1. Consolidated Operating Results

(1) Overview of Performance

Three months ended December 31, 2009 (From October 1, 2009 to December 31, 2009)

[Billions of yen]

	Year-on-Year				[Ref.] Quarter-on-Quarter (2Q vs. 3Q)		
	3Q Mar/2010	3Q Mar/2009	Increase (Decrease)		2Q Mar/2010	Increase (Decrease)	
Net sales	195.3	213.6	(18.2)	-8.6%	203.9	(8.5)	-4.2%
Gross profit	89.7	103.7	(14.0)	-13.5%	89.2	0.5	0.6%
Operating income	12.0	14.7	(2.6)	-18.1%	9.7	2.2	23.5%
Ordinary income	10.4	6.2	4.1	67.6%	8.1	2.2	28.1%
Income before income taxes and minority interests	10.6	0.7	9.8	-	6.5	4.1	63.5%
Net income (loss)	5.4	(1.9)	7.4	-	3.2	2.2	69.2%
Net income per share [yen]	10.32	(3.64)	-	-	6.10	-	-
Capital expenditure	6.9	16.0	(9.0)	-56.4%	9.9	(2.9)	-29.9%
Depreciation	15.1	17.7	(2.6)	-14.8%	15.5	(0.3)	-2.5%
R & D expenses	16.6	20.8	(4.1)	-19.9%	17.6	(0.9)	-5.4%
Free cash flow	25.6	(4.4)	30.0	-	26.9	(1.2)	-4.8%
Number of employees [persons]	36,509	38,310	(180.1)	-4.7%	36,008	501	1.4%
Exchange rates [yen]							
US dollar	89.72	96.32	(6.60)	-6.9%	93.65	(3.93)	-4.2%
Euro	132.68	126.74	5.94	4.7%	133.74	(1.06)	-0.8%

The Konica Minolta Group's net sales for the consolidated third quarter of the fiscal year under review (October 1, 2009 to December 31, 2009) stood at ¥195.3 billion, down ¥18.2 billion (8.6%) from a year ago, although the extent of the year-on-year contraction has narrowed. (Net sales for the consolidated second quarter of the fiscal year under review recorded a decrease of ¥73.9 billion (26.6%) year on year.) Demand that rapidly contracted because of the global recession that started in the fall of 2008, generally started to recover slowly, although the situation varied depending on the product type and market. In this environment, the Group's earnings continued to recover, aided by strong sales of its mainstay products, such as multi-functional peripherals (MFPs) for offices and TAC films (protective films for polarizing plates), although the performance of each business segment varied depending on the product type and market.

Operating income for the third quarter of the fiscal year under review reached ¥12 billion, down ¥2.6 billion (18.1%) year on year. (Operating income for the second quarter of the fiscal year under review recorded a decrease of ¥14.4 billion (59.7%) year on year.)The extent of the contraction in operating income has narrowed, reflecting initiatives taken by the Group from the end of the previous fiscal year to lower the breakeven point through cutbacks in fixed costs and to further reduce expenses. In addition, stronger sales of new and higher-margin color MFPs and larger profits from the Optics Business, reflecting a significant improvement in the balance between in supply and demand, also contributed to the improved operating income. Ordinary income rose ¥4.1 billion (67.6%) year on year, to ¥10.4 billion, reflecting an improvement in non-operating expense of ¥6.8 billion, which in turn was principally attributable to a decline in foreign exchange losses that incurred in the same period of the previous fiscal year.

Income before income taxes and minority interests for the third quarter of the fiscal year under review was ¥10.4billion, significantly improved from ¥700 million for the same period in the previous fiscal year, given a lower extraordinary loss, led by a the loss on valuation of stocks that was recorded in the year-ago period. As a result, net income stood at ¥5.4 billion, recovered from net loss of ¥1.9 billion recorded in the same period of the previous fiscal year. Overall, the Group recorded higher ordinary income, income before income taxes and net income year on year for the third quarter of the fiscal year under review.

<Reference>

Comparison with the second quarter ended September 30, 2009 (three months from July 1, 2009 to December 31, 2009)

The Company is adding the following explanation as a reference for comparing results for the third quarter of the fiscal year under review with outcomes for the preceding quarter (July 1, 2009 - September 30, 2009).

The preceding quarter is considered more reasonable for comparison with the third quarter of the fiscal year under review in terms of continuity than the third quarter of the previous fiscal year (October 1, 2008 to December 31, 2008), when the business environment started to change radically as a result of the global economic slowdown that had continued from the fall of 2008.

