

Year ended March 31

Results of Operations

Revenue

During the fiscal year ended March 31, 2009, consolidated revenue amounted to ¥2,434.3 billion, down 14.5% from the previous fiscal year. Sales of the Information Solutions and Document Solutions segments, which had been steady during the first two quarters, deteriorated rapidly from the third quarter due to the strong impact of a drop in demand attributable to the worldwide recession and the yen's appreciation. The Imaging Solutions segment also continued to suffer declines in demand and selling prices, which resulted in a drop in the segment's revenue. The effective currency exchange rates for the U.S. dollar and the euro against the yen during the fiscal year under review were ¥101=\$1, a ¥14 appreciation compared with the previous fiscal year, and ¥145=1 euro, a ¥17 appreciation.

Domestic and Overseas Revenue

Domestic revenue amounted to ¥1,134.2 billion, down 9.9% year on year, and overseas revenue totaled ¥1,300.1 billion, down 18.1%.

	Year ended March 31				
	Millions of yen, %				
	2009	2008	2007	2006	2005
Domestic revenue	¥1,134,192 46.6	¥1,259,506 44.2	¥1,303,647 46.9	¥1,329,284 49.8	¥1,311,893 51.9
Overseas revenue	1,300,152 53.4	1,587,322 55.8	1,478,879 53.1	1,338,211 50.2	1,215,481 48.1
The Americas	447,677 18.4	557,203 19.6	572,797 20.6	558,702 20.9	515,169 20.4
Europe	350,548 14.4	449,241 15.8	422,965 15.2	375,516 14.1	349,903 13.8
Asia and Others	501,927 20.6	580,878 20.4	483,117 17.3	403,993 15.2	350,409 13.9
Consolidated total	¥2,434,344 100.0	¥2,846,828 100.0	¥2,782,526 100.0	¥2,667,495 100.0	¥2,527,374 100.0

Operating Expenses, Operating Income

SG&A expenses decreased 8.5% year on year to ¥694.7 billion, with the SG&A expense ratio rising 1.9 percentage points to 28.6% due to decreased sales. R&D expenses increased 1.9% to ¥191.1 billion.

Operating income fell 82.0% year on year to ¥37.3 billion, attributable to decreased sales, the yen's appreciation and the posting of ¥33.5 billion in structural reform expenses.

Income before Income Taxes, Net Income

Income before income taxes fell 95.3% year on year to ¥9.4 billion. Net income also fell 89.9% to ¥10.5 billion.

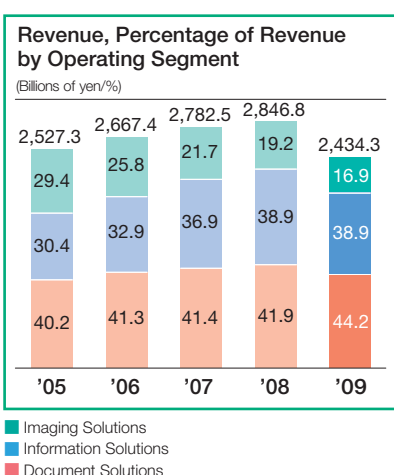
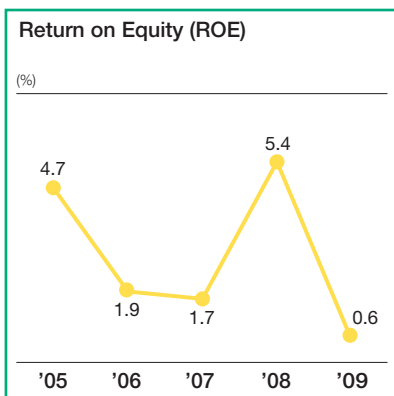
Results by Segment

● Imaging Solutions

Consolidated revenue in the Imaging Solutions segment dropped 25.0% year on year to ¥410.4 billion. This drop is mainly due to shrinking demand for color films and color paper, intensified competition in the digital camera market and the yen's appreciation. The segment recorded an operating loss of ¥29.3 billion attributable to severe operating conditions, which included weakening demand, surging prices of silver and other principal raw materials, the yen's appreciation and a decline in digital camera prices.

● Information Solutions

Consolidated revenue in the Information Solutions segment decreased 14.6% year on year to ¥946.1 billion. This decrease reflected factors including: weakened demand; the yen's appreciation; and a rapid deterioration in LCD-related market conditions resulting in decreased sales of FPD materials, which had shown robust performance in the first two quarters. In the medical systems/life sciences business, the increased use of IT at medical institutions pushed up the



Year ended March 31

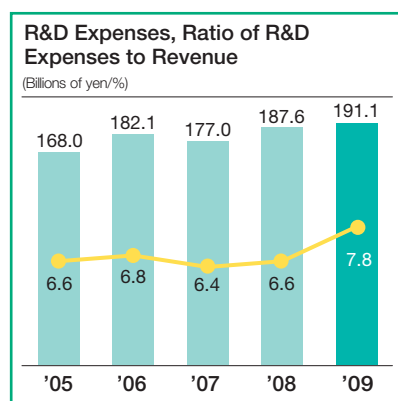
sales of medical-use picture archiving and communications systems (PACS) and related products. In the healthcare business, centered on the ASTALIFT skincare series and other functional cosmetics, sales expanded significantly, and this was attributable to reinforced sales channels and advertising activities. However, overall sales in the medical systems/life sciences business declined, negatively impacted by revisions to the national healthcare reimbursement system in Japan and the worldwide recession. Sales in the graphic arts business and the optical devices field also declined owing to the worldwide recession. Segment operating income decreased 84.0% year on year to ¥20.4 billion, attributable to the yen's appreciation and surging prices of silver and other principal raw materials, as well as to a fall in sales volume owing to the worldwide recession.

● Document Solutions

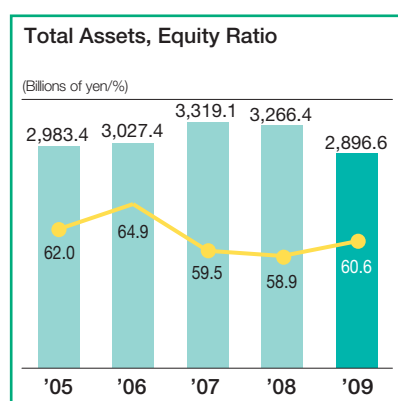
Consolidated revenue in the Document Solutions segment declined 9.6% year on year to ¥1,077.8 billion, adversely affected by decreased sales volume in line with a rapid deterioration in economic conditions from the third quarter as well as by rapid fluctuations in the exchange rates of the U.S. dollar and Asian and Oceanian currencies against the yen. In the office products business, domestic sales decreased, significantly impacted by such negative factors as a decline in demand and slower capital investments in the corporate sector. Despite robust demand in newly industrialized countries (NICs) and increased sales volume in exports, attributable to the benefits stemming from the acquisition of a marketing distributor by U.S.-based Xerox Corporation during the previous fiscal year, sales in the office products business decreased due to the yen's appreciation and a rapid economic slowdown. Sales in the production services business fell, with weakened demand in the Asia-Oceania region and the yen's appreciation more than offsetting strong sales and a resultant substantial increase in sales volume in the color light production market. Segment operating income dropped 42.7% year on year to ¥49.7 billion, primarily owing to the worldwide recession and the yen's appreciation.

	Year ended March 31		
	Millions of yen		
	2009	2008	2007
Imaging Solutions			
Revenue:			
External customers	¥ 410,399	¥ 547,066	¥ 605,383
Intersegment	785	874	899
Total	411,184	547,940	606,282
Operating loss	(29,310)	(2,394)	(42,631)
Operating margin	(7.1)%	(0.4)%	(7.0)%
Information Solutions			
Revenue:			
External customers	¥ 946,156	¥1,108,134	¥1,026,085
Intersegment	1,683	2,136	2,818
Total	947,839	1,110,270	1,028,903
Operating income	20,351	127,432	95,170
Operating margin	2.1%	11.5%	9.2%
Document Solutions			
Revenue:			
External customers	¥1,077,789	¥1,191,628	¥1,151,058
Intersegment	8,982	9,274	12,187
Total	1,086,771	1,200,902	1,163,245
Operating income	49,677	86,664	61,186
Operating margin	4.6%	7.2%	5.3%

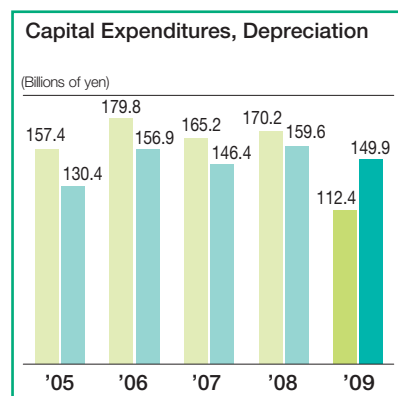
Note: Operating income (loss) in Imaging Solutions, Information Solutions and Document Solutions for the fiscal year ended March 31, 2007 is affected by structural reform expenses of ¥60,121 million, ¥17,269 million, and ¥16,691 million, respectively.



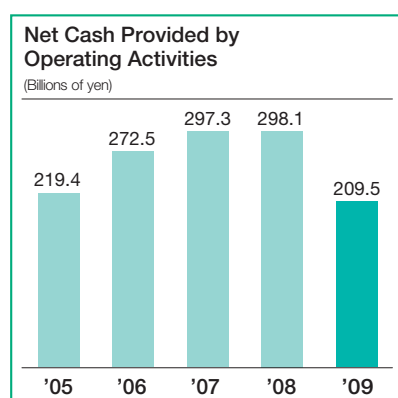
■ R&D Expenses
● Ratio of R&D Expenses to Revenue



■ Total Assets ● Equity Ratio



■ Capital Expenditure ■ Depreciation
(Excluding the amount for rental equipment handled by the Document Solutions segment)



Year ended March 31

R&D Expenses

R&D expenses increased 1.9% year on year to ¥191.1 billion. The ratio of R&D expenses to revenue rose 1.2 percentage points to 7.8%. By business segment, R&D expenses in Imaging Solutions totaled ¥14.3 billion, down 15.5%; ¥96.4 billion in Information Solutions, up 3.1%; and ¥80.4 billion in Document Solutions, up 4.1%.

Financial Position Analysis

Assets, Liabilities, and Shareholders' Equity

As of March 31, 2009, total assets amounted to ¥2,896.6 billion, down 11.3% compared with the end of the previous fiscal year. This decline reflects such factors as a decrease in the yen-equivalent value of foreign-currency assets attributable to the persistent appreciation of the yen. Total liabilities amounted to ¥1,024.4 billion, down 15.7%. Shareholders' equity totaled ¥1,756.3 billion, down 8.6%. As a result, the current ratio rose 43.7 percentage points, to 244.1%, the debt ratio dropped 4.9 percentage points, to 58.3%, and the equity ratio increased 1.7 percentage points, to 60.6%. The Company is confident that it is maintaining a stable level of asset liquidity and a sound capital structure.

Capital Expenditures, Depreciation

Capital expenditures decreased 34.0% year on year to ¥112.4 billion. The largest portions of the Company's investment were used for boosting FPD materials production capacity and for the construction of a new Fuji Xerox R&D site in the "Minato Mirai 21" district of Yokohama City, Kanagawa Prefecture. By business segment, capital expenditures amounted to ¥12.3 billion in Imaging Solutions, down 31.7% year on year; ¥59.6 billion in Information Solutions, down 41.2%; and ¥40.4 billion in Document Solutions, down 20.3%. Total depreciation decreased ¥9.7 billion to ¥149.9 billion.

Cash Flow Analysis

Net cash provided by operating activities amounted to ¥209.5 billion, down ¥88.6 billion compared with the previous fiscal year. Net cash used in investing activities was ¥152.8 billion, mainly reflecting ¥155.9 billion in purchases of property, plant and equipment. Net cash used in financing activities totaled ¥102.1 billion, primarily attributable to net purchases of stock for treasury and repayments of debt. As a result, cash and cash equivalents as of March 31, 2009 amounted to ¥270.1 billion.

Basic Policy Regarding Distribution of Profits

In addition to reflecting consolidated performance trends, dividend levels are to be determined based on the consideration of such factors as the level of funds required for capital investment and R&D activities needed to support future business expansion as well as other measures aimed at increasing the Company's corporate value in the future. As a means of supplementing dividends, the Company will also flexibly move to employ surplus cash flow to buy back shares in a manner that contributes to greater capital efficiency.

Considering the current time period to be a "Second Foundation" period, the Company is intensively implementing capital investment, M&A and R&D investment in its priority business fields. In view of this situation, the Company has targeted a return to shareholders ratio of 25%, which represents the ratio of total cash dividends and share buybacks to consolidated net income.

Cash dividends applicable to the fiscal year under review totaled ¥30.00 per share. During the fiscal year, the Company bought back 15,780 thousand shares at a total acquisition cost of ¥35.0 billion.

Business-Related and Other Risks

The following types of risk have the potential for affecting the Fujifilm Group's financial condition and business performance. Text referring to the future is written from the perspective of the end of the fiscal year under review.

Impact of Economic and Exchange Rate Trends on Performance

Fujifilm provides products and services in diverse markets throughout the world, and the share of consolidated sales accounted for by overseas sales was approximately 53% in the fiscal year under review. There is a possibility that performance will be greatly affected by economic conditions throughout the world and particularly by currency exchange rates.

To reduce the impact of currency exchange rates on performance, Fujifilm undertakes hedging measures, primarily using forward exchange contracts for the U.S. dollar and the euro, but currency exchange fluctuations, depending on their degree, still could have an impact on performance.

Competition in Markets

In the business fields where the Fujifilm Group operates, the intensification of competition with other companies may lead to declines in the selling prices of products, shorter product lifecycles and the emergence of alternative products. These phenomena may negatively impact the Company's sales and, consequently, profit, forcing the Company to increase R&D expenses and reevaluate goodwill and other intangible assets it holds. In the future, Fujifilm will continually work to develop products incorporating new technologies and to support the sales of such products with marketing activities, and the success or failure of these activities is expected to have an influence on performance.

Patents and Other Intellectual Property

Fujifilm has diverse patents, know-how, and other intellectual property that enable competitive benefits, but such future events as the expiration of patents and emergence of replacement technologies may make it difficult to maintain competitive superiority.

