

Briefing on FY2017/3 Results

Main questions and answers

- Q: Is the inappropriate accounting issue limited to New Zealand and Australia? While the internal investigation committee recognized the inappropriate accounting practices only in New Zealand, how could the Independent Investigation Committee find similar cases in Australia as well?
- A: This issue stems from incorrectly processing regarding certain lease contracts by registering sales as “finance lease”, which should be treated as “operating lease”. Its investigation involved checking tens of thousands of contracts. Due to limitations in in-house enquiry, we decided to entrust the Committee to carry out full investigation. The Committee examined not only New Zealand and Australia but also other overseas subsidiaries as well as Japanese operations to find no other inappropriate accounting practices.
- Q: You mentioned integrating Fuji Xerox’s business management divisions into FUJIFILM Holdings. Is any effect from cost savings from this integration incorporated in forecast of FY2018/3?
- A: The primary objective of this integration is to reinforce corporate governance rather than cost-cutting. For this reason, we are not incorporating cost savings at this stage. We will be examining it in coming months.
- Q: What are the sales in volume of instant camera in FY2017/3 and FY2018/3?
- A: The number of sales in volume was 6.6 million in FY2017/3, and would be 7.5 million in FY2018/3. The *instax SQUARE SQ10*, released in this May, is performing well.
- Q: What was the reason for improvement in profitability of imaging solutions ?
- A: Digital cameras as well as *instax* have contributed to improved profitability. *FUJIFILM GFX 50S*, the medium-format mirrorless digital camera, equipped with a large sized sensor, has been performing well since its launch in February, and so have *FUJIFILM X-T2* and other interchangeable lens cameras as well as their lenses.
- Q: Though forecast increased sales and income in the document solutions in FY2018/3, it seems unlikely, given the current market conditions.
- A: The market might seem difficult to grow from the aspect of selling hardware device only. Yet, when the market definition is extended to cover services, such as information security and IT support for small- and medium-sized enterprises, Fuji Xerox can contribute to a large number of areas. We will tap into our technological strengths in IoT, AI and image processing to achieve strong growth in the service business.