

Kyocera Corporation Investor Meeting (August 5, 2008)

Slide 1 / President, Makoto Kawamura

Slide 11 / General Manager of Corporate Semiconductor Components Group, Tetsuo Kuba

Slide 25 / President and Representative Director Kyocera Mita Corporation, Katsumi Komaguchi

President, Makoto Kawamura

<Slide: Today's Presentation>

Today, I will discuss consolidated financial results for the three months ended June 30, 2008 ("this first quarter") of the year ending March 31, 2009 ("this fiscal year"), as well as initiatives in each reporting segment from the three months ending September 30 (the "second quarter") of this fiscal year onward.

Following this, Tetsuo Kuba and Katsumi Komaguchi will discuss future initiatives in their areas of responsibility, namely the Semiconductor Parts Group and the Information Equipment Group, respectively.

<Slide 1: Forward-Looking Statements>

Please take note of the "Forward-Looking Statements" explanation on this slide in connection with the information to be presented today.

<Slide 2: Consolidated Financial Results -Three months ended June 30, 2008->

This slide shows consolidated financial results for this first quarter, as announced on July 30, 2008.

Consolidated net sales for this first quarter increased by 5.2% compared with the three months ended June 30, 2007 (the "previous first quarter") due to the acquisition of the mobile phone business of SANYO Electric Co., Ltd. ("SANYO") and significant growth in sales in the solar energy business.

Pre-tax income, the third item from the top of the table, decreased by 8.8% compared with the previous first quarter, however, due primarily to the impact of continued appreciation of the yen against the U.S. dollar coupled with an increase in depreciation costs.

Capital expenditures, around the middle of the table, amounted to ¥18.0 billion for this first quarter, up 19.4% compared with the previous first quarter. This was due mainly to an increase in capital expenditures in the Telecommunications Equipment Group and expenditures to boost production capacity in the solar energy business.

Depreciation costs increased by 18.2% compared with the previous first quarter, to ¥19.3 billion.

<Slide 3: Consolidated Net sales and Pre-tax income by Reporting Segment of FY3/09 Q1 -Compared with FY3/08 Q1->

This slide compares sales and pre-tax income with those of the previous first quarter in terms of changes in amount for each reporting segment.

In the upper part of the slide, you can see that sales increased by ¥16.3 billion compared with the previous first quarter. This was due to firm demand in the Semiconductor Parts Group, particularly for ceramic packages, in addition to the contribution of the Telecommunications Equipment Group and the solar energy business that I mentioned earlier.

In the bottom part of the slide, you can see that consolidated pre-tax income decreased by ¥3.6 billion compared with the previous first quarter, despite increases in profit in the Applied Ceramic Products Group, the Semiconductor Parts Group and the Telecommunications Equipment Group, the primary reasons for this decrease were a stagnation in demand and a decline in unit selling prices for electronic components used in mobile phone handsets, especially in Asia, which led to a decrease in profit in the Electronic Device Group, and decrease in sales to the United States in the Information Equipment Group due to the economic slowdown.

That concludes my presentation of consolidated financial results for this first quarter.

Next, I will explain the business outlook for the full year ending March 31, 2009.

<Slide 4: Business Outlook -Year ending March 31, 2009->

First I will explain the outlook for the business environment.

This slide shows the production volume forecast for key electronic equipment for the entire industry in calendar year 2008. There are no changes from initial forecasts announced in April this year. Demand for digital consumer equipment is expected to expand from the second quarter

toward the Christmas selling season. Double-digit increases in production volume in each equipment category are forecast for 2008 relative to 2007. Component demand is also expected to recover moderately from the second quarter in line with such increases in demand for equipment.

In component price trends, we initially forecast a decline in prices of 10~15% in ceramic capacitors, for instance, on a full-year basis compared with the fiscal year ended March 31, 2008 (the "previous fiscal year"). In light of the current situation, however, we now forecast component prices to decline by around 15% compared with the previous fiscal year.

<Slide 5: Consolidated Financial Forecast -Year ending March 31, 2009->

This slide shows consolidated financial forecasts for this fiscal year, , as announced in April. Consolidated results in this first quarter were in line with plans on a group-wide basis, and as such, there are no changes to full-year financial forecasts for this fiscal year. We revised the assumed average exchange rate of the yen against the Euro, as shown in the bottom part of the slide. Based on the results of this first quarter, we revised the assumed exchange rate from ¥152 as of April to ¥155 per Euro.