In the wide range of business fields with which Fujifilm is associated, there are numerous companies with sophisticated and complex technologies, and the number of these technologies is rising rapidly. Developing Fujifilm's business operations sometimes may require the use of other companies' patents, know-how, and other intellectual property, and when negotiations for the use of such intellectual property are not successful, there is a potential for performance to be affected. In addition, Fujifilm is developing its business while constantly taking care not to infringe on the intellectual property of other companies, but it must be recognized that in reality it is difficult to completely eliminate the risk of becoming involved in litigation. If Fujifilm becomes involved in litigation, not only litigation costs would arise, but also the potential for compensatory payment costs that could have an influence on performance.

Public Regulations

In the regions where Fujifilm is developing its operations, diverse government regulations exist that apply to Fujifilm's operations, such as business and investment permits as well as limits and regulations related to imports and exports. Moreover, Fujifilm is subject to commercial, fair trade, patent, consumer protection, tax, foreign exchange administration, environmental, pharmaceutical, and other laws and regulations.

If Fujifilm were not to strictly comply with one of these laws or regulations, it could be subject to fines. Moreover, it is possible that these laws and regulations might be tightened or greatly changed, and in such cases it is impossible to deny the possibility that Fujifilm's activities could be limited or that Fujifilm might have to bear greater costs to attain compliance or respond to the changes, including abolishment. Accordingly, these laws and regulations have the potential to affect Fujifilm's performance.

Manufacturing Operations

As Fujifilm engages in manufacturing operations throughout the world, it is possible that provision of Fujifilm's products could be halted by earthquakes or other natural disasters, the discontinuation of the manufacture of raw materials and components, the bankruptcy of suppliers, terrorist activities, wars, labor strikes, major disease outbreaks, and other factors that cause disorder. It is also possible that a rapid rise in the price of raw materials could affect Fujifilm's performance.

Fujifilm manufactures its products in conformance with rigorous quality control standards, but the possibility of defective products does exist. If Fujifilm were to have to respond to such an event by undertaking product recalls or other actions, Fujifilm's performance may be affected.

Structural Reforms

The Fujifilm Group has reaccelerated its structural reforms from the current fiscal year, ending March 31, 2010, for more intensive implementation. Through these structural reforms, the Fujifilm Group is promoting comprehensive cost and expense reductions, while pursuing further reductions in fixed costs and assets for optimized Groupwide operations. The Group will continue implementing effective measures to constantly improve its management efficiency in the future. However, the implementation of structural reforms and related measures may cause the Group to incur contingent expenses associated with organizational changes and business and operational reforms, and in such cases, the Group's performance may be affected.

Ten-Year Summary

FUJIFILM Holdings Corporation and Subsidiaries

Year ended March 31

Millions of yen

	2009	2008	2007	2006
Revenue:				
Domestic	¥1,134,192	¥1,259,506	¥1,303,647	¥1,329,284
Overseas	1,300,152	1,587,322	1,478,879	1,338,211
Total	¥2,434,344	¥2,846,828	¥2,782,526	¥2,667,495
Cost of sales	1,511,242	1,692,758	1,638,337	1,593,804
Operating expenses:				
Selling, general and administrative	694,740	759,139	760,042	735,058
Research and development	191,076	187,589	177,004	182,154
Restructuring and other charges	—	—	94,081	86,043
Subsidy related to transfer of substitutional portion of employee pension fund liabilities	—	—	—	—
Operating income	37,286	207,342	113,062	70,436
Interest and dividend income	10,012	13,462	11,376	8,133
Interest expense	(7,037)	(7,380)	(6,351)	(3,886)
Income before income taxes	9,442	199,342	103,264	79,615
Income before minority interests and equity in net earnings of affiliated companies	12,026	117,199	43,731	44,591
Net income	10,524	104,431	34,446	37,016
Capital expenditures (Note 1)	¥ 112,402	¥ 170,179	¥ 165,159	¥ 179,808
Depreciation (Note 1)	149,912	159,572	146,325	156,928
Net cash provided by operating activities	209,506	298,110	297,276	272,558
Average number of shares outstanding (in thousands)	498,837	508,354	510,621	509,525
Total assets	¥2,896,637	¥3,266,384	¥3,319,102	¥3,027,491
Long-term debt	253,987	256,213	267,965	74,329
Total shareholders' equity	1,756,313	1,922,353	1,976,508	1,963,497
Number of employees	76,252	78,321	76,358	75,845
Per share of common stock (Yen/U.S. dollars)				
Net income (Note 2)	¥ 21.10	¥ 205.43	¥ 67.46	¥ 72.65
Cash dividends (Note 3)	30.00	35.00	25.00	25.00
Shareholders' equity (Note 4)	3,594.52	3,811.19	3,867.04	3,848.32
Stock price at year-end	2,125	3,530	4,820	3,930
PBR (Price-to-Book Value Ratio) (Times)	0.59	0.93	1.25	1.02
PER (Price-to-Earnings Ratio) (Times)	100.71	17.18	71.45	54.09
ROE (Return on Equity) (%)	0.6	5.4	1.7	1.9
ROA (Return on Assets) (%)	0.3	3.2	1.1	1.2

Notes: 1. Figures do not include amounts for rental equipment handled by the Document Solutions segment.

2. The computation of net income per share is based on the average number of shares (excluding treasury stock) outstanding during each period.

3. Cash dividends per share represent the amount declared per share for each period.

4. The computation of shareholders' equity per share is based on the number of shares (excluding treasury stock) outstanding at the end of each period.

5. U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥98=US\$1, the exchange rate prevailing on March 31, 2009.

6. At the end of March 2001, Fujifilm acquired an additional 25% of the outstanding shares of Fuji Xerox Co., Ltd., bringing its total shareholding to 75%. As a result, Fuji Xerox became a consolidated subsidiary of Fujifilm. In the financial statements for the Fujifilm Group for the year ended March 31, 2001, the balance sheet of Fuji Xerox was consolidated and the consolidated statements of income were accounted for by the equity method, with an ownership interest of 50% as in prior years. From the year ended March 31, 2002, the consolidated statements of income of Fuji Xerox were consolidated in the income statements.

Year ended March 31							Thousands of U.S. dollars (Note 5)
Millions of yen						2009	
2005	2004	2003	2002	2001	2000		
¥1,311,893	¥1,336,015	¥1,330,119	¥1,355,192	¥ 656,059	¥ 635,588	\$11,573,388	
1,215,481	1,230,710	1,181,802	1,052,325	727,310	713,253	13,266,857	
¥2,527,374	¥2,566,725	¥2,511,921	¥2,407,517	¥1,383,369	¥1,348,841	\$24,840,245	
1,510,681	1,503,843	1,474,551	1,403,571	803,460	774,757	15,420,837	
767,363	704,659	765,987	684,370	351,033	344,424	7,089,184	
168,017	173,323	159,119	146,881	79,144	81,725	1,949,755	
—	—	—	—	—	—	—	
(83,129)	—	(52,136)	—	—	—	—	
164,442	184,900	164,400	172,695	149,732	147,935	380,469	
6,080	4,246	3,909	5,577	8,180	6,975	102,163	
(4,668)	(5,459)	(6,674)	(9,289)	(11,093)	(9,957)	(71,806)	
162,346	164,948	120,513	159,549	199,661	137,405	96,347	
98,457	92,659	60,230	88,696	113,126	74,763	122,714	
84,500	82,317	48,579	81,331	117,900	84,895	107,388	
¥ 157,420	¥ 160,740	¥ 127,319	¥ 155,525	¥ 118,786	¥ 91,313	\$ 1,146,959	
130,360	124,634	126,695	121,777	82,063	82,770	1,529,714	
219,361	327,358	303,500	248,185	140,454	212,306	2,137,816	
512,801	513,252	514,011	514,583	514,603	514,612		
¥2,983,457	¥3,023,509	¥2,958,317	¥2,946,362	¥2,830,313	¥2,235,812	\$29,557,520	
96,040	116,823	124,404	137,446	81,246	20,897	2,591,704	
1,849,102	1,749,882	1,680,611	1,698,063	1,624,856	1,575,065	17,921,561	
75,638	73,164	72,633	72,569	70,722	37,151		
¥ 164.78	¥ 160.38	¥ 94.51	¥ 158.05	¥ 229.11	¥ 164.97	\$ 0.22	
25.00	25.00	25.00	25.00	22.50	22.50	0.31	
3,630.67	3,409.80	3,274.17	3,300.45	3,157.55	3,060.68	36.68	
3,920	3,310	3,640	4,170	4,640	4,520	21.68	
1.08	0.97	1.11	1.26	1.47	1.48		
23.79	20.64	38.51	26.38	20.25	27.40		
4.7	4.8	2.9	4.9	7.4	5.5		
2.8	2.8	1.6	2.8	4.7	3.9		

Consolidated Balance Sheets

FUJIFILM Holdings Corporation and Subsidiaries

Assets	March 31		
	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	2009
Current assets:			
Cash and cash equivalents (Note 18)	¥ 270,094	¥ 330,926	\$ 2,756,061
Marketable securities (Notes 4 and 18)	29,224	14,936	298,204
Notes and accounts receivable (Note 5):			
Trade and finance	468,836	584,349	4,784,041
Affiliated companies (Note 7)	20,484	28,461	209,020
Allowance for doubtful receivables	(16,803)	(15,950)	(171,459)
Inventories (Note 6)	368,250	416,827	3,757,653
Deferred income taxes (Note 11)	85,677	90,956	874,255
Prepaid expenses and other (Notes 17 and 18)	76,937	61,447	785,072
Total current assets	1,302,699	1,511,952	13,292,847
Investments and long-term receivables:			
Investments in and advances to affiliated companies (Note 7)	49,657	50,737	506,704
Investment securities (Notes 4 and 18)	133,208	234,684	1,359,265
Long-term finance and other receivables (Notes 5, 17 and 18)	105,514	133,543	1,076,673
Allowance for doubtful receivables	(4,461)	(4,109)	(45,520)
Total investments and long-term receivables	283,918	414,855	2,897,122
Property, plant and equipment:			
Land (Note 9)	97,231	101,492	992,153
Buildings (Note 9)	664,991	673,175	6,785,622
Machinery and equipment	1,661,918	1,709,104	16,958,347
Construction in progress	55,354	57,139	564,837
	2,479,494	2,540,910	25,300,959
Less accumulated depreciation	(1,781,488)	(1,764,543)	(18,178,449)
Net property, plant and equipment	698,006	776,367	7,122,510
Other assets:			
Goodwill, net (Notes 8 and 19)	328,958	326,777	3,356,714
Other intangible assets, net (Notes 8 and 19)	74,286	91,689	758,020
Deferred income taxes (Note 11)	125,979	54,889	1,285,500
Other (Note 10)	82,791	89,855	844,807
Total other assets	612,014	563,210	6,245,041
Total assets	¥ 2,896,637	¥ 3,266,384	\$ 29,557,520

U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥98=U.S.\$1.00, the exchange rate prevailing on March 31, 2009.

Liabilities and shareholders' equity	March 31		
	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	2009
Current liabilities:			
Short-term debt (Note 9)	¥ 67,559	¥ 113,797	\$ 689,378
Notes and accounts payable:			
Trade	197,029	278,950	2,010,500
Construction	21,130	58,654	215,612
Affiliated companies (Note 7)	3,385	5,210	34,541
Accrued income taxes (Note 11)	9,435	41,636	96,276
Accrued liabilities (Notes 10 and 20)	174,172	189,741	1,777,265
Other current liabilities (Notes 11, 17 and 18)	60,860	66,643	621,020
Total current liabilities	533,570	754,631	5,444,592
Long-term debt (Notes 9 and 17)	253,987	256,213	2,591,704
Accrued pension and severance costs (Note 10)	157,277	111,942	1,604,867
Deferred income taxes (Note 11)	32,823	44,936	334,929
Customers' guarantee deposits and other (Notes 7, 17 and 18)	46,759	47,317	477,132
Minority interests in subsidiaries	115,908	128,992	1,182,735
Commitments and contingent liabilities (Note 14)			
Shareholders' equity (Note 12):			
Common stock, without par value:			
Authorized: 800,000,000 shares			
Issued: 514,625,728 shares	40,363	40,363	411,867
Additional paid-in capital (Note 16)	69,739	69,329	711,622
Retained earnings	1,919,019	1,923,432	19,581,827
Accumulated other comprehensive income (loss) (Notes 10, 13 and 17)	(190,205)	(63,171)	(1,940,867)
Treasury stock, at cost (26,017,005 shares in 2009; 10,228,426 shares in 2008)	(82,603)	(47,600)	(842,888)
Total shareholders' equity	1,756,313	1,922,353	17,921,561
Total liabilities and shareholders' equity	¥2,896,637	¥3,266,384	\$29,557,520

See notes to consolidated financial statements.