Net sales for the third quarter of the fiscal year under review fell ¥8.5 billion (4.2%) from the preceding quarter, the second quarter of the fiscal year under review. Sales of MFPs, TAC films, and glass HD substrates remained strong. Meanwhile, sales of component-related products for image input/output, including camera modules for cell phones with cameras declined. In the medical/health field in the Medical & Graphic Imaging Business, sales remained sluggish, given the prolonged weak demand in the digital equipment market.

Operating income improved ¥2.2 billion, or 23.5%, from the preceding quarter, driven by a significant recovery in earnings in the Business Technologies Business. Ordinary income was also up ¥2.2 billion or 28.1%. Income before income taxes and minority interests rose ¥4.1 billion, or 63.5%, because of the improvement in extraordinary loss, including a loss on sales and retirement of noncurrent assets that was recorded in the preceding quarter, while net income also climbed ¥2.2 billion, or 69.2%. Overall, the Group recorded stronger results in operating income and in all other income items for the third quarter of the fiscal year under review, compared with the preceding quarter.

(2) Overview by Segment

[Billions of yen]

	Year-on-Year				[Ref.] Quarter-on-Quarter (2Q vs. 3Q)		
	3Q Mar/2010	3Q Mar/2009	Increase (Decrease)		2Q Mar/2010	Increase (Decrease)	
Business Technologies							
Net sales - external	133.9	142.4	(8.4)	-6.0%	132.7	1.2	0.9%
Operating income	10.1	15.3	(5.1)	-33.8%	7.6	2.5	33.3%
Optics							
Net sales - external	32.1	37.0	(4.9)	-13.3%	36.4	(4.3)	-11.9%
Operating income	4.1	0.4	3.7	789.0%	4.4	(0.2)	-6.4%
Medical & Graphic							
Net sales - external	23.4	28.3	(4.8)	-17.3%	29.2	(5.7)	-19.5%
Operating income (loss)	(0.2)	1.3	(1.5)	-	0.9	(1.2)	-
Sensing							
Net sales - external	1.6	1.6	0.0	2.0%	1.6	0.0	2.9%
Operating income (loss)	(0.0)	(0.1)	0.0	-	(0.1)	0.1	-

Business Technologies Business
[Multifunctional peripherals (MFPs), laser printers (LBPs), etc.]

Konica Minolta strove to expand its sales by mainly focusing on newly launched four models of medium-to-high speed color MFPs for offices, namely the *bizhub C452, 360, 280 and 220*. These new products are designed to contribute to customers' total cost of ownership (TCO) with new energy saving systems that slash power consumption compared with conventional models and with more durable components. They are also intended to help customers boost their productivity and reduce the environmental burden by offering high image quality with the use of the Company's proprietary polymerized toner, cutting-edge network and security functions, and significantly lower machine operation noise. In the ongoing global recession, sales volumes of color MFPs for offices for the third quarter of the fiscal year under review fell short of the level of a year ago, but the extent of the year-on-year contraction in sales narrowed, partly reflecting the contribution of these new products. In addition, given higher sales in the Europe and the US markets, sales volumes rose from the preceding quarter, maintaining their recovery. Meanwhile, sales volumes of monochrome MFPs for offices had almost recovered to the level of a year ago, driven by higher sales in the North American and Asian markets. Sales volumes were also on a par with the level of the preceding quarter.

In the production printing field, sales of color machines in all markets remained stagnant, given sluggish demand for color models on the back of the prolonged economic slowdown. On the other hand, with the launch of two new monochrome products, the *bizhub PRO 1051/1200*, sales of monochrome MFPs were up from a year ago, reflecting strong sales mainly in the Europe and the US markets. Overall sales volumes of MFPs fell year on year, but continued to rise from the preceding quarter.

In the printer field, we steeped up our efforts to sell A4 tandem printers and A4 color MFPs for office use. Sales volumes of printers for the third quarter of the fiscal year under review remained steady, reflecting significantly higher sales of color models in the overseas market, mainly in Europe and North America, while sales of monochrome models were on a par with the year-ago result.

