minority interests, and shareholders' equity	944,054	100.0	-	-	-	-
Shareholders' equity	-	-	[356,269]	[37.5]	-	-
Capital stock	-	-	37,519	3.9	-	-
Additional paid-in capital	-	-	204,143	21.5	-	-
Retained earnings	-	-	115,704	12.2	-	-
Treasury stock	-	-	(1,097)	(0.1)	-	-
Revaluation and translation adjustments	-	-	[11,198]	[1.2]	-	-
Unrealized gain on securities	-	-	7,454	0.8	-	-
Gain (loss) on deferred hedges	-	-	(90)	(0.0)	-	-
Translation adjustment	-	-	3,834	0.4	-	-
Subscription warrant	-	-	108	0.0	-	-
Minority interests	-	-	1,048	0.1	-	-
Total shareholder's equity	-	-	368,624	[38.8]	-	-
Total liabilities and shareholder's equity	-	-	951,052	100.0	-	-

Notes:	As of March 31, 2006	As of March 31, 2007	Increase (Decrease)
1.Accumulated depreciation on tangible fixed assets (millions of yen)	460,877	411,965	(48,912)
2. Number of shares of treasury stock	825,124	939,214	114,090

(3) Consolidated Statements of Retained Earnings

[Millions of yen]

	April 1, 2005 - March 31, 2006
	Amount
(Additional paid-in capital)	
Additional paid-in capital at beginning of period	[226,069]
Decrease in additional paid-in capital	[0]
Reversal of profit on disposition of treasury stock	0
Additional paid-in capital at period end	226,069
(Retained earnings)	
Retained earnings at beginning of period	[79,491]
Increase in retained earnings	[200]
Increase resulting from newly consolidated subsidiaries	200
Decrease in retained earnings	[59,603]
Net loss	54,305
Dividends	2,654
Bonuses to directors and corporate auditors	32
Provision for payment of retirement allowance of subsidiaries in U.K	2,611
Retained earnings at period end	20,088

(4) Consolidated Statements of Changes in Shareholder's Equity

[Millions of yen]

	Shareholder's' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Sub total shareholder's equity
Balance at March 31, 2006	37,519	226,069	20,088	(915)	282,761
Changes during the period					
Net income			72,542		72,542
Changes in the scope of consolidation			527		527
Deficit coverage transfer from capital surplus to retained earnings		(21,928)	21,928		-
Purchase of treasury stock				(190)	(190)
Disposal treasury stock		2		7	9
Provision for payment of retirement allowance debt of overseas subsidiaries			618		618
Changes, net, in items other than shareholder's equity					
Total changes during the period	-	(21,926)	95,616	(182)	73,508
Balance at March 31,2007	37,519	204,143	115,704	(1,097)	356,269

	Revaluation and Translation Adjustments				Subscription warrant	Minority interests	Total shareholder's equity
	Unrealized gains on securities	Gain (loss) on deferred hedges	Translation adjustments	Total evaluation and transition adjustment			
Balance at March 31, 2006	10,180	-	875	11,055	-	2,753	296,571
Changes during the period							
Net income for the period							72,542
Changes in the scope of consolidation							527
Deficit coverage transfer from capital surplus to retained earnings							-
Purchase of treasury stock							(190)
Disposal treasury stock							9
Provision for payment of retirement allowance debt of overseas subsidiaries							618
Changes, net, in items other than shareholders' equity	(2,725)	(90)	2,958	142	108	(1,705)	(1,455)
Total changes during the period	(2,725)	(90)	2,958	142	108	(1,705)	72,053
Balance at March 31, 2007	7,454	(90)	3,834	11,198	108	1,048	368,624

(5) Consolidated Statement of Cash Flow

[Millions of yen]