Consolidated Statements of Income

FUJIFILM Holdings Corporation and Subsidiaries

	Year ended March 31			Thousands of U.S. dollars (Note 3)
	Millions of yen			
	2009	2008	2007	
Revenue:				2009
Sales	¥2,059,385	¥2,450,256	¥2,399,636	\$21,014,133
Rentals	374,959	396,572	382,890	3,826,112
	2,434,344	2,846,828	2,782,526	24,840,245
Cost of sales:				
Sales	1,356,273	1,532,596	1,478,828	13,839,520
Rentals	154,969	160,162	159,509	1,581,317
	1,511,242	1,692,758	1,638,337	15,420,837
Gross profit	923,102	1,154,070	1,144,189	9,419,408
Operating expenses:				
Selling, general and administrative (Note 16)	694,740	759,139	760,042	7,089,184
Research and development	191,076	187,589	177,004	1,949,755
Restructuring and other charges (Note 20)	—	—	94,081	—
Operating income	37,286	207,342	113,062	380,469
Other income (expenses):				
Interest and dividend income	10,012	13,462	11,376	102,163
Interest expense	(7,037)	(7,380)	(6,351)	(71,806)
Foreign exchange gains (losses), net (Note 17)	(22,516)	(14,640)	6,746	(229,755)
Impairment of investment securities (Note 4)	(6,878)	(864)	(23,946)	(70,184)
Other, net (Note 17)	(1,425)	1,422	2,377	(14,540)
	(27,844)	(8,000)	(9,798)	(284,122)
Income before income taxes	9,442	199,342	103,264	96,347
Income taxes expense (benefit) (Note 11):				
Current	27,393	73,322	62,910	279,520
Deferred	(29,977)	8,821	(3,377)	(305,887)
	(2,584)	82,143	59,533	(26,367)
Income before minority interests and equity in net earnings of affiliated companies	12,026	117,199	43,731	122,714
Minority interests	(4,491)	(15,474)	(12,643)	(45,826)
Equity in net earnings of affiliated companies	2,989	2,706	3,358	30,500
Net income	¥ 10,524	¥ 104,431	¥ 34,446	\$ 107,388
		Yen		U.S. dollars (Note 3)
Amounts per share of common stock:				
Net income (Note 15)				
Basic	¥ 21.10	¥ 205.43	¥ 67.46	\$ 0.22
Diluted	21.09	193.56	65.04	0.22
Cash dividends declared	30.00	35.00	25.00	0.31

See notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

FUJIFILM Holdings Corporation and Subsidiaries

	Millions of yen					
	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	¥ 40,363	¥ 68,412	¥ 1,818,610	¥ 52,917	¥ (16,805)	¥ 1,963,497
Comprehensive income (loss):						
Net income	—	—	34,446	—	—	34,446
Net unrealized gains (losses) on securities (Note 13)	—	—	—	(6,888)	—	(6,888)
Foreign currency translation adjustments (Note 13)	—	—	—	27,539	—	27,539
Minimum pension liability adjustments (Note 13)	—	—	—	(13,729)	—	(13,729)
Net unrealized gains (losses) on derivatives (Note 13)	—	—	—	(2)	—	(2)
Net comprehensive income						41,366
Adjustment to initially apply SFAS 158, net of tax	—	—	—	(18,887)	—	(18,887)
Purchases of stock for treasury	—	—	—	—	(711)	(711)
Sales of stock from treasury	—	—	(122)	—	4,131	4,009
Dividends applicable to earnings of the year	—	—	(12,766)	—	—	(12,766)
Balance at March 31, 2007	40,363	68,412	1,840,168	40,950	(13,385)	1,976,508
Cumulative effect adjustment to initially apply ETF No. 06-2, net of tax	—	—	(3,394)	—	—	(3,394)
Comprehensive income (loss):						
Net income	—	—	104,431	—	—	104,431
Net unrealized gains (losses) on securities (Note 13)	—	—	—	(28,059)	—	(28,059)
Foreign currency translation adjustments (Note 13)	—	—	—	(57,003)	—	(57,003)
Pension liability adjustments (Note 13)	—	—	—	(18,944)	—	(18,944)
Net unrealized gains (losses) on derivatives (Note 13)	—	—	—	(115)	—	(115)
Net comprehensive income						310
Purchases of stock for treasury	—	—	—	—	(34,232)	(34,232)
Sales of stock from treasury	—	1	—	—	17	18
Dividends applicable to earnings of the year	—	—	(17,773)	—	—	(17,773)
Issuance of stock acquisition rights (Note 16)	—	916	—	—	—	916
Balance at March 31, 2008	40,363	69,329	1,923,432	(63,171)	(47,600)	1,922,353
Comprehensive income (loss):						
Net income	—	—	10,524	—	—	10,524
Net unrealized gains (losses) on securities (Note 13)	—	—	—	(25,453)	—	(25,453)
Foreign currency translation adjustments (Note 13)	—	—	—	(64,913)	—	(64,913)
Pension liability adjustments (Note 13)	—	—	—	(36,791)	—	(36,791)
Net unrealized gains (losses) on derivatives (Notes 13 and 17)	—	—	—	123	—	123
Net comprehensive loss						(116,510)
Purchases of stock for treasury	—	—	—	—	(35,051)	(35,051)
Sales of stock from treasury	—	—	(2)	—	48	46
Dividends applicable to earnings of the year	—	—	(14,935)	—	—	(14,935)
Issuance of stock acquisition rights (Note 16)	—	410	—	—	—	410
Balance at March 31, 2009	¥ 40,363	¥ 69,739	¥ 1,919,019	¥ (190,205)	¥ (82,603)	¥ 1,756,313

	Thousands of U.S. dollars (Note 3)					
Balance at March 31, 2008	\$411,867	\$707,439	\$19,626,857	\$ (644,602)	\$ (485,714)	\$ 19,615,847
Comprehensive income (loss):						
Net income	—	—	107,388	—	—	107,388
Net unrealized gains (losses) on securities (Note 13)	—	—	—	(259,724)	—	(259,724)
Foreign currency translation adjustments (Note 13)	—	—	—	(662,378)	—	(662,378)
Pension liability adjustments (Note 13)	—	—	—	(375,418)	—	(375,418)
Net unrealized gains (losses) on derivatives (Notes 13 and 17)	—	—	—	1,255	—	1,255
Net comprehensive loss						(1,188,877)
Purchases of stock for treasury	—	—	—	—	(357,663)	(357,663)
Sales of stock from treasury	—	—	(20)	—	489	469
Dividends applicable to earnings of the year	—	—	(152,398)	—	—	(152,398)
Issuance of stock acquisition rights (Note 16)	—	4,183	—	—	—	4,183
Balance at March 31, 2009	\$411,867	\$711,622	\$19,581,827	\$ (1,940,867)	\$ (842,888)	\$ 17,921,561

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

FUJIFILM Holdings Corporation and Subsidiaries

	Year ended March 31			Thousands of U.S. dollars (Note 3)
	Millions of yen			
	2009	2008	2007	
Operating activities				
Net income	¥ 10,524	¥ 104,431	¥ 34,446	\$ 107,388
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	212,565	226,753	215,429	2,169,031
Impairment losses for long-lived assets (Note 20)	6,916	6,910	12,202	70,571
Impairment of investment securities	6,878	864	23,946	70,184
Deferred income taxes	(29,977)	8,821	(3,377)	(305,887)
Minority interests	4,491	15,474	12,643	45,826
Equity in net earnings of affiliated companies, less dividends received	(694)	95	(1,987)	(7,082)
Changes in operating assets and liabilities:				
Notes and accounts receivable	91,928	(12,990)	(9,637)	938,041
Inventories	32,335	(30,479)	10,976	329,949
Notes and accounts payable – trade	(77,089)	10,169	12,700	(786,622)
Accrued income taxes and other liabilities	(59,136)	(52,001)	1,326	(603,429)
Other	10,765	20,063	(11,391)	109,846
Net cash provided by operating activities	209,506	298,110	297,276	2,137,816
Investing activities				
Purchases of property, plant and equipment	(155,866)	(166,136)	(172,572)	(1,590,469)
Purchases of software	(21,615)	(20,714)	(20,483)	(220,561)
Proceeds from sales and maturities of marketable and investment securities and other investments	52,752	141,615	109,116	538,286
Purchases of marketable and investment securities and other investments	(17,639)	(47,303)	(146,911)	(179,990)
(Increase) decrease in investments in and advances to affiliated companies and other advances, net	9,889	(41,039)	1,383	100,908
Acquisitions of businesses and minority interests, net of cash acquired	(6,635)	(98,973)	(45,741)	(67,704)
Other	(13,667)	(27,165)	(22,793)	(139,460)
Net cash used in investing activities	(152,781)	(259,715)	(298,001)	(1,558,990)
Financing activities				
Proceeds from long-term debt	7,237	2,602	200,568	73,847
Repayments of long-term debt	(39,773)	(10,124)	(29,725)	(405,847)
Increase (decrease) in short-term debt, net	(10,845)	(10,579)	6,120	(110,664)
Cash dividends paid	(17,655)	(15,335)	(12,754)	(180,153)
Subsidiaries' cash dividends paid to minority interests	(6,098)	(4,658)	(5,220)	(62,224)
Net purchases of stock for treasury	(35,005)	(34,214)	(702)	(357,194)
Net cash provided by (used in) financing activities	(102,139)	(72,308)	158,287	(1,042,235)
Effect of exchange rate changes on cash and cash equivalents	(15,418)	(19,880)	8,559	(157,326)
Net increase (decrease) in cash and cash equivalents	(60,832)	(53,793)	166,121	(620,735)
Cash and cash equivalents at beginning of year	330,926	384,719	218,598	3,376,796
Cash and cash equivalents at end of year	¥ 270,094	¥ 330,926	¥ 384,719	\$ 2,756,061
Supplemental disclosures of cash flow information				
Cash paid for:				
Interest	¥ 8,011	¥ 8,514	¥ 6,514	\$ 81,745
Income taxes	70,264	70,913	63,302	716,980

See notes to consolidated financial statements.

1 Nature of Operations

FUJIFILM Holdings Corporation (the "Company") is engaged in imaging, information and document solutions. "Imaging Solutions" develops, manufactures, markets and services color films, digital cameras, photofinishing equipment, color paper, chemicals and related products. "Information Solutions" develops, manufactures, markets and services equipment and materials for medical systems and life sciences, equipment and materials for graphic arts, flat panel display materials, recording media, optical devices, electronic materials, inkjet materials and related products. "Document Solutions" develops, manufactures, markets and services office copy machines/multi-function devices, printers, production systems and services, paper, consumables, office services and other related products. The Company and its subsidiaries operate throughout the world, generating approximately 53% of its worldwide revenue outside Japan, predominantly in North America, Europe and Asia. The Company's principal manufacturing operations are located in Japan, the United States of America, Brazil, the Netherlands, Singapore and China.

2 Summary of Significant Accounting Policies

The Company and its domestic subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan. The Company's foreign subsidiaries maintain their records and prepare their financial statements in conformity with the conventions of their countries of domicile. Certain reclassifications and adjustments have been incorporated in the accompanying consolidated financial statements to conform them to accounting principles generally accepted in the United States of America. These adjustments have not been recorded in the Company's or subsidiaries' statutory books of account.

Significant accounting policies, after reflecting the adjustments referred to above, are summarized as follows:

Principles of Consolidation and Accounting for Investments in Affiliated Companies

The consolidated financial statements include the accounts of the Company and entities that the Company directly or indirectly controls. All significant intercompany transactions and accounts have been eliminated.

The Company's investments in affiliated companies (20% to 50% owned companies), in which the ability to exercise significant influence exists, are accounted for by the equity method. Consolidated net income includes the Company's equity in the current net earnings or losses of such companies after the elimination of unrealized intercompany profits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the valuation of trade receivables, inventories, marketable and investment securities and deferred income tax assets; the valuation (including impairment) and determination of useful lives and depreciation or amortization method for property, plant and equipment and intangible assets; and assumptions related to the estimation of actuarial determined employee benefit obligations. Actual results could differ from those estimates.

Foreign Currency Translations

The Company's foreign subsidiaries generally use the local currency as their functional currency. Accordingly, assets and liabilities are translated into the reporting currency using exchange rates in effect at the balance sheet date and income and expenses are translated using average exchange rates prevailing during the year. Adjustments resulting from this translation process are accumulated in other comprehensive income (loss), a separate component of shareholders' equity.

Assets and liabilities denominated in currencies other than the functional currency are remeasured into the functional currency using exchange rates in effect at the respective balance sheet dates with the resulting gains or losses included in operations.

Cash Equivalents

The Company considers all highly liquid investments which are readily convertible into cash and that have original maturities of three months or less to be cash equivalents. Certain debt securities with original maturities of three months or less classified as available-for-sale securities are included in cash and cash equivalents in the consolidated balance sheets. Aggregate fair values of these securities were ¥49,462 million (\$504,714 thousand) and ¥66,469 million at March 31, 2009 and 2008, respectively.

Marketable Securities and Investment Securities

The Company has designated its marketable securities and investment securities as available-for-sale, which are carried at their fair value with changes in unrealized gains or losses reported in other comprehensive income (loss), net of applicable taxes. The Company records an impairment charge to earnings when a decline in value of the marketable security is deemed to be other-than-temporary. In determining whether such a decline is other-than-temporary, the Company evaluates various factors including the length of time, the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the investee as well as the Company's intent and ability to retain the investment for a period of time sufficient to allow any expected recovery in fair value. The cost of securities sold is based on the moving-average-cost method. Dividends on available-for-sale securities are included in "Interest and dividend income" in the accompanying consolidated statements of income.

Allowance for Doubtful Receivables

Allowances for doubtful trade, finance and other receivables are determined based on a combination of historical experience, aging analysis and any specific factors affecting customer accounts.

Inventories

Inventories are valued at the lower of cost or market with cost being determined principally by the moving-average method. Periodically, the Company reviews inventories for obsolete, slow-moving or excess amounts and if required, provides an allowance to recognize their estimated net realizable values.

Property, Plant and Equipment and Depreciation

Property, plant and equipment is carried at cost. Depreciation is computed primarily by the declining-balance method and, for certain foreign subsidiaries, by the straight-line method. The Company analyzed the actual status of use of machinery and equipment and estimated residual value for its operations in Japan. As a result, effective July 1, 2007, the Company and its domestic subsidiaries elected to change the depreciation method of machinery and equipment from specific fixed-percentage-on-declining-balance method to 250% declining-balance method. Estimated residual values were reduced to a nominal value in conjunction with this change. The Company believes that the 250% declining-balance method is preferable to reflect the allocation of cost of machinery and equipment with associated revenue. In accordance with Statement of Financial Accounting Standards Board ("SFAS") No. 154, "Accounting Changes and Error Corrections — a replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS154"), this change in depreciation method represents a change in accounting estimate effected by a change in accounting principle and affects the period of change and future periods. Therefore, depreciation expenses in prior periods have not been restated.

The change caused an increase in depreciation expense by ¥27,313 million, and a decrease in income before minority interests and equity in net earnings of affiliated companies and net income by ¥23,328 million and ¥12,748 million, respectively, for the year ended March 31, 2008. In addition, basic net income per share and diluted net income per share declined ¥25.08 and ¥23.27, respectively, for the year ended March 31, 2008. Estimated useful lives for buildings are primarily 15 to 50 years and for machinery and equipment are 2 to 15 years.

Machinery and equipment includes machines rented to customers under operating leases with a cost and accumulated depreciation of ¥94,585 million (\$965,153 thousand) and ¥68,568 million (\$699,673 thousand) as of March 31, 2009 and ¥101,857 million and ¥73,648 million as of March 31, 2008, respectively.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. Other intangible assets principally consist of costs allocated to technology-based intangibles and customer-related intangibles.