Overall, our Business Technologies Business focused on sales of color MFPs for offices and high-speed MFPs for production printing in line with our "genre-top strategy." The business environment remains severe, marked by reduced corporate capital spending, cost cutting, and tighter credit controls for leases associated with financial insecurity, driven by the lingering global recession. Looking at sales volumes of MFP products by region for the third quarter of the fiscal year under review, the momentum of overall sales in this segment has gradually been recovering, with sales rising year on year in North American and emerging country markets, and with the year-on-year contraction in sales in Europe and Japan having narrowed. Sales of the Business Technologies Business to outside customers fell 6.0% from the previous fiscal year, to ¥133.9 billion, while operating income declined 33.8%, to ¥10.1 billion. On a quarter-on-quarter basis, however, sales rose ¥1.2 billion, or 0.9%, and operating income climbed ¥2.5 billion or 33.3%.

In addition to steps to improve the profitability of MFPs by offering a mix of products, mainly focusing on new color models for offices, the Company took a number of business initiatives, such as ensuring steady income from consumable supplies and services that is generated from a cumulative number of machines that have been installed in the market through the Company's past business activities, structural reform that has been promptly adopted mainly by its overseas sales companies, and company-wide measures such as cost cutting to improve its breakeven point. We believe that these initiatives have steadily contributed to the recovery in earnings.

Optics Business
[Optical devices, electronic materials, etc.]

Display materials field
The Group sought to boost sales of high-function products, such as VA-TAC film (viewing angle expansion films) and 40μ thin film, products the Company is giving particular emphasis. Meanwhile, given the positive impact from measures taken by governments to stimulate demand for home electrical appliances, manufacturers of liquid crystal panels increased their production to meet higher demand for large LCD televisions. As a result, sales volume for the third quarter of the fiscal year significantly exceeded the year-ago level.

Memory related product field
The Group strengthened sales of optical pickup lenses for Blu-ray Discs. Although demand for optical pickup lenses for personal computers remains weak, demand from consumer electric appliance makers for game machines and audio-video equipment with Blu-ray Discs recovered. In such situation, the Group strengthened sales of optical pickup lenses for DVDs. As a result, for the third quarter of the fiscal year under review, overall sales volumes of optical pickup lenses significantly exceeded those recorded a year ago.
Sales volumes of glass HD substrates, backed by a rapid recovery in demand, especially for substrates for mobile personal computers and external memory, also exceeded the year-ago result.

Image input/output component field
Sales volumes of components for digital cameras and video cameras remained on a par with the previous year. In contrast, sales volumes of components for cell phones with cameras dropped, reflecting sluggish demand for high-end items for which the Company excelled.

Overall, sales volumes of the Company's mainstay products such as TAC films, optical pickup lenses, and glass HD substrates rose significantly from the previous year. Sales in the image input/output component field were down in volume terms, reflecting weak demand. As a result, net sales of the Optics Business to outside customers fell 13.3% from the previous year, to ¥32.1 billion yen, but operating income surged to ¥4.1 billion, up from ¥400 million a year ago.

On a quarter-on-quarter basis, net sales fell ¥4.3 billion or 11.2%, reflecting lower sales in the image input/output component field, and operating income declined ¥200 million, or 6.4%, reflecting a decline in sales volumes of profitable optical pickup lenses for Blu-ray Discs.

Medical and Graphic Imaging Business
[Medical and graphic products, etc.]

Medical/healthcare field
In the digital X-ray diagnostic imaging area, its mainstay business sector, Konica Minolta launched new CR equipment, *REGIUS 210*. In this sector, the Company sought to bolster sales to medical facilities both in Japan and overseas by offering an extensive product lineup, including high-quality-image DR equipment and diagnostic imaging workstations, in addition to CR equipment. As a result, sales volumes of the above digital equipment were almost on a par with those for the previous year. In particular, sales of *REGIUS 110*, a compact CR device, which the Company has promoted to clinics, remained strong, particularly in China and Europe, exceeding sales of a year ago.
The Company also took steps to boost sales of its new network device, *I-PACS Ex ceed*. Moreover, it launched new color ultrasonic diagnostic equipment, *SONIMAGE 513*, expanding its business areas from the existing X-ray diagnostic imaging area to the ultrasonic diagnostic area.
In addition, the Company carried out sales promotion by proposing *Informity*, a comprehensive service product combining product maintenance services, management assistance, and network services, to smaller medical facilities.

Graphic imaging field
Konica Minolta focused on sales of digital printing equipment, including digital color proof systems and on-demand printing systems. Although sales volumes exceeded those for the previous year in the market in China, where the economy continued to grow, capital investment remained weak in developed markets, such as Japan and the United States, where the sluggish economic conditions persisted. As a consequence, sales of digital equipment continued to struggle.