	April 1, 2005 - March 31, 2006	April 1, 2006 - March 31, 2007
I. Cash flows from operating activities		
Net income (loss) before income taxes and minority interests	(35,934)	104,890
Depreciation and amortization	51,198	52,692
Impairment losses	4,143	640
Amortization of consolidated goodwill	5,595	-
Amortization of goodwill	-	6,476
Increase (decrease) in allowance for doubtful accounts	465	(4,378)
Interest and dividend income	(1,756)	(2,316)
Interest expense	5,427	5,088
Loss (gain) on sale and disposals of tangible fixed assets	2,434	(4,484)
Loss (gain) on sale and disposals of investment securities	(1,099)	(2,717)
Loss (gain) on sale of affiliated companies for retirement benefits	-	(580)
Increase (decrease) in employees' retirement benefits	-	(8,383)
Increase (decrease) in loss reserve of discontinued operations	-	(29,980)
Lump-sum amortization of consolidated goodwill	2,361	-
Other extraordinary losses	2,372	-
Payment for dissolution of business	96,625	-
Special additional severance benefits	6,484	-
(Increase) decrease in trade notes and accounts receivable	7,257	(976)
(Increase) decrease in inventories	22,032	19,262
Increase (decrease) in trade notes and accounts payable	(31,855)	(5,064)
Increase (decrease) in accrued consumption tax payable	400	(1,969)
Reversal of reserve for impairment of lease Assets	-	(3,129)
Increase (decrease) on transfer of lease assets used in sales activities	(11,278)	(10,168)
Other	(11,821)	(16,764)
Subtotal	113,051	98,137
Interest and dividends received	1,524	2,473
Interest paid	(5,488)	(5,220)
Additional amount of special retirement allowance	-	(6,484)
Income taxes paid	(30,162)	(22,193)
Net cash provided by operating activities	78,924	66,712
II . Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(51,904)	(62,517)
Proceeds from sale of tangible fixed assets	5,551	12,064
Payment for acquisition of intangible fixed assets	(8,809)	(6,703)
Proceeds from sale of business	8,599	-
Payment for additional acquisition of securities of consolidated subsidiaries	-	(2,744)
Payment (proceeds) for sales of investments in consolidated subsidiaries on a change	-	1,744
Payment for acquisition of new consolidated subsidiary on a change	(1,729)	-
Payment for loans receivable	(541)	(891)
Proceeds from return of loan receivable	1,556	1,142
Payment for acquisition of investment securities	(42)	(1,411)
Proceeds from sale of investment securities	5,057	3,461
Payment for other investments	(3,236)	(2,129)
Other	2,352	1,585
Net cash used in investing activities	(43,146)	(56,401)

	April 1, 2005 - March 31, 2006	April 1, 2006 - March 31, 2007
III . Cash flows from financing activities		
Net (decrease) increase in short-term loans payable	(25,819)	(53,125)
Proceeds from long-term loans payable	27,502	-
Repayment of long-term loans payable	(7,396)	(8,079)
Proceeds from issuing of bonds	9,184	70,300
Redemption of bonds	(17,536)	(14,002)
Proceeds from sale of treasury stock	10	9
Payment to execute buyback of treasury stock	(135)	(190)
Dividend payments	(2,661)	(12)
Dividend payments to minority shareholders	-	(70)
Net cash used in financing activities	(16,850)	(5,170)
IV. Effect of exchange rate changes on cash and cash equivalents	2,463	322
V. Increase (decrease) in cash and cash equivalents	21,391	5,463
VI. Cash and cash equivalents at beginning of the period	59,485	80,878
VII. Increase in cash and cash equivalents due to newly consolidated subsidiaries and others	1	245
VIII. Cash and cash equivalents at end of the period	80,878	86,587

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

Number of consolidated subsidiaries: 120

Principal consolidated subsidiaries:

Konica Minolta Business Technologies, Inc.
Konica Minolta Opto, Inc.
Konica Minolta Medical & Graphic , Inc.
Konica Minolta Sensing, Inc.
Konica Minolta Photo Imaging, Inc.
Konica Minolta Business Solutions Japan Co., Ltd.
Konica Minolta Medical Co., Ltd.
Konica Minolta Supplies Manufacturing Co., Ltd.
Konica Minolta Business Solutions U.S.A., Inc.
Konica Minolta Business Solutions Europe GmbH
Konica Minolta Business Technologies Manufacturing (HK) Ltd.

Unconsolidated subsidiaries have not been included in consolidation because they are relatively small and their assets, sales, net income, and retained earnings (in proportion to scale of equity ownership) do not have a material influence on consolidated results.

2. Scope of the Use of Equity Accounting

Number of unconsolidated subsidiaries accounted for by the equity method: 10

Principal unconsolidated subsidiaries: ECS Buero-und Datensysteme GmbH

Number of affiliates accounted for by the equity method: 3

The total net income and retained earnings of equity-method non-consolidated subsidiaries and affiliates were of small scale and had negligible effect on consolidated financial statements. Therefore they have been excluded from the scope of the equity method

3. Changes Regarding Consolidated Subsidiaries during the Fiscal Year under Review

Some consolidated subsidiaries have fiscal years ending on December 31, and consolidated financial statements are prepared using the financial statements of those companies as of that fiscal year-end date. Adjustments are made to consolidated accounts to account for important transactions involving those companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal year.