Next, I will explain concrete initiatives in each reporting segment from the second quarter onward aimed at achieving these full-year forecasts.

<Slide 6: Initiatives and Forecast from Second Quarter Onward (1)>

First, in the Fine Ceramic Parts Group, the outlook for recovery in demand for parts for semiconductor fabrication equipment remains uncertain. As there has been no change in trends in orders for these parts, the market environment is expected to remain severe throughout this fiscal year. Demand for single-crystal sapphire substrates for LEDs used in the backlights of mobile phone handsets and PCs is steady, and we will strive to expand their sales by increasing production volume. At the same time, we intend to increase sales of automotive parts, including heater cores for glow plugs.

Let's turn to the Semiconductor Parts Group. In this reporting segment, we aim to expand sales of ceramic packages and organic packages for mobile phone handsets, digital consumer equipment and server related products, in a continuation from this first quarter. Tetsuo Kuba will explain specific future initiatives in the Semiconductor Parts Group later.

<Slide 7: Initiatives and Forecast from Second Quarter Onward (2)>

Now I will discuss the Applied Ceramic Products Group.

In the solar energy business, the core business in this reporting segment, we are working to increase production volume to meet continued strong demand, notably in Europe. By increasing the amount of materials procured, we were able to raise production volume in this first quarter by around 50% compared with the previous first quarter, and by around 10% compared with the three months ended March 31, 2008. We aim to achieve annual production volume of 300MW in this fiscal year, and to this end, will push ahead with efforts to continue augmenting production capacity from the second quarter onward. Kyocera has already achieved the world's highest conversion efficiency of 16.5% on a mass-production base for multi-crystalline silicon solar cells. We seek to enhance this technology further to achieve a conversion efficiency of 18.5% from the fiscal year ending March 31, 2010 (the "next fiscal year") by establishing a production system directed toward commencement of full-scale mass-production of back contact solar cells. Through these initiatives, we aim to achieve annual sales of ¥100.0 billion as soon as possible.

With respect to crystal-related devices in the Electronic Device Group, we aim to further expand sales of TCXOs and crystal units for mobile phone handsets equipped with GPS functionality, and car navigation systems, and for digital consumer equipment from the second quarter onward.

In ceramic capacitors, despite fears of stagnation in the supply and demand situation, particularly in the Asia region, we will take measures to enhance productivity to improve profitability. These measures will include stimulating demand by releasing new products such as compact, high-capacitance capacitors for mobile phone handsets and digital cameras, and streamlining our production system.

<Slide 8: Initiatives and Forecast from the Second Quarter (3)>

Let's turn to the Equipment Business.

In the Telecommunications Equipment Group, there are concerns over slackening replacement demand for mobile phone handsets, particularly due to the impact of introduction of instalment sales plans, in the Japanese market. Additionally, Kyocera forecasts a continuation of the severe climate in the overseas market, especially due to concerns over the impact of price competition among global handset makers and delay in infrastructure-related investment by customers. Kyocera will therefore push forward to pursue maximum synergies with the business acquired from SANYO by creation of more solid business foundations and establishment of a concrete medium- to long-term business strategy.

We will also focus on development of new mobile phone handsets that match customer needs by sharing technological know-how in product development between Kyocera and the acquired business. Next year, we intend to launch new mobile phone handset models as the fruits of these joint development efforts. We also commenced joint purchasing of certain parts and materials in this first quarter, and will make the most of the benefits of economies-of-scale from the second quarter to reduce manufacturing costs.

In the communication systems equipment business, we will push forward with development of next-generation PHS base stations and our production system therefor in preparation for the commencement of new services in Japan from the next fiscal year. Meanwhile, in the WiMAX business, we will begin development of base stations from the second half of this fiscal year.

Finally, let's look at the Information Equipment Group. Kyocera believes that more time is required for recovery in the U.S. economy, while fears remain over intensifying price competition. During this fiscal year, mainly in the second half, we plan to introduce 20 new models, with the objective of expanding sales of color models and increasing profitability. Katsumi Komaguchi will explain future initiatives in this reporting segment later.

<Slide 9: Business Expansion in Strategic Markets>

We will be resolute in implementing the initiatives I have just outlined aimed at achieving consolidated forecasts for this fiscal year. Kyocera focuses on four key markets with high growth potential, namely "telecommunications," "information," "environment and energy" and "automotive," as shown on this slide. In these markets, we will supply diverse products ranging from the Components Business to the Equipment Business.