As noted, our Medical & Graphic Imaging Business focused on strengthening the digital solution business in both fields. Given the heavy impact of the lingering economic slowdown, however, in addition to a decline in demand for film products overall, sales of equipment generally remained sluggish. As a consequence, net sales of the Medical and Graphic Imaging Business to outside customers fell 17.3% from the previous year, to ¥23.4 billion. . As sales remained sluggish, the Company stepped up its cost cutting initiatives. However, given lower profit in the Graphic imaging field, which could not be offset by the performance of the Medical/healthcare field, the operating loss stood at ¥200 million compared with an operating income of ¥1.3 billion for the year-ago period.

On a quarter-on-quarter basis, sales volume of both digital systems and film products declined. As a result, net sales of the Medical and Graphic Imaging Business for the third quarter of the fiscal year under review fell ¥5.7 billion or 19.15%. Operating income declined ¥1.2 billion.

Sensing Business
[Colorimeters, 3D digitizers, etc.]

In the Sensing Business, Konica Minolta launched a number of new products, namely the *CM-5* spectrophotometer, the *CR-5* colorimeter, and the *SPAD-502plus* chlorophyll meter, in the mainstay industrial measuring segments for color sensing, and sought to boost sales for a broad array of industries, not only to manufacturers, such as automobile and home electrical appliance manufacturers, but also to sectors such as food, cosmetics and agriculture. As a result, sales in the U.S. and Chinese markets rose strongly, despite continued sluggishness in demand from manufacturers in the Japanese market.

As a consequence, net sales of the Sensing Business to outside customers was up slightly from the previous year, to ¥1.6 billion yen. The operating loss stood at ¥30 million, narrowing the extent of losses of a year ago. On a quarter-on-quarter basis, net sales for the third quarter of the fiscal year under review rose slightly, and the operating loss improved by ¥100 million.

(3) Nine months ended December 31, 2009 (From April 1, 2009 to December 31, 2009)

[Billions of yen]

	Nine months (Apr-Dec) Year-on-Year			
	Apr-Dec 2009	Apr-Dec 2008	Increase (Decrease)	
Net sales	588.7	746.6	(157.9)	-21.1%
Gross profit	258.6	347.0	(88.3)	-25.5%
Operating income	21.2	63.3	(42.1)	-66.5%
Ordinary income	19.1	54.0	(34.9)	-64.6%
Income before income taxes and minority interests	17.5	50.6	(33.0)	-65.3%
Net income	9.0	27.3	(18.3)	-67.1%
Net income per share [yen]	16.99	51.55	-	-
Capital expenditure	24.4	47.2	(22.8)	-48.4%
Depreciation	46.0	51.7	(5.6)	-11.0%
R & D expenses	51.9	62.7	(10.7)	-17.1%
Free cash flow	57.7	6.4	51.3	801.7%
Exchange rates [yen]				
US dollar	93.56	102.84	(9.28)	-9.0%
Euro	133.00	150.70	(17.70)	-11.7%

[Reference] Nine month Business Performance by Segment

[Billions of yen]

	Nine months (Apr - Dec) Year-on-Year			
	Apr-Dec 2009	Apr-Dec 2008	Increase (Decrease)	
Business Technologies				
Net sales - external	393.9	486.2	(92.3)	-19.0%
Operating income	18.0	47.7	(29.6)	-62.1%
Optics				
Net sales - external	102.6	146.5	(43.9)	-30.0%
Operating income	10.2	19.4	(9.1)	-47.0%
Medical & Graphic				
Net sales - external	76.4	94.6	(18.2)	-19.2%
Operating income	1.5	4.1	(9.1)	-63.1%
Sensing				
Net sales - external	4.7	6.5	(1.8)	-28.1%
Operating income (loss)	(0.4)	0.4	(0.8)	-

The performance in the first two quarters (the first consolidated quarter from April 1, 2009 to June 30, 2009 and the second quarter from July 1, 2009 to September 30, 2009) was reported in the "Fiscal Year Ending March 31, 2010; First Quarter Consolidated Financial Results April 1, 2009 - June 30, 2009" and "Fiscal Year Ending March 31, 2010; Second Quarter Consolidated Financial Results" (dated on August 6, 2009 and October 29, 2009 respectively).