(Consolidated Subsidiaries with Fiscal Years Ending on December 31)

Konica Minolta Business Solutions (CHINA) Co., Ltd.
Konica Minolta Business Solutions (WUHAN) Co., Ltd.
Konica Minolta Business Solutions (Shenzhen) Co., Ltd.
Konica Minolta International Trading (SHANGHAI) Co., Ltd.
Konica Minolta Medical & Graphic (SHANGHAI) Co., Ltd.
Konica Minolta Business Solutions do Brazil Ltda.
Konica Minolta Business Solutions de Mexico SA de CV.
Konica Minolta Business Solutions Finland Oy
Konica Minolta Medical Systems Russia

(Change to Accounting Policy)

Among consolidated subsidiaries, three companies:
Konica Minolta (CHINA) Investment Ltd.
Konica Minolta Business Technologies (WUXI) Co., Ltd.
Konica Minolta Optical Products (SHANGHAI) Co., Ltd.
have fiscal years ending on December 31, and consolidated financial statements were previously prepared using the financial statements of those companies as of that fiscal year-end date. Adjustments were previously made to consolidated accounts to account for important transactions involving those companies that occur between the end of those companies' fiscal year-end date and the end of the consolidated fiscal

year.
To increase the appropriateness of consolidated accounting information, however, the Company has from the fiscal year under review shifted to a new consolidated accounting method for these companies. From the fiscal year under review, these companies prepare provisional financial statements for hypothetical fiscal years ending March 31, and these provisional financial statements are used to prepare consolidated financial statements. Because of this change, during the fiscal year under review, which is the transitional fiscal year, the hypothetical fiscal years of these three companies cover the 15-month period from January 1, 2006, through March 31, 2007.

4. Accounting Standards and Methods

(1) Asset valuation

1. Securities

Other securities

Securities with fair market value are stated using the mark-to-market method based on the market price at the balance sheet date. (Total net unrealized gains or losses after tax effect adjustments are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.) Other securities that do not have fair market values are primarily stated at cost using the moving value average.

2. Derivatives

Derivatives are stated using the mark-to-market method.

3. Inventories

Domestic consolidated subsidiaries’ inventories are, in the main, recorded at cost as determined by the periodic-average method. Overseas consolidated subsidiaries' inventories are recorded at the lower of cost or market value, with cost determined by the first-in, first-out method.

(2) Depreciation and amortization of major depreciable assets

1. Tangible fixed assets

The depreciable assets of the Company and its domestic consolidated subsidiaries are depreciated using the declining-balance method. Overseas consolidates subsidiaries adopt the straight-line method for depreciation. However, the parent and its domestic consolidated subsidiaries have used the straight-line method for their buildings (excluding annexed structures) acquired since April 1, 1998.

2. Intangible fixed assets

We have adopted the straight-line method based on an estimated in-house working life of five years for the software we use.

(3) Reserves

1. Allowance for doubtful receivables

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

2. Reserves for Bonuses

To prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

3. Allowance for directors’ bonuses

To prepare for the payment of directors’ bonuses, an amount corresponding to the projected value of bonus payments to directors for the fiscal year under review is recorded.

4. Reserves for product warranty

The provisioning of free after-sales service for products is recorded based on past after-sales service expenses as a percentage of net sales.

5. Provision for loss on discontinued operations

To provide for losses when the Company exits a business, provisions to this reserve are made in the amount of the estimated losses.

6. Reserves for retirement benefits

In order to provide employee retirement benefits, the amount recorded by the Company is based on projected benefit obligations and pension assets at the end of the fiscal year.

Prior service cost is being amortized as incurred by the straight-line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized, primarily by the straight-line method over periods (principally 10 years) which are shorter than the average remaining years of service of the employees.

7*. Allowance for Directors' Retirement Benefits*

Consolidated subsidiaries, to provide for the payment of directors' retirement benefits, record reserve for benefits for retired directors and auditors in an actual amount equal to the need at the end of the year period under review based on the Company's regulations.

(4) Lease transactions

Finance leases are principally accounted for as operating leases that do not transfer ownership rights of the leased property to the lessee.

(5) Principal accounting methods for hedge transactions

1. Hedge accounting methods

The deferred hedge method is used. Special accounting methods are used for interest rate swaps.

2. Hedge methods and hedge targets

The hedge methods are forward exchange contracts, and interest rate swaps.

The hedge targets are scheduled foreign currency denominated transactions, corporate bonds, and borrowings.

3. Hedge policy

The Company and consolidated subsidiaries enter into forward foreign exchange contracts as hedging instruments only, not for trading purpose to make profits, within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates.

In addition, the Company and consolidated subsidiaries enter into interest rate swaps to make interest rates on bonds and borrowings stable or reduce costs fluctuations for future capital procurement, both as hedging instruments only, not for speculation purpose, within the limit of actual financial or operating transactions.

4*. Methods for evaluating the effectiveness of hedges*

Verification is made to ascertain a high correlation between value fluctuations of hedged items and hedging instruments.