<Slide 10: Continuous Expansion of Sales and Profit>

In these four key markets, Kyocera strives for "Creativity and Growth" by pursuing group synergies and by developing new products and technologies. Kyocera also aims to drive group-wide growth by differentiating itself from specialist component makers and making the most effective use of the strength embodied in its sound business foundations in the high-growth-potential environment and energy market. We also seek to improve EPS (earnings per share) through ongoing sales expansion in both the Components Business and the Equipment Business.

I ask for your continued support going forward.

General Manager of Corporate Semiconductor Components Group, Tetsuo Kuba

<Slide 11: Semiconductor Parts Group Results -Three Months Ended June 30, 2008 (FY3/09 Q1)->

First, I will report on results for the Semiconductor Parts Group for the first quarter of this fiscal year.

Net sales for this first quarter increased by 16.7% compared with the previous first quarter, to ¥41,167 million, and pre-tax income increased by 54.1%, to ¥6,198 million. The pre-tax income ratio improved significantly to 15.1%.

These results are attributable to increases in sales of packages for crystal and SAW devices and packages for CCD/CMOS image sensors in the ceramic package related business. Additionally, in the organic package related business, sales of packages for ASICs grew, while the organic package business itself, which has been a key area of focus, has achieved profitability since the third quarter of the previous fiscal year. These factors made a major contribution to the increase in pre-tax income.

<Slide 12: Semiconductor Parts Group -Trend of Net Sales and Pre-tax Income Ratio->

This graph shows net sales and the pre-tax income ratio on a quarterly basis starting from the first quarter of the previous fiscal year. The blue bar graph represents net sales and the red line graph represents the pre-tax income ratio for the same period.

The strong sales since the second half of the previous fiscal year have continued into the first quarter of this fiscal year. The pre-tax income ratio has improved since the third quarter of the previous fiscal year due to the contribution of the organic package business as mentioned above.

<Slide 13: Sales Breakdown by Market Application>

This graph shows a sales breakdown by market application in the Semiconductor Parts Group in the previous fiscal year.

The mobile phone handset related market is shown in blue, the digital consumer equipment related market in purple and the server related market in green.

These three markets are the key markets for the Semiconductor Parts Group. We aim to further expand these three markets and to cultivate new markets, as shown in red.

<Slide 14: Market Environment Surrounding Semiconductor Parts Group>

Next, I will explain the market environment surrounding the Semiconductor Parts Group.

The graphs here show general market trends for the main products in the three key markets for the Semiconductor Parts Group, namely mobile phone handsets, digital cameras and servers.

In the mobile phone handset market, growth on a production volume base is projected to be around 10% for calendar year 2008, which is in line with initial forecasts.

Initially, the digital camera market was forecast to grow by 19%, but this figure has been revised down to around 10% based on the most recent customer information suggesting that demand has softened somewhat.

In the server market, Kyocera forecasts solid growth of around 6%, which is in line with initial forecasts.

These markets trends are generally buoyant and are expected to support positive results in this reporting segment. According to the latest information, however, there are also forecasts that growth in these markets will decline going forward, and we will proceed on business carefully with such forecasts also in mind.

<Slide 15: Initiatives in Semiconductor Parts Group>

Next, I will explain initiatives in the Semiconductor Parts Group.

Kyocera seeks to expand sales in three key markets: the mobile phone handset market, the digital consumer equipment market and the server related market.

We also aim to cultivate new markets and expand into automotive, medical equipment and environment-related product applications.

I will explain each of these now.

<Slide 16: Expand Sales in Mobile Phone Handset Market>

The first of these key markets is the mobile phone handset market, where we will strive to increase the number of our existing products and new products installed in mobile phone handsets in order to expand sales.

In respect of the expanded use of our existing products equipped in the handsets, the number of packages for crystal and SAW devices (as shown in the red box) has increased due to movement toward multifunctionality. The number of packages for CMOS image sensors (as shown in the orange box), as well as packages for high-frequency communication modules (as shown in the blue box) has also increased due to movement toward enhanced functionality.

In addition to these ceramic products, built-up substrates featuring fine pitch wiring technology are being increasingly employed for organic SiP substrates for application processors (as shown in the green box) in line with the sophisticated integration of IC chips.

I will explain packages for crystal and SAW devices and SiP substrates later.