Under SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and other indefinite lived intangible assets are tested annually, as of January 1, for impairment. Impairment tests for goodwill are performed based on the fair value of estimated future cash flows of each reporting unit. The discount rate used is based on the reporting unit's weighted average cost of capital. In addition to the annual impairment test, an interim test for goodwill impairment would be performed if events occur or circumstances indicate that the carrying value may not be recoverable. Intangible assets other than those with an indefinite life are amortized on a straight-line basis over their estimated useful lives.

Capitalized Software Costs

The Company capitalizes certain software development costs in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The Company also follows accounting guidelines as specified in SFAS No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed." Capitalized costs are amortized on a straight-line basis over the estimated useful lives of the software of 3 to 5 years. Total capitalized software costs and accumulated amortization amounted to ¥177,365 million (\$1,809,847 thousand) and ¥105,204 million (\$1,073,510 thousand), respectively, as of March 31, 2009 and ¥178,613 million and ¥103,943 million, respectively, as of March 31, 2008. Capitalized software costs to be sold and accumulated amortization, included in the above, amounted to ¥31,172 million (\$318,082 thousand) and ¥22,679 million (\$231,418 thousand), respectively, as of March 31, 2009 and ¥34,259 million and ¥26,011 million, respectively, as of March 31, 2008. Capitalized software costs are included in other assets.

Impairment of Long-lived Assets

The Company reviews long-lived assets, excluding goodwill and other intangible assets not being amortized, for impairment whenever events or changes in business circumstances indicate the carrying amount of the assets may not be fully recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the assets would be compared to the assets' carrying amount to determine if a writedown is required. If this evaluation indicates that the assets will not be recoverable, the carrying value of the assets would be reduced to their estimated fair value. In determining the fair value, the Company uses quoted market prices in active markets or other valuation methods, if quoted market prices are unavailable, primarily based on the estimated discounted future cash flows expected to result from the use of the assets and their eventual disposition.

Long-lived assets to be disposed of by sale are evaluated at the lower of carrying amount or fair value less cost to sell.

Revenue Recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement, the products or services have been provided to customers, the sales price is fixed or determinable, and collectibility is reasonably assured. The above conditions are generally met when the title and risk of loss transfer from the company to customers.

Revenue from consumer products and industrial products such as medical and graphic products is recognized when goods are delivered or shipped to customers, depending on the timing of title and risk transfer. Revenue from certain equipment which requires customer acceptance such as certain type of medical, graphic, office and other equipment is recognized when equipment is installed and customer acceptance is obtained. Service revenue is derived mainly from maintenance on equipment sold to customers and is recognized as services are performed. Revenue from sales-type leases is derived mainly from office copy machines and office printers and is recognized at the inception of leases. Interest income on sales-type leases is recognized using the effective interest method with the allocation based on the net investment in outstanding leases and is included in revenue. Revenue from operating leases is recognized as earned over the respective lease terms.

For arrangements with multiple elements including products, equipment or services, the Company allocates revenue to each element based on its relative fair value if such element meets the criteria for treatment as a separate unit of accounting as prescribed in the Emerging Issues Task Force (“EITF”) Issue No. 00-21, “Revenue Arrangements with Multiple Deliverables.” Otherwise, revenue is deferred until the undelivered elements are fulfilled.

Costs incurred by the Company in connection with sales incentives related to purchase or promotion of the Company’s products are classified as reduction of revenue in accordance with EITF 01-9, “Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor’s Products).” Such costs include the estimated cost of promotional discount, dealer price protection, dealer volume rebates and cash discounts. These costs are mainly based on claims from customers/dealers or amount calculated in accordance with agreements.

Product Warranties

The Company provides product warranties for certain of its products. These warranties generally extend for periods of one year from the date of sale. A liability for expected warranty costs and additional service actions is accrued at the time that the related revenue is recognized. In estimating the warranty liability, historical experience is considered.

Shipping and Handling Costs

Shipping and handling costs of ¥57,208 million (\$583,755 thousand), ¥68,496 million and ¥75,232 million for the years ended March 31, 2009, 2008 and 2007, respectively, are included in selling, general and administrative expenses in the consolidated statements of income.

Advertising Costs

Advertising costs are expensed as incurred and included in selling, general and administrative expenses. Advertising expenses amounted to ¥24,096 million (\$245,878 thousand), ¥27,492 million and ¥34,928 million for the years ended March 31, 2009, 2008 and 2007, respectively.

Income Taxes

Income taxes have been provided using the liability method in accordance with SFAS No. 109, “Accounting for Income Taxes.”

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. A valuation allowance is recognized to reduce the deferred tax assets to the amount that is considered more likely than not to be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities in accordance with FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109” (“FIN 48”).

Consumption Taxes

Revenues, costs and expenses on the consolidated statements of income do not include consumption taxes.

Derivative Financial Instruments

The Company recognizes all derivative financial instruments, such as forward foreign exchange contracts, currency swaps, cross currency interest rate swaps and interest rate swaps in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Generally, changes in fair values of derivatives accounted for as fair value hedges are recorded in income along with the portions of the changes in the fair values of the hedged items that relate to the hedged risks. Changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in other comprehensive income (loss), net of deferred taxes. Changes in fair values of derivatives, which are not designated or qualified as hedges, are reported in earnings, immediately.

Net Income per Share

The amounts of basic net income per share are based on the weighted average number of shares of common stock outstanding during the year.

Diluted net income per share reflects the potential dilution and has been computed on the basis that all conversion rights of the Euroyen convertible bonds and stock options which have a dilutive effect were exercised and outstanding.

Conversion rights of the Euroyen convertible bonds for 45,506,558 shares of common stock were outstanding as of March 31, 2009 and certain stock options to purchase 353,200 and 170,600 shares of common stock were outstanding, as of March 31, 2009 and 2008, respectively, all of which were not included in the computation of diluted earnings per share since the effect would be anti-dilutive.

Stock-Based Compensation

The Company measured stock-based compensation cost as fair value of the options on the grant date and recognizes stock-based compensation cost in accordance with SFAS No. 123 (revised 2004), "Share-Based Payment (as amended)."

New Accounting Standards

In September 2006, FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a market-based framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, FASB issued FASB Staff Position ("FSP") No. FAS 157-2, "Effective Date of FASB Statement No. 157" ("FSP FAS157-2"). FSP FAS157-2 delays the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis. The company adopted SFAS 157 for financial assets and financial liabilities in the year beginning April 1, 2008. The adoption of SFAS 157 did not have a material impact on the results of operations and the financial condition of the Company.

In February 2007, FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 permits entities to choose to measure certain financial assets and liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be reported in earnings at each subsequent reporting date. SFAS 159 is effective for fiscal years beginning after November 15, 2007 and is required to be adopted by the Company in the year beginning April 1, 2008. The company has not elected the fair value option for the year ended March 31, 2009. Therefore the adoption of SFAS 159 did not have a material impact on the results of operations and the financial condition of the Company.

In June 2007, EITF reached a consensus on EITF 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services Received for Use in Future Research and Development Activities" ("EITF 07-3"). EITF 07-3 requires that nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities be deferred and capitalized and that such amounts be recognized as an expense as the related goods are delivered or the related services are performed. EITF 07-3 is effective, on a prospective basis, for fiscal years beginning after December 15, 2007 and was adopted by the Company in the year beginning April 1, 2008. The adoption of EITF 07-3 did not have a material impact on the results of operations and the financial condition of the Company.

In March 2008, FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 amends and expands the current disclosures required by SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 161 requires entities to provide greater transparency about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS 133 and its interpretations, and how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. SFAS 161 is effective for interim periods beginning after November 15, 2008 and fiscal years which include such interim periods and is required to be adopted by the Company in the year beginning April 1, 2008. The adoption of FAS 161 did not have a material impact on the results of operations and the financial condition of the Company.

In December 2007, FASB amended SFAS No. 141, "Business Combinations" ("SFAS 141"). SFAS No. 141 (revised), "Business Combinations" ("SFAS 141R") establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141R is effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first fiscal year beginning on or after December 15, 2008 and is required to be adopted by the Company in the year beginning April 1, 2009. The impact of the adoption of SFAS 141R on the results of operations and the financial condition of the Company will depend on the nature of the business combination completed after the date of adoption.

In December 2007, FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the interest of the parent and the interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning after December 15, 2008 and is required to be adopted by the Company in the year beginning April 1, 2009. The adoption of SFAS 160 will impact the presentation of the Company's consolidated balance sheets and consolidated statements of income; however, it will not have a material impact on the Company's results of operations.

In December 2008, FASB issued FSP No. FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" ("FSP FAS 132R-1"). FSP FAS 132R-1 requires additional disclosures about plan assets including policies and strategies for investment allocation, fair value of major categories of plan assets, the inputs and valuation techniques of fair value measurements, and concentrations of risk. FSP FAS 132R-1 is effective for fiscal years ending after December 15, 2009 and is required to be adopted by the Company in the year ending March 31, 2010. The Company is currently evaluating the requirements of these additional disclosures, however, the adoption of FSP FAS 132R-1 is not expected to have a material impact on the results of operations and the financial condition of the Company.

In April 2009, FASB issued FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"). FSP FAS 157-4 affirms that even when the volume and level of activity for the asset or liability have significantly decreased, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction, discusses valuation techniques used in such situation and clarifies additional factors to identify transactions that are not orderly. FSP FAS 157-4 also requires additional disclosures about fair value measurements for annual and interim financial statements. FSP FAS 157-4 is effective for interim and fiscal years ending after June 15, 2009 and is required to be adopted by the Company in the first quarter of the fiscal year beginning April 1, 2009. The Company is evaluating the impact that the adoption of FSP FAS 157-4 will have on the results of operations and the financial condition of the Company.

In April 2009, FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP FAS 115-2 and FAS 124-2"). FSP FAS 115-2 and FAS 124-2 amend the requirements for the recognition and measurement of other-than-temporary impairments for debt securities. FSP FAS 115-2 and FAS 124-2 also amend presentation of financial statements and require additional disclosures, which include disclosures in interim financial statements. FSP FAS 115-2 and FAS 124-2 are effective for interim and fiscal years ending after June 15, 2009 and are required to be adopted by the Company in the first quarter of the fiscal year beginning April 1, 2009. The Company is evaluating the impact that the adoption of FSP FAS 115-2 and FAS 124-2 will have on the results of operations and the financial condition of the Company.

In April 2009, FASB issued FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1 and APB 28-1"). FSP FAS 107-1 and APB 28-1 requires to disclose the fair value of financial instruments in the interim financial reporting. FSP FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009 and is required to be adopted by the Company in the first quarter of the year beginning April 1, 2009. The adoption of FSP FAS 107-1 and APB 28-1 is not expected to have a material impact on the results of operations and the financial condition of the Company.

3 U.S. Dollar Amounts

Solely for the convenience of the reader and as a matter of arithmetical computation only, the 2009 amounts in the consolidated financial statements have been translated from Japanese yen into U.S. dollars at the rate of ¥98 = U.S.\$1.00, the exchange rate prevailing on March 31, 2009. The translation should not be construed as a representation that Japanese yen could be converted into U.S. dollars at this or any other rate.

4 Investments in Debt and Equity Securities

The cost, gross unrealized gains, gross unrealized losses and estimated fair value of the available-for-sale securities by major security type at March 31, 2009 and 2008 are summarized as follows; Certain debt securities with original maturities of three months or less classified as available-for-sale securities are included in cash and cash equivalents in the consolidated balance sheets and gross unrealized gains and gross unrealized losses for those securities were insignificant as of March 31, 2009 and 2008.

	Millions of yen			
	2009			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Marketable securities:				
Corporate debt securities	¥ 29,610	¥ —	¥ 386	¥ 29,224
	¥ 29,610	¥ —	¥ 386	¥ 29,224

	Millions of yen			
	2008			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Investment securities:				
Government debt securities	¥ 6,852	¥ 186	¥ —	¥ 7,038
Corporate debt securities	32,670	52	1,004	31,718
Equity securities	86,466	15,464	21,520	80,410
	¥125,988	¥15,702	¥22,524	¥119,166

	Millions of yen			
	2008			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Marketable securities:				
Corporate debt securities	¥ 14,991	¥ —	¥ 55	¥ 14,936
	¥ 14,991	¥ —	¥ 55	¥ 14,936

	Millions of yen			
	2008			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Investment securities:				
Government debt securities	¥ 5,341	¥ 92	¥ —	¥ 5,433
Corporate debt securities	88,096	303	636	87,763
Equity securities	99,397	38,982	4,552	133,827
	¥192,834	¥39,377	¥5,188	¥227,023

	Thousands of U.S. dollars			
	2009			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Marketable securities:				
Corporate debt securities	\$ 302,143	\$ —	\$ 3,939	\$ 298,204
	\$ 302,143	\$ —	\$ 3,939	\$ 298,204
Investment securities:				
Government debt securities	\$ 69,918	\$ 1,898	\$ —	\$ 71,816
Corporate debt securities	333,367	531	10,245	323,653
Equity securities	882,307	157,795	219,592	820,510
	\$1,285,592	\$160,224	\$229,837	\$1,215,979

Proceeds from sales of available-for-sale securities, gross realized gains and gross realized losses on sales of available-for-sale securities for the year ended March 31, 2009 were ¥16,671 million (\$170,112 thousand), ¥869 million (\$8,867 thousand) and ¥1,539 million (\$15,704 thousand), respectively. Proceeds from sales of available-for-sale securities, gross realized gains and gross realized losses on sales of available-for-sale securities for the year ended March 31, 2008 were ¥81,792 million, ¥1,901 million and ¥1,252 million, respectively. Such proceeds, gains and losses for the year ended March 31, 2007 were insignificant.

The cost and estimated fair value of debt securities at March 31, 2009, by contractual maturity, are shown below. The actual maturities may differ from the contractual maturities because the issuers of the debt securities may have the right to prepay the obligations without penalties.