2. Financial Position

(1) Analysis of Financial Position

		As of December 31, 2009	As of March 31, 2009	Increase (Decrease)
Total assets	[Billions of yen]	866.1	918.0	(51.9)
Total liabilities	[Billions of yen]	453.0	503.7	(50.7)
Net assets	[Billions of yen]	413.1	414.2	(1.1)
Net assets per share	[yen]	776,98	779.53	-
Equity ratio	[%]	47.6	45.0	2.6

Total assets at the end of the third quarter of the fiscal year under review were down ¥51.9 billion (5.7%) from the previous fiscal year-end, to ¥866.1 billion.

Current assets fell ¥22.7 billion (4.5%), to ¥482.2 billion (55.7% to total assets), while noncurrent assets dropped ¥29.2 billion (7.1%), to ¥383.9 billion (44.3% to total assets).

With respect to current assets, cash and deposits increased ¥4 billion from the previous fiscal year-end, to ¥89.7 billion. Short-term investments securities rose ¥19 billion, to ¥67 billion, and cash reserves increased.

Meanwhile, notes and accounts receivable-trade fell ¥7.7 billion from the previous fiscal year-end, to ¥164.1 billion. Inventories were down ¥25.4 billion, to ¥103.7 billion, the result of our efforts to reduce them. Accounts receivables-other decreased ¥10.3 billion, mainly reflecting a fall in income taxes receivable.

With respect to noncurrent assets, tangible assets decreased ¥18.5 billion from the previous fiscal year-end, to ¥209.3 billion, reflecting the scaling back of capital investment. Intangible assets were down ¥10.5 billion, to ¥101 billion, with progress in amortization. Investments and other assets declined ¥0.1 billion, to ¥73.4 billion, primarily reflecting a decrease of ¥2.1 billion in deferred tax assets, offsetting an increase of ¥3 billion in investment securities, to ¥21.1 billion, mainly due to a recovery in stock prices.

Liabilities at the end of the third quarter of the fiscal year under review declined ¥50.7 billion (10.1%) from the previous fiscal year-end, to ¥453 billion (52.3% to total assets). Current liabilities fell ¥58.9 billion (19.0%), to ¥251.8 billion (29.1% to total assets), while noncurrent liabilities rose ¥8.2 billion (4.3%), to ¥201.1 billion (23.2% to total assets).

Interest-bearing debt (the total of short, long-term loans and bonds) declined ¥25.4 billion, to ¥204.9 billion, mainly reflecting the redemption of corporate bonds at maturity. Notes and account payable-trade, accounts payable-other, and accrued expenses slipped ¥3 billion, ¥8.5 billion, and ¥3.4 billion, respectively, from the previous fiscal year-end, primarily a reflection of more focused production and cost-cutting measures. The provision for the loss on business liquidation (for the Photo Imaging Business) declined ¥1.8 billion, to ¥5.4 billion, reflecting progress in dealing with the loss.

Net assets at the end of the third quarter of the fiscal year under review were down ¥1.1 billion (0.3%) from the previous fiscal year-end, to ¥413.1 billion (47.7% to total assets).

Retained earnings decreased ¥200 million from the previous fiscal year-end, to ¥185.1 billion, as ¥9.2 billion for dividends outweighed net income of ¥9 billion posted for the nine-month period to December 31, 2009.

Valuation and translation adjustments declined ¥1 billion from the previous fiscal year-end, mainly attributable to changes in the foreign currency translation adjustment, reflecting a stronger yen against the U.S. dollar.

As a result, net assets per share at the end of the third quarter of the fiscal year under review stood at ¥776.98. The equity ratio improved by 2.6 percentage points, to 47.6% with the decline in total assets.

(2) Cash Flows

[Billions of yen]

	Nine months to Dec. 31, 2009	Nine months to Dec. 31, 2008	Increase (Decrease)
Cash flows from operating activities	88.5	82.5	5.9
Cash flows from investing activities	(30.7)	(76.1)	45.4
Total [Free cash flow]	57.7	6.4	51.3
Cash flows from financing activities	(37.1)	(18.2)	(18.8)

During the nine-month period (April 1, 2009 - December 31, 2010) under review, net cash provided by operating activities was ¥88.5 billion, while net cash used in investing activities, mainly associated with capital investment, totaled ¥30.7 billion. As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥57.7 billion.

Net cash used in financing activities was ¥37.1 billion.