Regarding new products, we are pushing forward with the development of packages for capacitors and packages for microphones. We will aggressively cultivate new applications going forward to expand the variety of products equipped in the mobile phone handsets.

<Slide 17: Expand Sales in Mobile Phone Handset Market -Development of packages for crystal/SAW devices->

Let's turn to a discussion of the development of packages for crystal and SAW devices, which have a big portion of sales.

Mobile phone handsets will continue to become smaller and thinner. At the bottom of this slide you can see trends in packages for crystal devices. A major technological challenge in making these devices smaller is reducing wall thickness, as shown in the photo. To overcome this challenge, the ceramic material strength and the secured high reliability will be of vital importance.

One of Kyocera's strengths is our ability to grasp the latest market requirements by leveraging our high market share. Other strengths include our material development capability, which enables us to meet these requirements, and know-how accumulated over many years to assure high reliability. By making the most of these strengths, we have developed and marketed packages in the 2016 size (2.0 x 1.6mm) ahead of our competitors.

Going forward, we aim to expand this business by continuously developing leading-edge packages in accord with further miniaturization of crystal and SAW devices.

<Slide 18: Expand Sales in Mobile Phone Handset Market -Development of Organic SiP (System-in-a-Package) substrates->

Next, I will explain development of organic SiP substrates.

Market needs are the same in this sector, with mobile phone handsets expected to get smaller and thinner, while there is increasingly higher density packaging in semiconductors.

The diagram on the left depicts the trend toward thinner and higher density SiP substrates. Packages are getting thinner year-by-year, from 0.3mm to 0.25mm to 0.23mm. In addition, as shown at the upper right of the diagram, the simultaneous use of flip-chip bonding and wire bonding has become necessary to stack up multi-chips for high density packaging.

Kyocera takes full advantages of its strengths to meet these requirements by combining technological capability in producing thin substrates and diverse surface treatment technology for use in two different packaging techniques, as well as outstanding fine pitch wiring technology. This enables us to meet market needs.

We will further hone these strengths and continue to aggressively develop our organic package business for the mobile phone handset market.

<Slide 19: Expand Sales in Digital Consumer Equipment Market -Aggressively cultivate applications and products->

Next I will discuss efforts to expand sales in the digital consumer equipment market.

As with the mobile phone handset market, this market strongly demands equipment that is lighter, in weight and smaller in size. Kyocera is actively leveraging its strengths to satisfy these needs.

The diagram here gives examples of some of the core products Kyocera is developing for key digital consumer equipment. New products have increased lately, notably packages for gyroscopes used in game consoles, and we aim to extend these new products to further increase sales.

<Slide 20: Expand Sales in Server Related Market -Kyocera's advantages->

Let's look at efforts to expand sales in the server related market.

The first of our strengths in this market is our strong customer relationships. As a pioneer in this market, we have been supplying packages since the rise of the semiconductor industry in Silicon Valley, enabled us to create strong customer relationships. As a result, we have secured the largest market share not only in ceramic packages but also in organic packages, and we are confident that we are the top supplier in the industry.

Our second strength is high-performance packaging technology. Besides having outstanding electrical characteristics, design technology, fine pitch wiring technology and multi-layering technology, we have unique capabilities in developing ceramic materials, enabling us to achieve advanced packaging technology not seen at competitors.

<Slide 21 Expand Sales in Server Related Market -Pursue further enhancement in performance->

We pursue further enhancement in performance in order to exploit such strengths and thus boost sales.

We are working on the development of ceramic packages and organic packages to meet market needs for high-pin count, fine pitch and high-speed transmission. By maintaining our strengths,

we aim to solidify our position as market leader. As an example, we will leverage the properties of ceramic materials to develop business.

The server market nowadays is tending toward higher speed and higher capacity transmission. However, in terms of LSI technology trends, chips are getting larger due to the fact that miniaturization technology for LSI chips cannot catch up with such needs, and securing reliability in packaging has become a challenge. Ceramic materials realize high reliability due to its thermal expansion coefficient close to that of silicon, while also having the advantage of minimal thermal distortion during assembly, notably in the reflow process due to its outstanding rigidity. We are aiming for further market expansion by maximizing the advantages of these strengths.

<Slide 22: Cultivate New Markets (1) >

Next, I will explain initiatives to cultivate new markets.

With regard to new market cultivation, we are developing applications for the automotive, medical equipment and environment-related product markets.