	Millions of yen		Thousands of U.S. dollars	
	Cost	Estimated fair value	Cost	Estimated fair value
Due in one year or less	¥29,610	¥29,224	\$302,143	\$298,204
Due after one year through five years	36,774	35,962	375,245	366,959
Due after five years through ten years	2,052	2,153	20,938	21,969
Due after ten years	696	641	7,102	6,541
	¥69,132	¥67,980	\$705,428	\$693,673

At March 31, 2009 and 2008, estimated fair value and gross unrealized losses of the available-for-sale securities with unrealized losses, aggregated by the period of time for which individual investment securities have been in a continuous unrealized loss position are summarized as follows:

	Millions of yen					
	2009					
	Less than 12 months		12 months or greater		Total	
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
Corporate debt securities	¥ 2,986	¥ 35	¥49,439	¥1,355	¥52,425	¥ 1,390
Equity securities	44,850	21,044	1,784	476	46,634	21,520
Total	¥47,836	¥21,079	¥51,223	¥1,831	¥99,059	¥22,910

	Millions of yen					
	2008					
	Less than 12 months		12 months or greater		Total	
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
Corporate debt securities	¥ 25,873	¥ 211	¥57,230	¥ 480	¥ 83,103	¥ 691
Equity securities	25,762	3,733	3,207	819	28,969	4,552
Total	¥ 51,635	¥3,944	¥60,437	¥1,299	¥112,072	¥5,243

	Thousands of U.S. dollars					
	2009					
	Less than 12 months		12 months or greater		Total	
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
Corporate debt securities	\$ 30,469	\$ 357	\$504,480	\$13,827	\$ 534,949	\$ 14,184
Equity securities	457,653	214,735	18,204	4,857	475,857	219,592
Total	\$488,122	\$215,092	\$522,684	\$18,684	\$1,010,806	\$233,776

At March 31, 2009, the available-for-sale securities with unrealized losses were principally domestic marketable equity securities. The number of available-for-sale securities with unrealized losses was approximately 100. The aggregate fair value of the marketable securities declined below cost due to what the Company believes is a temporary decline in the stock market. The Company evaluated the financial conditions and near-term prospects of the issuers, considered the severity and duration of the decline (a large part of the decline in the fair value occurred in the past six months), and concluded that since the Company has no plan to sell those available-for-sale securities with unrealized losses in the near future and it is premature to determine that the net unrealized losses are other-than-temporary. Based on the evaluation and the Company's intent and ability to hold those securities for a reasonable period of time sufficient for a forecasted recovery of the fair value, the Company did not consider that the decline in fair value of those available-for-sale securities with unrealized losses to be other-than-temporary.

The aggregate cost of non-marketable equity securities accounted for under the cost method totaled ¥14,042 million (\$143,286 thousand) and ¥7,661 million at March 31, 2009 and 2008, respectively. Investments with an aggregate cost of ¥7,617 million (\$77,724 thousand) and ¥7,619 at March 31, 2009 and 2008, respectively, were not evaluated for impairment because (a) the Company did not estimate the fair value of those investments as it was not practicable to estimate the fair value of the investment and (b) the Company did not identify any events or changes in circumstances that might have had a significant adverse effect on the fair value of those investments.

5 Finance Receivables

Finance receivables are recorded on sales-type leases of the Company's printing and copying machines. The current portion of finance receivables and amounts due after one year are included in notes and accounts receivable—trade and finance and long-term finance and other receivables, respectively. These receivables generally mature over one to seven years. The components of finance receivables as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Gross receivables	¥115,230	¥136,452	\$1,175,816
Unearned income	(17,678)	(21,096)	(180,388)
Allowance for doubtful receivables	(4,283)	(3,265)	(43,704)
Finance receivables, net	¥ 93,269	¥112,091	\$ 951,724

The future minimum lease payments to be received under sales-type leases as of March 31, 2009 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2010	¥ 43,158	\$ 440,388
2011	30,801	314,296
2012	22,164	226,163
2013	13,716	139,959
2014	4,964	50,653
2015 and thereafter	427	4,357
Total future minimum lease payments	¥115,230	\$1,175,816

6 Inventories

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Finished goods	¥222,613	¥262,477	\$2,271,561
Work in process	66,569	70,631	679,276
Raw materials and supplies	79,068	83,719	806,816
	¥368,250	¥416,827	\$3,757,653

7 Investments in Affiliated Companies

Investments in affiliated companies accounted for by the equity method amounted to ¥42,194 million (\$430,551 thousand) and ¥43,381 million at March 31, 2009 and 2008, respectively. These affiliates primarily operate in the Imaging Solutions, Information Solutions and Document Solutions businesses. The combined financial position and results of operations of the Company's affiliates accounted for by the equity method are summarized as follows:

	March 31		Thousands of U.S. dollars
	Millions of yen		2009
	2009	2008	
Current assets	¥156,026	¥127,561	\$1,592,102
Noncurrent assets	62,845	58,317	641,276
Total assets	¥218,871	¥185,878	\$2,233,378
Current liabilities	¥ 94,621	¥ 70,624	\$ 965,521
Long-term liabilities	38,239	27,070	390,194
Shareholders' equity	86,011	88,184	877,663
Total liabilities and shareholders' equity	¥218,871	¥185,878	\$2,233,378

	Year ended March 31			Thousands of U.S. dollars
	Millions of yen			2009
	2009	2008	2007	
Revenue	¥291,401	¥230,791	¥243,229	\$2,973,480
Net income	7,780	4,587	7,496	79,388

Transactions with affiliated companies for the years ended March 31, 2009, 2008 and 2007 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Revenue	¥100,267	¥111,515	¥ 99,668	\$1,023,133
Purchases	15,361	15,306	16,379	156,745
Dividends received	2,295	2,801	1,371	23,418

Customers' guarantee deposits received from affiliated companies amounted to ¥764 million (\$7,796 thousand) and ¥943 million at March 31, 2009 and 2008, respectively.

8 Goodwill and Other Intangible Assets

The changes in goodwill by operating segment for the years ended March 31, 2009 and 2008 are as follows; there is currently no goodwill in the Imaging Solutions segment.

	Millions of Yen		
	Information Solutions	Document Solutions	Total
As of March 31, 2007	¥ 62,333	¥195,533	¥257,866
Acquired	71,329	439	71,768
Translation and other	(2,857)	—	(2,857)
As of March 31, 2008	130,805	195,972	326,777
Acquired	3,465	—	3,465
Translation and other	(1,284)	—	(1,284)
As of March 31, 2009	¥132,986	¥195,972	¥328,958

	Thousands of U.S. dollars		
	Information Solutions	Document Solutions	Total
As of March 31, 2008	\$1,334,745	\$1,999,714	\$3,334,459
Acquired	35,357	—	35,357
Translation and other	(13,102)	—	(13,102)
As of March 31, 2009	\$1,357,000	\$1,999,714	\$3,356,714

Intangible assets subject to amortization at March 31, 2009 and 2008 are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2009		2008		2009	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Technology-based	¥ 69,972	¥17,060	¥ 91,087	¥29,175	\$ 714,000	\$174,082
Customer-related	23,184	11,482	25,702	9,206	236,571	117,163
Other	10,897	6,084	13,351	6,376	111,194	62,082
	¥104,053	¥34,626	¥130,140	¥44,757	\$1,061,765	\$353,327

During the year ended March 31, 2009, impairment charges of ¥863 million (\$8,806 thousand) were recognized mainly for technology-based intangibles in the Information Solutions segment.

During the year ended March 31, 2008, impairment charges of ¥2,041 million were recognized for technology-based intangibles and customer-related intangibles in the Information Solutions segment.

During the year ended March 31, 2007, the Company recognized impairment charges of ¥4,664 million in amortizable intangibles, which were included in "Restructuring and other charges" in the accompanying consolidated statements of income. See Note 20. "Restructuring and Other Charges."

The weighted-average amortization periods for technology-based intangibles and customer-related intangibles are 15 years and 8 years, respectively. The aggregate amortization expenses for intangible assets for the years ended March 31, 2009, 2008 and 2007 were ¥13,167 million (\$134,357 thousand), ¥12,493 million and ¥14,166 million, respectively.

Indefinite lived intangible assets other than goodwill were insignificant as of March 31, 2009 and 2008, respectively.

The estimated aggregate amortization expense for intangible assets subject to amortization for the next five years is as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2010	¥ 9,023	\$92,071
2011	8,089	82,541
2012	7,507	76,602
2013	6,399	65,296
2014	5,792	59,102

9 Short-term and Long-term Debt

Short-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Borrowings from banks	¥44,369	¥ 47,403	\$ 452,745
Commercial paper	20,298	33,266	207,123
Current portion of long-term debt	2,892	33,128	29,510
	¥67,559	¥113,797	\$ 689,378

The weighted-average interest rates per annum on bank borrowings and commercial paper outstanding at March 31, 2009 and 2008 were 2.20% and 2.91%, respectively. Short-term debt is principally unsecured.

The Company entered into a short-term financing arrangement for committed lines of credit amounting to ¥210,000 million (\$2,142,857 thousand) with certain financial institutions in March 2009. No borrowings were outstanding as of March 31, 2009. Under the agreement, the Company is required to pay commitment fees on the unused portion of the lines of credit. The agreement contains certain restrictive covenants such as requiring a minimum level of net assets and credit rating.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Loans, principally from banks and insurance companies, due through 2015 with interest rates ranging from 1.2825% to 6.0750% at March 31, 2009, and due through 2013, with interest rates ranging from 0.9050% to 6.0750% at March 31, 2008:			
Secured	¥ 3,358	¥ 16,072	\$ 34,265
Unsecured	21,557	36,988	219,969
Unsecured Euroyen convertible bonds:			
Libor minus 0.3000% Series A Convertible Bond, due 2011	50,870	50,580	519,082
0.5000% Series B Convertible Bond, due 2011	51,560	51,040	526,122
Libor minus 0.3000% Series A Convertible Bond, due 2013	50,793	50,529	518,296
0.7500% Series B Convertible Bond, due 2013	51,200	50,800	522,449
Unsecured bonds in Japanese yen:			
1.0075% yen bonds, due 2008	—	6,100	—
1.0050% yen bonds, due 2008	—	2,000	—
1.9900% yen bonds, due 2010	10,000	10,000	102,041
1.5175% yen bonds, due 2011	3,000	3,000	30,612
1.4600% yen bonds, due 2013	5,000	—	51,020
Yen bonds due through 2011 with interest rates ranging from 0.9800% to 1.4300% at March 31, 2009 and March 31, 2008	390	620	3,980
Other	9,151	11,612	93,378
	256,879	289,341	2,621,214
Portion due within one year	(2,892)	(33,128)	(29,510)
	¥253,987	¥256,213	\$2,591,704

The weighted-average interest rates of long-term loans in the above table were approximately 2.14% and 1.89% at March 31, 2009 and 2008, respectively.

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2010	¥ 2,892	\$ 29,510
2011	115,548	1,179,061
2012	21,898	223,449
2013	104,838	1,069,776
2014	5,453	55,643
2015 and thereafter	3,750	38,265
	¥254,379	\$2,595,704

A loan from Japan Science and Technology Agency of ¥2,500 million (\$25,510 thousand) at March 31, 2009 and 2008 was non-interest bearing. The loan amount was excluded from the above schedule since the loan may be forgiven if the Company meets certain conditions.

Certain bank loans are made under general agreements which provide that security and guarantees for present and future indebtedness may be provided upon request of the bank, and that the bank shall have the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank. Certain of the long-term debt agreements with lenders other than banks also stipulate that the Company must provide additional security upon request of the lender.

At March 31, 2009, certain loans were secured by principally land and buildings with a net book value of ¥4,775 million (\$48,724 thousand).

On April 5, 2006, the Company issued unsecured Euroyen convertible bonds totaling ¥200,000 million in a private placement. The bonds consist of ¥50,000 million of series A Euroyen convertible bonds due March 31, 2011 with variable interest rates ("2011 Series A convertible bond"), ¥50,000 million of series B Euroyen convertible bonds due March 31, 2011 with fixed interest rates ("2011 Series B convertible bond"), ¥50,000 million of series A Euroyen convertible bonds due March 31, 2013 with variable interest rates ("2013 Series A convertible bond") and ¥50,000 million of series B Euroyen convertible bonds due March 31, 2013 with fixed interest rates ("2013 Series B convertible bond").

The period, during which the conversion rights are exercisable, is from April 5, 2006 to March 28, 2011 for 2011 Series A convertible bond and 2011 Series B convertible bond. The period, during which the conversion rights are exercisable, is from April 5, 2006 to March 28, 2013 for 2013 Series A convertible bond and 2013 Series B convertible bond.

The price to be paid upon exercise of conversion rights per share ("conversion price") for 2011 Series A convertible bond and 2011 Series B convertible bond as of March 31, 2009 is ¥5,274.0 (\$53.82). The conversion price for 2013 Series A convertible bond and 2013 Series B convertible bond as of March 31, 2009 is ¥3,767.1 (\$38.44), respectively, both of which are subject to reset as follows:

The conversion price shall be subject to reset on each of March 31, 2009 and March 31, 2010 in case of 2011 Series A convertible bond and 2011 Series B convertible bond, or September 30, 2009, September 30, 2010, September 30, 2011 and September 30, 2012 (each a "Reset Date") in case of 2013 Series A convertible bond and 2013 Series B convertible bond to 90% of the average last reported selling price of common shares of the Company on the Tokyo Stock Exchange on a trading day ("Closing Price") for the ten consecutive trading days up to and including the relevant Reset Date. In case the calculated reset price would be below ¥3,767.1 ("Minimum Conversion Price"), the reset conversion price shall be the Minimum Conversion Price. Accordingly, the conversion price of 2011 Series A convertible bond and 2011 Series B convertible bond was changed to ¥3,767.1 (\$38.44) on April 1, 2009.

The Company may redeem bonds at its option earlier than the stated maturity dates if the Closing Price for each of 5 consecutive trading days, exceeds 115% of the applicable conversion price in effect on each such trading day. In order to redeem the bonds, the Company has to give not less than 30 nor more than 60 days' prior notice to the bondholders within not more than 10 business days from the last of those 5 consecutive trading days.

10 Pension and Severance Plans

Employees of domestic subsidiaries of the Company who terminate their employment are entitled, under most circumstances, to lump-sum payments and/or pension payments as described below, determined by reference to their current basic rate of pay, length of service and the conditions under which termination occurs.

Certain domestic subsidiaries have funded non-contributory defined benefit pension plans whose assets are maintained at trust banks and insurance companies and also have defined contribution plans. The funding policy for defined benefit plans is to make actuarially determined contributions to provide the plans with sufficient assets to meet future benefit payment requirements.