(6) Other important items regarding the preparation of consolidated financial statements

1. Consumption tax

National and local consumption taxes are accounted for by the tax excluded method.

2. Consolidated tax payment system

From the fiscal year under review, the consolidated tax payment system was applied.

5. Valuation of consolidated subsidiary's assets and liabilities

The market value method is used to value the assets and liabilities of consolidated subsidiaries.

6 Amortization of consolidation goodwill

Amortization of goodwill is carried out separately for each goodwill item over a rational time period of 20 years or less.

7. Range of cash within consolidated cash flow statements

Cash (cash and cash equivalents) in the interim consolidated cash flow statements comprises cash on hand and short-term investments easily converted into cash with little risk to a change in value.

DISCREPANCIES BETWEEN METHODS RECOGNIZED IN THE MOST RECENT CONSOLIDATED FISCAL ACCOUNTING YEAR AND ACCOUNTING PROCEDURES FOR THE FISCAL YEAR UNDER REVIEW

(Accounting standard for presentation of shareholder's equity in the balance sheet)

As of the period under review, the Company adopted the "Accounting Standard for Presentation of New Assets in the Balance Sheet" (Corporate Accounting Standard No. 5, issued by the Accounting Standards Board of Japan on December 9, 2005) and the "Guidelines for Application of the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Corporate Accounting Standard Guidelines No.8, issued by the Accounting Standards Board of Japan on December 9, 2005). Total shareholder's equity as presented previously would amount to approximately ¥367,576 million. In addition, as of the period under review, shareholder's equity in consolidated financial statements have been presented according to the revised rules pertaining to consolidated financial statements.

(Accounting standard for stock options)

As of the period under review, the Company adopted the "Accounting Standard for Stock Options" (Corporate Accounting Standard No.8, issued by the Accounting Standards Board of Japan on December 27, 2005) and the "Guidelines for Application of the Accounting Standard for Stock Options" (Corporate Accounting Standard Guidelines No.11, issued by the Accounting Standards Board of Japan on May 31, 2006). As a result, operating income, recurring income, and income before income taxes for the period under review declined ¥108 million.

(Accounting standard for directors' bonuses)

From the fiscal year under review, the Company has applied "Accounting Standards concerning Corporate Officers' Bonuses" (ASBJ Statement No. 4, November 29, 2005). As a result of this change, operating income, recurring income, and income before income taxes were each reduced by ¥278 million.

(Accounting standard for retirement benefits in the United States)

Previously, consolidated subsidiary Konica Minolta Business Solutions U.S.A., Inc., accounted for retirement benefits based on the FAS87 U.S. retirement benefits accounting standard. From the fiscal year under review, however, that company has applied the new FAS158 U.S. retirement benefits accounting standard. As a result of this change, surplus reserves of ¥137 million were directly added to retained earnings.

CHANGES TO PRESENTATION METHODS

(Balance Sheet Items)

1. Reserves for Bonuses

In the previous fiscal year, “estimated bonus payments to employees” was included within “accrued expenses.” To more appropriately present this figure, from the fiscal year under review, it is included within “reserves for bonuses.” The value of “estimated bonus payments to employees” included within “payables” in the previous fiscal year was ¥13,018 million.

2. Receivables and Payables

In the previous fiscal year, “confirmed expense obligation payables” was included within “accrued expenses.” To more appropriately present this figure, from the fiscal year under review, it is included within “payables.” The value of “confirmed expense obligation payables” included within “accrued expenses” in the previous fiscal year was ¥38,017 million.

3. Goodwill

In the previous fiscal year, “consolidated goodwill” was included within “consolidation adjustments” and “intangible fixed assets,” but, from the fiscal year under review, this figure is shown as “goodwill.” The value of “goodwill” included within “intangible fixed assets” in the previous fiscal year was ¥6,726 million.

IMPORTANT NOTES

(Consolidated Statements of Income)

1. Regarding loss on discontinued operations, losses accompanying the decision to exit Photo Imaging Business are the net balance between the drawing down of the “provision for discontinued operations” recorded in the previous fiscal year and in the “payment for dissolution of business” for the current fiscal year

Drawing down of the “provision for discontinued operations”	¥17,567 million
Payment for dissolution of business	¥18,502 million

2. The “gain on sales of fixed assets” primarily reflects gains on sales of land and structures undertaken in accordance with the decision to exit Photo Imaging Business.

(Items pertaining to consolidated statements of Income for the period under review)

The figure for overseas subsidiaries' disposal of retirement benefit-related liabilities stems from provisions for the accounting treatment of retirement benefit payments that affected a portion of consolidated subsidiaries in the United Kingdom and the United States.