For the automotive market, we will further deploy ECU substrates, packages for various sensors and packages for millimeter wave radars.

For the medical equipment market, we will deploy substrates for CT scanners and packages for endoscopes.

In the environment-related product market, we have developed packages for LEDs.

Next I will provide details of products for the automotive market, which in particular is manifesting strong growth.

<Slide 23: Cultivate New Markets (2): -Develop ceramic substrates and packages for automotive market->

Needs in the automotive market include being eco-friendly and fuel efficient, enhancing safety and ensuring comfort and convenience.

To realize these needs, there has been a rapid shift to the use of electronics in automobiles. Thermal durability is required from ECU substrates, for which we have been deploying to the market. Hermeticity and size reduction are required from packages for various sensors . Ceramic packages can meet these requirements. We will continue developing new applications in this area in the future.

<Slide 24: Future Developments in the Semiconductor Parts Group>

Lastly, I will explain future developments in the Semiconductor Parts Group.

Kyocera has equipment divisions that manufacture mobile phones handsets and copiers, an

electronic components division that manufactures crystal units and an automotive parts division. By strengthening ties with these divisions, and endeavoring to anticipate equipment and component needs, we can keep developing new products ahead of our competitors. We will aggressively develop businesses and expand our business further by exploiting the collective strengths of Kyocera Group.

President and Representative Director Kyocera Mita Corporation, Katsumi Komaguchi

<Slide 25: Financial Results – Three months ended June 30, 2008(FY3/09 Q1) ->

I am Katsumi Komaguchi of Kyocera Mita Corporation ("Kyocera Mita"). This is my first report since being appointed president of Kyocera Mita. in April 2007. Kyocera Mita is responsible for the document equipment business of Kyocera, including without limitation printers and digital multifunction peripherals ("MFPs").

First, I will report on financial results for the three months ended June 30, 2008 (this "first quarter"). Consolidated net sales decreased by 9.2% compared with the three months ended June 30, 2007 (the "previous first quarter"), to ¥61,114 million. Pre-tax income decreased by 26.8% compared with the previous first quarter, to ¥6,887 million. The pre-tax income ratio was 11.3%.

A decline in investment for office equipment due to the economic slowdown in the United States led to sluggish demand for information equipment such as printers and MFPs. This market climate has brought about fierce price competition and a decline in unit selling prices. In addition, the yen appreciated against the U.S. dollar compared with the previous first quarter, driving a year-on-year decline in sales in the United States. Despite the severe market climate, sales in Europe and Japan remained on par with the previous first quarter, while sales in Asia were down slightly.

The decline in unit selling prices due to market competition had a significant impact on profits. The rising cost of raw materials such as plastic and steel also had a negative impact.

<Slide 26: Trend of net Sales and Pre-tax Income Ratio>

This slide shows net sales and the pre-tax income ratio as from fiscal 2005, which ended March 31, 2005. As you can see, the amount of net sales and the profit ratio have increased every year since fiscal 2006 (the year ended March 31, 2006), and both net sales and profit in fiscal 2008 (the year ended March 31, 2008) were the highest in our corporate history. This consistent growth

in sales is attributable to the fact that printer sales have grown steadily in Europe and that long-life technology accumulated in the development of black and white printers has been introduced into MFPs, which has been appreciated by the market. We are currently extending this long-life technology to color models. To expand the information equipment business, it is important to increase the number of machines sold, and thus the number of machines in the market, since this helps boost profit from related consumables. Unit selling prices are projected to decline even further during the fiscal year ending March 31, 2009 (this "fiscal year"). Nevertheless, I believe we can ensure our sales and profit for the upcoming fiscal year and thereafter by continuing to increase sales volume in this fiscal year, even if this leads to temporarily reduced profit.

During this fiscal year we will release 13 new printers and introduce seven new MFPs, making a total of 20 new models for the market. In the second half of this fiscal year we are also planning color models with a highly competitive new engine for both printers and MFPs, which is expected to make a positive contribution to sales. Although the market environment is extremely severe, we aim to achieve a sales target of ¥290.0 billion by maximizing the benefits of introducing these new products into the market.

<Slide 27: Growth and Expansion in Information Equipment Group>

Kyocera Mita has realized an annual average growth rate of approximately 5% over the four fiscal years from 2005 to 2008. In contrast, sales of consumables, parts and services have grown at an annual rate of 11%. In particular, sales of color consumables have grown at an annual rate of 25%, with this growth rate increasingly accelerating. Since color consumables provide extremely high added value, we can expect stable profit growth by promoting sales expansion of these products.