During the year ended March 31, 2009, settlements and curtailments occurred related to the defined benefit pension plans of certain subsidiaries of the Company. In connection with these settlements and curtailments, the Company recognized losses of ¥1,275 million (\$13,010 thousand), which were included in net periodic benefit cost. Also, the projected benefit obligations and the fair value of the plan assets decreased by ¥2,368 million (\$24,163 thousand).

During the year ended March 31, 2008, settlements and curtailments occurred related to the defined benefit pension plans of certain subsidiaries of the Company mainly in the Document Solutions segment. In connection with these settlements and curtailments, the Company recognized losses of ¥5,745 million, which were included in net periodic benefit cost. Also, the projected benefit obligations and the fair value of the plan assets decreased by ¥28,502 million and ¥28,448 million, respectively.

During the year ended March 31, 2007, as a result of implementation of restructuring activities, settlements and curtailments occurred related to the defined benefit pension plans of certain subsidiaries of the Company. In connection with these settlements and curtailments, the Company recognized losses of ¥5,146 million, which were included in restructuring and other charges. Also, the projected benefit obligations and the fair value of the plan assets decreased by ¥10,506 million and ¥10,405 million, respectively. In addition, plan amendments were made for certain other subsidiaries, mainly in the Document Solutions segment, which decreased the projected benefit obligations by ¥2,788 million.

The cost of providing special termination benefits recognized during the year ended March 31, 2009 was ¥20,572 million (\$209,918 thousand), which related to early retirement plans and reorganizations at certain subsidiaries of the Company.

Most foreign subsidiaries have various retirement plans, primarily defined contribution plans, covering substantially all of their employees. The funding policy for such defined contribution plans is to contribute annually an amount equal to a certain percentage of the participant's annual salary.

The aggregate cost charged to income for the Company's domestic and foreign defined contribution plans discussed above amounted to ¥7,235 million (\$73,827 thousand), ¥7,537 million, and ¥7,297 million for the years ended March 31, 2009, 2008 and 2007, respectively.

Components of Net Periodic Benefit Cost

Components of net periodic benefit cost for the defined benefit plans for the years ended March 31, 2009, 2008 and 2007 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Components of net periodic benefit cost:				
Service cost	¥ 22,178	¥ 25,520	¥ 25,206	\$ 226,306
Interest cost	14,326	14,793	14,207	146,183
Expected return on plan assets	(16,554)	(17,932)	(16,741)	(168,918)
Recognized net actuarial loss	4,418	3,997	5,151	45,082
Amortization of prior service credit	(1,868)	(1,847)	(1,719)	(19,061)
Amortization of net transition obligation	475	285	172	4,847
Settlement and curtailment loss	1,275	5,745	5,146	13,010
Net periodic benefit cost	¥ 24,250	¥ 30,561	¥ 31,422	\$ 247,449

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the year ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current year actuarial loss	¥ 75,035	¥ 44,548	\$ 765,663
Amortization of actuarial loss	(4,418)	(3,997)	(45,082)
Amortization of prior service credit	1,868	1,847	19,061
Amortization of net transition obligation	(475)	(285)	(4,847)
Settlement and curtailment loss	(1,275)	(5,745)	(13,010)
	¥ 70,735	¥ 36,368	\$ 721,785

As of March 31, 2009, the estimated net actuarial loss, prior service credit and net transition obligation for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are as follows:

	Millions of yen	Thousands of U.S. dollars
Net actuarial loss	¥ 7,853	\$ 80,133
Prior service credit	(1,883)	(19,214)
Net transition obligation	4	41

Obligations and Fund Status

Reconciliation of the beginning and ending balances of the benefit obligation and the fair value of the plan assets, the funded status and the amounts recognized in the consolidated balance sheets of the non-contributory and contributory defined benefit pension plans at March 31, 2009 and 2008 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Changes in benefit obligation:			
Benefit obligation at beginning of year	¥ 617,832	¥ 632,462	\$ 6,304,408
Service cost	22,178	25,520	226,306
Interest cost	14,326	14,793	146,183
Plan participants' contributions	423	428	4,316
Actuarial gain	(10,065)	(7,446)	(102,704)
Acquisitions	—	7,634	—
Benefits paid	(25,268)	(20,037)	(257,836)
Settlements and curtailments	(2,368)	(28,502)	(24,163)
Foreign currency translation	(15,329)	(7,020)	(156,418)
Benefit obligation at end of year	601,729	617,832	6,140,092
Changes in plan assets:			
Fair value of plan assets at beginning of year	507,468	550,175	5,178,245
Actual return on plan assets	(68,546)	(34,801)	(699,449)
Employers' contributions	39,064	41,567	398,612
Plan participants' contributions	423	428	4,316
Benefits paid	(20,221)	(14,650)	(206,336)
Settlements and curtailments	(2,368)	(28,448)	(24,163)
Foreign currency translation	(13,691)	(6,803)	(139,704)
Fair value of plan assets at end of year	442,129	507,468	4,511,521
Funded status	¥(159,600)	¥(110,364)	\$ (1,628,571)
Amounts recognized in the consolidated balance sheets consist of:			
Prepaid pension cost	¥ 856	¥ 4,501	\$ 8,735
Accrued liabilities	(3,179)	(2,923)	(32,439)
Accrued pension and severance costs	(157,277)	(111,942)	(1,604,867)
Net amount recognized	¥(159,600)	¥(110,364)	\$ (1,628,571)
Amounts recognized in accumulated other comprehensive loss consist of:			
Net actuarial loss	¥ 210,531	¥ 142,584	\$ 2,148,276
Prior service credit	(17,364)	(19,176)	(177,184)
Net transition obligation	4	360	41
	¥ 193,171	¥ 123,768	\$ 1,971,133

The accumulated benefit obligation for defined benefit pension plans amounted to ¥564,529 million (\$5,760,500 thousand) and ¥578,811 million at March 31, 2009 and 2008, respectively.

The aggregate projected benefit obligation and aggregate fair value of plan assets for the pension plans where projected benefit obligations exceeded plan assets, and the aggregate accumulated benefit obligation and aggregate fair value of plan assets where accumulated benefit obligations exceeded plan assets as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Plans with projected benefit obligation in excess of plan assets:			
Projected benefit obligation	¥599,618	¥590,827	\$6,118,551
Fair value of plan assets	439,695	475,339	4,486,684
Plans with accumulated benefit obligation in excess of plan assets:			
Accumulated benefit obligation	557,035	525,598	5,684,031
Fair value of plan assets	434,161	444,328	4,430,214

Assumptions

The weighted-average assumptions used to determine benefit obligations at March 31, 2009 and 2008 are as follows: Rate of compensation increases was calculated excluding pension plans whose compensation levels did not impact the amount of benefit obligations.

	2009	2008
Discount rate	2.28%	2.36%
Rate of compensation increases	2.42%	2.45%

The weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2009, 2008 and 2007 are as follows: Rate of compensation increases was calculated excluding pension plans whose compensation levels did not impact the amount of benefit obligations.

	2009	2008	2007
Discount rate	2.36%	2.30%	2.29%
Rate of compensation increases	2.45%	2.30%	2.13%
Expected long-term rate of return on plan assets	3.32%	3.30%	3.25%

The expected long-term rate of return on plan assets is based on the long-term expected return of the plans' asset allocations and an evaluation of the historical behavior of the Company's portfolio.

Plan Assets

The Company's actual weighted-average assets allocations for defined benefit pension plans at March 31, 2009 and 2008, by asset category are as follows:

Asset category	2009	2008
Equity securities	37%	41%
Debt securities	30	31
General accounts of life insurance companies	26	23
Other	7	5
Total	100%	100%

Target allocations of plan assets for equity securities, debt securities and general accounts of life insurance companies are 43%, 31% and 24%, respectively.

The Company's investment policy for defined benefit plans is designated to provide the plans with sufficient assets to meet future benefit payment requirements. The Company monitors asset allocation periodically and adjusts asset allocation, if necessary, in order to meet the target asset allocation. The Company's investment policy pursues diversified investments and prohibits speculative investments.

Contribution

The Company expects to contribute approximately ¥40,249 million (\$410,704 thousand) to the defined benefit pension plan for the year ending March 31, 2010.

Estimated Future Benefit Payments

The expected benefit payments, which reflect estimated future service, are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2010	¥ 23,589	\$ 240,704
2011	23,580	240,612
2012	25,780	263,061
2013	27,140	276,939
2014	26,233	267,684
2015 through 2019	146,686	1,496,796

11 Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended March 31, 2009, 2008 and 2007. The revised Japanese corporate tax law and its enforcement order were enacted in March 2009, and made effective from April 1, 2009. Part of this new legislation changed the Japan tax treatment of dividends received from overseas subsidiaries by providing that a portion of such dividends would be excluded from taxable income. Accordingly, the Company accounted for the effect of this change and decreased its deferred tax liabilities by ¥4,951 million (\$50,520 thousand) as of March 31, 2009.

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2009, 2008 and 2007 differ from the statutory tax rate due to the following reasons:

	2009	2008	2007
Statutory tax rates	40.6%	40.6%	40.6%
Increase (decrease) in income taxes resulting from:			
Expenses not deductible for tax purposes	29.1	2.4	4.6
Lower effective tax rates of other countries	(33.1)	(4.0)	(4.4)
Deferred tax liabilities on undistributed earnings	(37.7)	0.9	2.3
R&D credits	(28.8)	(3.7)	(5.2)
Foreign tax credit	—	0.0	(0.2)
Net changes in valuation allowances	(0.2)	2.9	17.9
Other	2.7	2.1	2.1
Effective tax rates	(27.4)%	41.2%	57.7%

Income before income taxes for the years ended March 31, 2009, 2008 and 2007 was taxed in the following jurisdictions:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Income before income taxes:				
Domestic	¥5,321	¥138,688	¥ 92,845	\$54,296
Foreign	4,121	60,654	10,419	42,051
	¥9,442	¥199,342	¥103,264	\$96,347

The provision (benefit) for income taxes for the years ended March 31, 2009, 2008 and 2007 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Current:				
Domestic	¥ 18,269	¥52,094	¥42,769	\$ 186,418
Foreign	9,124	21,228	20,141	93,102
Total current	27,393	73,322	62,910	279,520
Deferred:				
Domestic	(26,361)	7,435	3,922	(268,989)
Foreign	(3,616)	1,386	(7,299)	(36,898)
Total deferred	(29,977)	8,821	(3,377)	(305,887)
	¥ (2,584)	¥82,143	¥59,533	\$ (26,367)

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Inventories	¥ 42,459	¥ 42,240	\$ 433,255
Depreciation	33,385	38,746	340,663
Accrued expenses	44,595	42,442	455,051
Accrued pension and severance costs	1,369	2,772	13,969
Pension liability adjustments	77,275	51,249	788,520
Accrued enterprise tax	295	2,097	3,010
Tax loss carryforwards	65,666	37,920	670,061
Valuation of investment securities	12,733	11,533	129,929
Allowance for doubtful receivables	5,316	4,221	54,245
Other	38,051	36,250	388,275
	321,144	269,470	3,276,978
Less valuation allowance	(49,197)	(53,200)	(502,010)
Total deferred tax assets	271,947	216,270	2,774,968
Deferred tax liabilities:			
Depreciation	4,078	3,863	41,612
Lease accounting	6,457	7,243	65,888
Taxes on undistributed earnings	9,398	12,862	95,898
Valuation of available-for-sale securities	1,075	14,614	10,969
Goodwill	14,361	14,277	146,541
Accrued pension and severance costs	22,018	15,024	224,673
Other intangible assets	23,835	30,322	243,214
Other	11,982	17,580	122,265
Total deferred tax liabilities	93,204	115,785	951,060
Net deferred tax assets	¥178,743	¥100,485	\$1,823,908

The valuation allowance relates primarily to the deferred tax assets of certain subsidiaries which have net operating loss carryforwards for tax purposes. The valuation allowances decreased by ¥4,003 million (\$40,847 thousand) for the year ended March 31, 2009, increased by ¥14,325 million and ¥15,886 million for the years ended March 31, 2008 and 2007, respectively.

Deferred tax assets and liabilities at March 31, 2009 and 2008 are included in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred income taxes (current assets)	¥ 85,677	¥ 90,956	\$ 874,255
Deferred income taxes (other assets)	125,979	54,889	1,285,500
Other current liabilities	(90)	(424)	(918)
Deferred income taxes (noncurrent liabilities)	(32,823)	(44,936)	(334,929)
Net deferred tax assets (liabilities)	¥178,743	¥100,485	\$1,823,908

At March 31, 2009, certain subsidiaries had net operating loss carryforwards for income tax purposes of ¥166,843 million (\$1,702,479 thousand), of which ¥17,701 million (\$180,622 thousand) will be carried forward indefinitely and ¥149,142 million (\$1,521,857 thousand) will expire through 2029. These net operating loss carryforwards are available to offset future taxable income of the subsidiaries.

The Company has not recognized deferred tax liabilities for a portion of undistributed earnings of foreign subsidiaries in the amount of ¥4,397 million (\$44,867 thousand) as of March 31, 2009, because such earnings have been permanently reinvested. Deferred tax liabilities will be recognized when the Company expects that it will realize those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. Such undistributed earnings of these subsidiaries were ¥78,151 million (\$797,459 thousand) as of March 31, 2009.

Deferred taxes liabilities have also not been provided on undistributed earnings of its domestic subsidiaries as such earnings, if distributed in the form of dividends, are not taxable under present tax laws.

The Company adopted FIN48 effective April 1, 2007. Upon adoption, the Company did not require cumulative effect adjustment to retained earnings. Unrecognized tax benefits and changes of unrecognized tax benefits through the years ended March 31, 2009 and 2008 were insignificant. Both interest and penalties accrued as of March 31, 2009 in the consolidated balance sheets and included in income taxes for the year ended March 31, 2009 in the consolidated statements of income were insignificant.

In the domestic tax jurisdiction, the tax examinations of the Company and major domestic subsidiaries by the tax authorities for the year ended March 31, 2006 and before had been already completed. While there is no indications that the Company would be subject to tax examination related to transfer pricing as of March 31, 2009, the tax authority still has a right to conduct a tax examination for fiscal years ended on and after March 31, 2003.

In the foreign tax jurisdictions, the tax examinations of major foreign subsidiaries for the year ended March 31, 2004 and before had already completed.