In addition, the effect of exchange rate changes reduced cash and cash equivalents by ¥1.8 billion. As a result, cash and cash equivalents at the end of the third quarter of the fiscal year under review stood at ¥156.2 billion, rising ¥22.5 billion from the consolidated previous fiscal year-end.

The details of individual cash flows during the nine-month period under review are as follows:

Net cash provided by operating activities

Net cash provided by operating activities reached ¥88.5 billion (¥82.5 billion in the same period in the previous consolidated fiscal year). Although the Group reported income before income taxes and minority interests of ¥17.5 billion, depreciation of ¥46 billion, and an improvement of working capital of ¥29 billion, these amounts were partly offset by a decline of ¥6.2 billion in the provision for bonuses and by ¥7.5 billion in accounts payable and accrued expenses, and other factors.

Net cash used in investing activities

Net cash used in investing activities was ¥30.7 billion (¥76.1 billion in the same period of the previous fiscal year). Cash of ¥26.4 billion was mainly used for investments in molding for new products in the Business Technologies Business and in the acquisition of tangible fixed assets relating to the reinforcement of production capacities in the Optics Business, our strategic business.

As a result, free cash flow (the sum of operating and investing activities) was an inflow of ¥57.7 billion (an inflow of ¥6.4 billion in the same period of the previous fiscal year).

Net cash used in financing activities

Net cash used in financing activities was ¥37.1 billion (¥18.2 billion the same period of the previous fiscal year), mainly reflecting ¥30 billion for the redemption of corporate bonds at maturity and ¥9.1 billion in dividend payments.

(Note) Amounts mentioned above do not include consumption taxes.

3. Outlook for the Fiscal Year Ending March 31, 2010

Given the gradual ongoing recovery in demand, which rapidly deteriorated in the global recession, the operating environment surrounding the Konica Minolta Group appears to have moved beyond its nadir. Although the outlook for the economy remains uncertain, in light of the Group's current performance, which is progressing steadily in accordance with its business plan, the Group has kept its consolidated full-year operating performance forecasts for the fiscal year ending March 31, 2010 unchanged from those announced on October 23, 2009.

Meanwhile, year-end dividends are expected to be ¥7.50 per share as originally forecast, in the absence of a drastic change in the current business environment. (Full-year dividends, including interim dividends, will be ¥15 per share.)

	[Billions of yen]
	FY ending March 2010
Net sales	817.0
Operating income	34.0
Ordinary income	32.5
Net income	10.0

The presumed currency exchange rates for the forth quarter of the current fiscal year are US$1 = ¥90 and €1 = ¥130.

Note: The above operating performance forecasts are based on future-related suppositions, outlooks, and plans at the time this report was released, and they involve risks and uncertainties. It should be noted that actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.

▪ Figures in qualitative information sections (1 and 2) given as billions of yen have been rounded off by discarding figures less than one billion yen.

4. Others

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

(2) Adoption of simplified accounting methods and/or special accounting treatment for the quarterly consolidated financial statements

I. Simplified accounting methods

Method for calculating the estimated reserve for general accounts receivable
In calculating the estimated reserve for general accounts receivable at the end of the second quarter, as noteworthy changes in the bad debt rate are not recognized, the rate at the end of the previous fiscal year is employed.

Method for assessing the value of inventories
In calculating the value of inventories at the end of the third quarter of the fiscal year under review, onsite stocktaking is omitted. Reasonable calculation methods based on the results of onsite stocktaking conducted at the end of the second quarter of the fiscal year under review are used. Only for those inventories that are clearly losing their capacity to contribute to profitability, the accounting method employed is to estimate their net sale value and reduce their book value to the net sale value level.

Method for calculating the deferred tax assets and liabilities
In judging the possibility of recovering deferred tax assets, as severe and major changes in the operating environment and major temporary differences following the close of the previous consolidated fiscal year are not recognized, the future business forecasts and tax planning documents that were used for making such judgments related to the previous fiscal year are used.

II. Special accounting treatment used in preparation of the quarterly consolidated financial statements

Calculation of Tax Expenses
The effective tax rate on income before income tax for the consolidated fiscal year after the application of tax effect accounting is rationally estimated, and that estimated rate is applied to net income for the quarterly period to calculate estimated tax expenses. In addition, adjustments of income tax is included in income tax expenses.

(3) Changes to principles, procedures, and methods of presentation, etc., in the preparation of the quarterly consolidated financial statements: None