<Slide 28: Expansion of Integrated Management Needs Rising at Corporate Customers>

Kyocera Mita's corporate customers, our core customer segment, are facing a number of challenges, namely increasing management efficiency with respect to printers and MFPs, reducing total costs, the colorization and digitization of documents, security and environmental responsiveness. In recent times, there has been an increasing shift away from separate management of printers and MFPs to an integrated approach as a means to overcome these challenges. We predict that the need for integrated management will provide us with new business opportunities.

We have been focusing on the strategic development of printers and MFPs based on a common

platform and have been selling them through a common sales channel. We are currently working on the sale of an integrated management system by leveraging these advantages.

<Slide 29: Initiatives Aimed at Expanding Business>

Kyocera Mita's strategy to expand the Information Equipment Group centers on satisfying corporate customers' integration needs, increasing the installation volume of equipment through color products, and maximizing profit from sales of color consumables.

To achieve these objectives, we have implemented the following three measures: (1) develop color engine platform; (2) develop controller platform; and (3) develop new color toner and invest in plants.

Next, I will explain each of these measures.

<Slide 30: Develop Color Engine Platform>

Kyocera has expanded its business for black and white products over the years through its "ECOSYS" concept. "ECOSYS" is an acronym that stands for ECOlogy, ECONomy and SYStem. Kyocera Mita's core device, the amorphous silicon drum, was used in the development of a highly reliable engine with unique long-life performance that culminated in an engine with low running costs. This brand has been well-received by customers engaged in high-volume printing that consumes large volumes of toner. Our customers have been anticipating the incorporation of this economical "ECOSYS" concept into color products, and to realize this we have developed a new engine platform. This includes continued use of the amorphous silicon drum, and we have adopted a new hybrid-type system for projection development. At Kyocera Mita, we call this projection development system the interactive touchdown development system. This color engine platform is planned to be incorporated into both printers and MFPs in the same manner as the engine platform designed for our black and white products. In the second half of this fiscal year, we plan to release a succession of third generation color "ECOSYS" printers and MFPs.

<Slide 31: Shared Engine Platform>

To use a shared engine platform for printers and MFPs by leveraging the "ECOSYS" concept is Kyocera Mita's unique development strategy. In general, printers and MFPs have a different engine structure, with printers employing a cartridge-type structure while MFPs are designed based on the assumption that they will be maintained and serviced by specialists. As a result, the development of an engine platform for each requires separate technological resources.

Through the “ECOSYS” engine technology originally developed for printers, Kyocera Mita has achieved an almost maintenance-free environment. Since such technology can also be used in MFPs, we can develop both printers and MFPs using an integrated engine platform. By doing so, we are able to supply a broad product line-up of printers and MFPs using our available resources.

<Slide 32: Develop of a Controller Platform>

Kyocera Mita has been internally developing a printer controller over many years. As with the engine, we have applied this unique technology to our MFPs in order to satisfy demand for solutions using the scanner function and hard disc. This has enabled us to make innovations ensuring that our MFP controller can provide specific solutions while maintaining compatibility with our printers. We call this the WiseCore controller. Kyocera Mita made a strategic acquisition of technological resources for controllers held by U.S.-based Peerless Systems Corporation in 2008 in order to meet expected growth in demand for high-speed, high-image-quality color MFPs. We intend to incorporate the WiseCore controller, enhanced by such color processing technology, not only into our color MFPs but also into our color printers from the second half of this fiscal year, which will enhance security and management functionality.

<Slide 33: Develop New Color Toner and Invest in Plants>

Now I will explain the development of our new color toner and capital investment in plants. Traditionally, Kyocera Mita has developed color toner internally and outsourced its production. As demand for color toner is forecast to rise further, and quality requirements are also expected to increase, we have invested approximately ¥8.0 billion in a chemical products development center for toner development and a plant specifically for the production of color toner to commence operations in May this year. At this plant we produce a newly developed high-image quality toner with small particle diameter, useable in new color models set for release starting in the second half of this fiscal year.

We will push forward strongly with the initiatives I have outlined and will introduce color printers and MFPs featuring a highly competitive new engine in a timely fashion. Although the market environment remains extremely tough, we aim to achieve our sales target as we seek to drive future business expansion.