12 Shareholders' Equity

The Corporation Law of Japan (the "Law") provides that an amount equal to 10% of the amount to be disbursed as a distribution of earnings be appropriated to the additional paid-in capital or legal reserve.

The Law also provides to the extent that if the sum of the additional paid-in capital account and the legal reserve account exceed 25% of the common stock account, then the amount of the excess (if any) is available for appropriations by resolution of the shareholders.

Retained earnings available for dividends under the Law are based on the amount presented in the Company's non-consolidated financial statements, which are prepared in accordance with accounting principles and practices generally accepted in Japan. Under the Law, the amount of retained earnings available for dividends as of March 31, 2009 amounted to ¥1,427,885 million (\$14,570,255 thousand).

The appropriation of retained earnings for the year ended March 31, 2009 has been reflected in the consolidated financial statements, including for the amount approved at the general shareholders' meeting held on June 26, 2009.

Takeover Defense Measure

The Company has announced on March 30, 2007 that its Board of Directors (the "Board") has adopted Fair Rules for Acquisition of Substantial Shareholdings ("Shareholders' Will Confirmation Type" Takeover Defense Measure) (the "Plan"). Under the plan, a bidder who proposes to acquire 15% or more of the Company's voting shares is required to provide the Company with certain required information, and a time period that enables the Board to review will be determined. If the Board determines that the takeover proposal would not preserve and enhance corporate value and the common interests of shareholders of the Company, the Company will take procedures to ascertain the shareholders' view. The stock acquisition rights will be issued by the way of a gratis allotment in either of the following circumstances: (i) the shareholders have approved the issuance of the stock acquisition rights or (ii) the bidder has not followed the procedures required by the Plan. Unless the Company issues stock acquisition rights, this Plan will have no particular direct impact on the rights and interests of the shareholders. If a shareholder holding the stock acquisition rights does not exercise such rights, such shareholder's ownership will be diluted due to the exercise of the stock acquisition rights by other shareholders. The stock acquisition rights held by the bidder will not be exercisable. The term of the Plan shall be three years from March 30, 2007, the Plan implementation date, and the renewal of the term of the Plan shall be made by a resolution of the Board. Since the time of adoption of this Plan, the Company has not issued stock acquisition rights.

13 Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) as reflected in the consolidated balance sheets at March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Unrealized gains (losses) on securities	¥ (7,281)	¥ 18,172	\$ (74,296)
Foreign currency translation adjustments	(82,512)	(17,599)	(841,959)
Pension liability adjustments	(100,429)	(63,638)	(1,024,786)
Unrealized gains (losses) on derivatives	17	(106)	174
	¥(190,205)	¥(63,171)	\$ (1,940,867)

The related tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2009, 2008 and 2007 are as follows:

	Millions of yen		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
2009			
Unrealized gains (losses) on securities:			
Change in unrealized gains (losses) on securities	¥ (48,000)	¥19,488	¥ (28,512)
Less: reclassification adjustment for losses realized in net income	5,150	(2,091)	3,059
Net change in unrealized gains (losses)	(42,850)	17,397	(25,453)
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	(67,018)	2,116	(64,902)
Less: reclassification adjustment for gains realized in net income	(11)	—	(11)
Net change in foreign currency translation adjustments	(67,029)	2,116	(64,913)
Pension liability adjustments:			
Change in pension liability adjustments	(67,513)	28,482	(39,031)
Less: reclassification adjustment for gains and losses realized in net income	3,986	(1,746)	2,240
Net change in pension liability adjustments	(63,527)	26,736	(36,791)
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(1,804)	858	(946)
Less: reclassification adjustment for losses realized in net income	2,003	(934)	1,069
Net change in unrealized gains (losses)	199	(76)	123
	¥(173,207)	¥46,173	¥(127,034)
2008			
Unrealized gains (losses) on securities:			
Change in unrealized gains (losses) on securities	¥ (46,910)	¥19,045	¥ (27,865)
Less: reclassification adjustment for gains realized in net income	(327)	133	(194)
Net change in unrealized gains (losses)	(47,237)	19,178	(28,059)
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	(56,614)	(46)	(56,660)
Less: reclassification adjustment for gains realized in net income	(343)	—	(343)
Net change in foreign currency translation adjustments	(56,957)	(46)	(57,003)
Pension liability adjustments:			
Change in pension liability adjustments	(40,928)	18,857	(22,071)
Less: reclassification adjustment for gains and losses realized in net income	6,448	(3,321)	3,127
Net change in pension liability adjustments	(34,480)	15,536	(18,944)
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(93)	44	(49)
Less: reclassification adjustment for gains realized in net income	(127)	61	(66)
Net change in unrealized gains (losses)	(220)	105	(115)
	¥(138,894)	¥34,773	¥(104,121)

2007	Millions of yen		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
Unrealized gains (losses) on securities:			
Change in unrealized gains (losses) on securities	¥(12,159)	¥ 4,937	¥ (7,222)
Less: reclassification adjustment for losses realized in net income	563	(229)	334
Net change in unrealized gains (losses)	(11,596)	4,708	(6,888)
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	30,625	(1,151)	29,474
Less: reclassification adjustment for gains realized in net income	(1,935)	—	(1,935)
Net change in foreign currency translation adjustments	28,690	(1,151)	27,539
Minimum pension liability adjustments	(26,077)	12,348	(13,729)
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	52	(25)	27
Less: reclassification adjustment for gains realized in net income	(56)	27	(29)
Net change in unrealized gains (losses)	(4)	2	(2)
	¥ (8,987)	¥15,907	¥ 6,920

2009	Thousands of U.S. dollars		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
Unrealized gains (losses) on securities:			
Change in unrealized gains (losses) on securities	\$ (489,795)	\$ 198,857	\$ (290,938)
Less: reclassification adjustment for losses realized in net income	52,551	(21,337)	31,214
Net change in unrealized gains (losses)	(437,244)	177,520	(259,724)
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	(683,858)	21,592	(662,266)
Less: reclassification adjustment for gains realized in net income	(112)	—	(112)
Net change in foreign currency translation adjustments	(683,970)	21,592	(662,378)
Pension liability adjustments:			
Change in pension liability adjustments	(688,908)	290,633	(398,275)
Less: reclassification adjustment for gains and losses realized in net income	40,674	(17,817)	22,857
Net change in pension liability adjustments	(648,234)	272,816	(375,418)
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(18,408)	8,755	(9,653)
Less: reclassification adjustment for losses realized in net income	20,438	(9,530)	10,908
Net change in unrealized gains (losses)	2,030	(775)	1,255
	\$ (1,767,418)	\$ 471,153	\$ (1,296,265)

14 Commitments and Contingent Liabilities

Guarantees

The Company guarantees certain indebtedness of others and other obligations. At March 31, 2009, the maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee was ¥28,744 million (\$293,306 thousand), of which ¥20,612 million (\$210,327 thousand) were guarantees of employee mortgage loans to financial institutions. In the event of an employee's insolvency, the Company and certain of its subsidiaries will need to pay the default mortgage on behalf of the employee. Certain guarantees are secured by the employees' property in the amount of ¥20,549 million (\$209,684 thousand). The term of the mortgage loan guarantees is from 1 year to 26 years. The Company has not made any significant payments under such guarantees in the past and as of March 31, 2009, the carrying amount of the liability for the Company's obligations under the guarantee was insignificant.

Lease Commitments

The Company and its subsidiaries lease office and retail space, warehouses, offices and laboratory equipment as well as certain residential facilities for employees.

The future minimum lease payments required under operating leases which, at March 31, 2009, had initial or remaining noncancelable lease terms in excess of one year are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31;		
2010	¥ 14,322	\$ 146,143
2011	10,858	110,796
2012	7,559	77,133
2013	3,044	31,061
2014	1,821	18,581
2015 and thereafter	3,865	39,439
Total future minimum lease payments	¥ 41,469	\$ 423,153

Rental expenses under operating leases for the years ended March 31, 2009, 2008 and 2007 were ¥63,748 million (\$650,490 thousand), ¥65,470 million and ¥65,966 million, respectively.

Purchase Commitments, Other Commitments and Contingencies

Commitments outstanding at March 31, 2009, principally for the construction and purchase of property, plant and equipment, amounted to ¥52,246 million (\$533,122 thousand). At March 31, 2009, the Company was contingently liable for discounted notes receivable on a full recourse basis with banks of ¥3,856 million (\$39,347 thousand).

Due to the nature of its business, the Company is subject to various threatened or filed legal actions and regulatory investigations. The Company has provided the necessary accruals, if any, for environmental remediation, litigation and regulatory investigations, for which occurrence of the future events is probable and the amount of loss can be reasonably estimated. Although the amount of the ultimate exposure, if any, cannot be determined at this time, the Company does not expect the final outcome of those matters to have a material adverse effect on the financial position and operating results of the Company.

Product Warranties

The Company provides a warranty for certain of its products. These warranties generally extend for a period of one year from the date of sale. The following table sets forth the changes in the Company's warranty liability balance:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Balance, at April 1	¥ 8,410	¥ 9,670	¥ 8,871	\$ 85,816
Warranties issued during the current period	10,590	15,985	12,972	108,061
Settlements made during the current period	(11,820)	(16,369)	(11,743)	(120,612)
Change in liability for pre-existing warranties during the current period, including expirations	(378)	(876)	(430)	(3,857)
Balance, at March 31	¥ 6,802	¥ 8,410	¥ 9,670	\$ 69,408

15 Net Income per Share

A calculation of the basic and diluted net income per share for the years ended March 31, 2009, 2008 and 2007 is as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Net income available to common shareholders	¥10,524	¥104,431	¥34,446	\$107,388
Dilutive effect of:				
2011 Series A Convertible Bond	—	350	200	—
2011 Series B Convertible Bond	—	457	455	—
2013 Series A Convertible Bond	—	334	184	—
2013 Series B Convertible Bond	—	460	456	—
Diluted net income available to common shareholders	¥10,524	¥106,032	¥35,741	\$107,388
	Shares			
	2009	2008	2007	
Weighted-average common shares outstanding — Basic	498,836,888	508,354,176	510,620,624	
Dilutive effect of:				
2011 Series A Convertible Bond	—	9,477,415	9,369,468	
2011 Series B Convertible Bond	—	9,477,415	9,369,468	
2013 Series A Convertible Bond	—	10,206,581	10,090,196	
2013 Series B Convertible Bond	—	10,206,581	10,090,196	
Stock options	165,316	64,233	—	
Weighted-average common shares outstanding — Diluted	499,002,204	547,786,401	549,539,952	
	Yen			U.S. dollars
	2009	2008	2007	2009
Net income per share:				
Basic	¥21.10	¥205.43	¥67.46	\$0.22
Diluted	¥21.09	¥193.56	¥65.04	\$0.22

16 Stock-Based Compensation Plan

The Company has stock-based compensation plans for Directors, executive officers, and important employees of the Company as well as Directors, executive officers, Fellows, and important employees of FUJIFILM Corporation.

On June 28, 2007, the Ordinary General Meeting of Shareholders approved the issuance of stock acquisition rights as stock options. Upon approval, on July 27, 2007, the Board of Directors adopted resolutions to issue an aggregate of 780 stock acquisition rights to 5 Directors of the Company and FUJIFILM Corporation ("No. 1-1 Stock Acquisition Rights"), an aggregate of 1,376 stock acquisition rights to the Directors and executive officers of the Company and the Directors, executive officers and Fellows of FUJIFILM Corporation in aggregate of 30 persons ("No. 1-2 Stock Acquisition Rights"), and an aggregate of 1,706 stock acquisition rights to the Directors, executive officers and important employees of the Company and the Directors, executive officers, Fellows and important employees of FUJIFILM Corporation in aggregate of 60 persons ("No. 1-3 Stock Acquisition Rights"). Then, on August 28, 2008, the Board of Directors adopted resolutions to issue an aggregate of 1,466 stock acquisition rights to the Directors and executive officers of the Company and the Directors, executive officers and Fellows of FUJIFILM Corporation in aggregate of 34 persons ("No. 2-1 Stock Acquisition Rights"), and an aggregate of 1,826 stock acquisition rights to the Directors, executive officers and important employees of the Company and the Directors, executive officers, Fellows and important employees of FUJIFILM Corporation in aggregate of 66 persons ("No. 2-2 Stock Acquisition Rights"). Every stock acquisition right represents an option to purchase 100 shares of common stock of the Company.

No.1-1 Stock Acquisition Rights were granted on September 3, 2007, and were fully vested on the grant date. The stock-based compensation cost for No.1-1 Stock Acquisition Rights was recognized at the grant date. No.1-1 Stock Acquisition Rights have an 11-year contractual term, and the exercise of the option is restricted over a period of three years commencing from the following date of the grant date. The exercise price was set at ¥1 per share pursuant to the approval of the Ordinary General Meeting of Shareholders.

No.1-2 Stock Acquisition Rights were granted on September 3, 2007, and were fully vested because the consolidated operating income of ¥200 billion or more for the year ended March 31, 2008 was attained. No.1-2 Stock Acquisition Rights have an 11-year contractual term, and the exercise of the option is restricted over a period of three years commencing from the following date of the grant date. The exercise price was set at ¥1 per share pursuant to the approval of the Ordinary General Meeting of Shareholders. The stock-based compensation cost for No.1-2 Stock Acquisition Rights was being amortized over 1 year from the grant date.

No.1-3 Stock Acquisition Rights were granted on September 3, 2007, and are exercisable during the period from July 28, 2009 to July 27, 2017. The exercise price was set at ¥4,976 per share which was calculated by a formula approved by the Ordinary General Meeting of Shareholders. The exercise price is calculated as either average value of the closing price of shares of common stock of the Company in regular trading at the Tokyo Stock Exchange ("Closing Price") for each day of the month preceding the month that includes the grant date or Closing Price on the grant date, whichever is higher. The stock-based compensation cost for No.1-3 Stock Acquisition Rights was being amortized over 1 year from the grant date.

No. 2-1 Stock Acquisition Rights were granted on October 1, 2008, and were forfeited because the performance condition of consolidated operating income of ¥160 billion or more, or consolidated net income of ¥80 billion or more for the year ended March 31, 2009 was not attained.

No. 2-2 Stock Acquisition Rights were granted on October 1, 2008, and are exercisable during the period from August 29, 2010 to August 28, 2018. The exercise price was set at ¥2,981 per share which was calculated by a formula approved by the Ordinary General Meeting of Shareholders. The exercise price is calculated as either average value of Closing Price for each day of the month preceding the month that includes the grant date or Closing Price on the grant date, whichever is higher. The stock-based compensation cost for No. 2-2 Stock Acquisition Rights is being amortized over 1 year from the grant date.

The Company recognized stock-based compensation cost of ¥436 million (\$4,449 thousand) and ¥916 million as selling, general and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2008, respectively, and the cost was estimated using the Black-Scholes option pricing model as the fair value of the options. The deferred income tax benefit related to the cost was ¥114 million (\$1,163 thousand) and ¥315 million at March 31, 2009 and 2008, respectively. As of March 31, 2009, total unrecognized stock-based compensation cost was ¥55 million (\$561 thousand) and is expected to be recognized over 6 months commencing April 1, 2009. There were 50 stock acquisition rights exercised during the year ended March 31, 2009. The weighted-average grant date fair value of stock acquisition rights granted during the years ended March 31, 2009 and 2008 was ¥1,529 (\$15.60) and ¥3,358, respectively. The total fair value of shares vested during the years ended March 31, 2009 and 2008 was ¥169 million (\$1,724 thousand) and ¥889 million, respectively.

A summary of stock acquisition rights activity during the year ended March 31, 2009 and 2008 is as follows:

	Number of shares	Yen	Years	Millions of yen
		Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
2009				
Outstanding at March 31, 2008	386,200	¥2,199	—	—
Granted during the year	329,200	1,654	—	—
Exercised	(5,000)	1	—	¥ (25)
Forfeited or expired	(146,600)	1	—	—
Outstanding at March 31, 2009	563,800	2,472	8.5	1,038
Exercisable at March 31, 2009	210,600	1	9.4	1,038
	Number of shares	Yen	Years	Millions of yen
		Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
2008				
Granted during the year and outstanding at March 31, 2008	386,200	¥2,199	9.3	¥1,062
Exercisable at March 31, 2008	181,200	1	10.4	893

	Number of shares	U.S. dollar	Years	Thousands of U.S. dollars
		Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
2009				
Outstanding at March 31, 2008	386,200	\$22.44	—	—
Granted during the year	329,200	16.88	—	—
Exercised	(5,000)	0.01	—	\$ (255)
Forfeited or expired	(146,600)	0.01	—	—
Outstanding at March 31, 2009	563,800	25.22	8.5	10,592
Exercisable at March 31, 2009	210,600	0.01	9.4	10,592

The fair value of the stock acquisition rights as of the grant date was estimated using the Black-Scholes option pricing model with the following assumptions:

	No.2-1 Stock Acquisition Rights	No.2-2 Stock Acquisition Rights
2009		
Expected volatility	38.579%	28.979%
Expected remaining life	1 year	6 years
Expected dividend (Yen)	¥35	¥35
Expected dividend (U.S. dollars)	\$0.36	\$0.36
Risk-free interest rate	0.672%	1.129%

	No.1-1 Stock Acquisition Rights	No.1-2 Stock Acquisition Rights	No.1-3 Stock Acquisition Rights
2008			
Expected volatility	25.980%	25.980%	29.273%
Expected remaining life	1 year	1 year	6 years
Expected dividend (Yen)	¥25	¥25	¥25
Risk-free interest rate	0.735%	0.735%	1.285%

The expected volatility is determined based on the historical volatility of the Company's common stock over the most recent period corresponding with the estimated expected remaining life of the Company's stock acquisition rights. The expected remaining life of No.1-1 Stock Acquisition Rights, No.1-2 Stock Acquisition Rights and No.2-1 Stock Acquisition Rights was determined based on the minimum term of Directors and executive officers of the Company and FUJIFILM Corporation. The expected remaining life of No.1-3 Stock Acquisition Rights and No.2-2 Stock Acquisition Rights was determined as 6 years based on the midpoint of the contractual term since no stock acquisition rights were exercised after the implementation of the plan.

17 Financial Instruments

The Company operates internationally, and is exposed to market risks arising from fluctuations in foreign currencies, interest rates and certain commodity prices. The Company and certain of its subsidiaries utilize derivative financial instruments solely to reduce these risks. The Company has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Company's policies prohibit holding or issuing derivative financial instruments for trading purposes. The following is a summary of the Company's risk management strategies and the effect of these strategies on the Company's consolidated financial statements.

Cash Flow Hedging Strategy

Certain subsidiaries of the Company have entered into forward currency exchange contracts to manage exposures related to the risks of forecasted import purchases and export sales from/to customers and intercompanies and related receivables and payables denominated in foreign currencies (maximum length of time is through July 2009). If the yen weakens significantly against foreign currencies (primarily the U.S. dollar), the increase in the value of future foreign currency cost or revenue is offset by gains or losses in the value of the forward exchange contract designated as a hedge. Conversely, if the yen strengthens, the decrease in the value of future foreign currency cash flow is offset by gains or losses in the value of the forward contracts designated as a hedge.

Changes in the fair value of those derivative instruments designated and qualifying as cash flow hedges of variability of cash flows are reported in other comprehensive income (loss), net of applicable taxes. These amounts are reclassified into earnings in the same period and same line item as the hedged items that affect earnings. The amount of gains or losses on derivatives or portions thereof that were either ineffective as hedges or excluded from the assessment of hedge effectiveness were not significant to the results of operations and the financial condition of the Company.

As of March 31, 2009, the Company expects to reclassify ¥55 million (\$561 thousand) (before tax effect) of net losses on derivatives from accumulated other comprehensive income (loss) to earnings during the next twelve months due to actual export sales and import purchases.

Derivatives Not Designated as Hedges

Certain subsidiaries of the Company have entered into forward currency exchange contracts or currency swap contracts to manage exposures related to the risks of foreign currency exchange fluctuations resulting from forecasted transactions and related receivables or payables denominated in foreign currencies. Also, certain subsidiaries of the Company have entered into interest rate swap contracts to manage exposures related to the risks of fluctuations in interest rate of variable interest rate liabilities and cross currency interest rate swap contracts to manage exposures related to the risks of fluctuations in interest rate and foreign currency exchange pertaining to loans denominated in foreign currencies. Although these derivatives are effective as hedges from an economic perspective, certain subsidiaries of the Company did not designate these contracts as hedges as required in order to apply hedge accounting. As a result, the Company recorded the changes in the fair value of these derivatives in earnings immediately.

Volume of Derivative Activities

Contract amounts of forward currency exchange, currency swaps, cross currency interest rate swaps and interest rate swaps at March 31, 2009 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Forward currency exchange (Short)	¥27,085	\$276,378
Forward currency exchange (Long)	27,829	283,969
Currency swaps	8,467	86,398
Cross currency interest rate swaps	18,791	191,745
Interest rate swaps	21,190	216,224

Impacts on the Consolidated Financial Statements

The location and fair value amounts of derivatives in the consolidated Balance Sheet at March 31, 2009 are summarized as follows:

	Balance sheet location	Derivative assets	
		Millions of yen	Thousands of U.S. dollars
		Fair value	Fair value
Derivatives designated as hedging instruments under SFAS 133			
Forward currency exchange contracts	Prepaid expenses and other	¥ 400	\$ 4,082
Total derivatives designated as hedging instruments under SFAS 133		400	4,082
Derivatives not designated as hedging instruments under SFAS 133			
Forward currency exchange contracts	Prepaid expenses and other	194	1,979
Forward currency exchange contracts	Long-term finance and other receivables	103	1,051
Currency swaps	Prepaid expenses and other	1,763	17,990
Cross currency interest rate swaps	Prepaid expenses and other	5,859	59,786
Total derivatives not designated as hedging instruments under SFAS 133		7,919	80,806
Total		¥8,319	\$84,888

	Balance sheet location	Derivative liabilities	
		Millions of yen	Thousands of U.S. dollars
		Fair value	
Derivatives designated as hedging instruments under SFAS 133			
Forward currency exchange contracts	Other current liabilities	¥ 939	\$ 9,582
Total derivatives designated as hedging instruments under SFAS 133		939	9,582
Derivatives not designated as hedging instruments under SFAS 133			
Forward currency exchange contracts	Other current liabilities	387	3,949
Currency swaps	Customers' guarantee deposits and other	144	1,469
Cross currency interest rate swaps	Other current liabilities	43	439
Interest rate swaps	Other current liabilities	101	1,031
Interest rate swaps	Customers' guarantee deposits and other	619	6,316
Other	Other current liabilities	354	3,612
Total derivatives not designated as hedging instruments under SFAS 133		1,648	16,816
Total		¥2,587	\$26,398

The location and amounts of gains and losses related to derivatives in the consolidated Statements of Income for the year ended March 31, 2009 are summarized as follows:

	Millions of yen			
	Gains (losses) recognized in OCI on derivative (Effective portion)	Amount	Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)	
			Statements of income location	Amount
Cash Flow Hedges				
Forward currency exchange contracts	¥(2,118)		Revenue	¥ (329)
			Cost of sales	(234)
			Foreign exchange gains (losses), net	(1,744)
Total	¥(2,118)			¥(2,307)

	Thousands of U.S. dollars			
	Gains (losses) recognized in OCI on derivative (Effective portion)	Amount	Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)	
			Statements of income location	Amount
Cash Flow Hedges				
Forward currency exchange contracts	\$(21,612)		Revenue	\$ (3,357)
			Cost of sales	(2,388)
			Foreign exchange gains (losses), net	(17,796)
Total	\$(21,612)			\$(23,541)

	Statements of income location	Millions of yen	Thousands of U.S. dollars
		Amount	
Derivatives Not Designated as Hedges			
Forward currency exchange contracts	Foreign exchange gains (losses), net	¥ 353	\$ 3,602
Currency swaps	Foreign exchange gains (losses), net	2,387	24,357
Cross currency interest rate swaps	Foreign exchange gains (losses), net	4,239	43,255
Interest rate swaps	Other, net	(477)	(4,867)
Other	Other, net	(676)	(6,898)
Total		¥5,826	\$59,449

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, trade and finance accounts receivable, and derivatives.

The Company maintains cash and cash equivalents and short-term investments with various financial institutions. The Company's policy is designed to limit exposure to any one institution. The Company performs periodic evaluations of relative credit standing of those financial institutions that are considered in the Company's investment strategy.

The Company is exposed to credit risk related to trade receivables, due to the fact that the Company's trade receivables include some portions to major customers. The Company manages this risk by maintenance of customers' guarantee deposits and the performance of ongoing credit evaluations. An allowance for doubtful accounts is maintained at a level which management believes is sufficient to cover potential losses.

The Company is exposed to credit risk in the event of nonperformance by counterparties to derivative instruments. The Company limits this exposure by acquiring such derivative instruments from counterparties with high credit ratings.

Fair Value of Financial Instruments

The fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. Although management uses its best judgment in estimating the fair value of such instruments, the methodologies and assumptions for the estimate of fair value are inherently subjective. Consequently, the estimates are not necessarily indicative of the amounts which could be realized or would be paid in a current market exchange. The following methodologies and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and cash equivalents, Notes and accounts receivable, Short-term debt, Notes and accounts payable: The carrying amounts approximate the fair values because of the short maturity of these instruments.

Marketable securities and Investment securities: The fair values of government debt securities, stocks and mutual funds with active markets are estimated based on quoted market prices. Debt securities with inactive markets are measured by using observable inputs, either directly or indirectly.

Customers' guarantee deposits: The carrying amounts approximate the fair values because they are variable rate instruments.

Long-term debt: The fair value of long-term debt is estimated using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements. The fair value of long-term debt, including the current portion, as of March 31, 2009 and 2008 was ¥52,780 million (\$538,571 thousand) and ¥86,787 million, respectively. The fair value as of March 31, 2009 and 2008 did not include the fair value of the unsecured Euroyen convertible bonds issued on April 5, 2006 with a carrying value of ¥204,423 million (\$2,085,949 thousand) and ¥202,949 million, respectively because there was no quoted market price and it was not practicable to estimate the fair value.

Derivative financial instruments: The fair values of forward currency exchange contracts, currency swaps, cross currency interest rate swaps and interest rate swaps are estimated based on the market prices obtained from financial institutions or third parties, which are measured by observable inputs. The fair value and the carrying amounts of these derivative assets were ¥8,319 million (\$84,888 thousand) and ¥4,248 million, and those of derivative liabilities were ¥2,587 million (\$26,398 thousand) and ¥2,068 million, as of March 31, 2009 and 2008, respectively.

18 Fair Value Measurement

SFAS 157, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, establishes a fair value hierarchy that prioritizes the use of inputs used in valuation techniques into the following three levels, depending on the observability of those inputs:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2: Observable inputs other than those classified as Level 1 such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs to the valuation techniques which are significant to the measurement of fair value of assets or liabilities.

Financial assets and liabilities that the Company measures at fair value on a recurring basis include cash equivalents (such as negotiable certificates of deposit and government debt securities), marketable securities (corporate debt securities), investment securities (such as government debt securities, corporate debt securities, listed stocks and mutual funds) and derivative assets and liabilities. The fair value hierarchy as of March 31, 2009 is as follows:

	Millions of yen			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	¥ 5,499	¥43,963	¥ —	¥ 49,462
Marketable securities	—	29,224	—	29,224
Investment securities	87,222	31,944	—	119,166
Derivative assets	—	8,319	—	8,319
Liabilities:				
Derivative liabilities	—	2,587	—	2,587

	Thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 56,112	\$448,602	\$ —	\$ 504,714
Marketable securities	—	298,204	—	298,204
Investment securities	890,020	325,959	—	1,215,979
Derivative assets	—	84,888	—	84,888
Liabilities:				
Derivative liabilities	—	26,398	—	26,398

For investment securities, Level 1 includes principally government debt securities, listed stocks and mutual funds, which were valued using unadjusted quoted prices in active markets for identical assets and Level 2 includes principally corporate debt securities, which were valued using directly or indirectly observable inputs in non-active markets.

Derivative assets and liabilities include forward currency exchange contracts, currency swaps, cross currency interest rate swaps and interest rate swaps, which were classified as Level 2 because of using inputs that were corroborated by observable market data obtained from brokers or third parties.

Reconciliation of the beginning and ending balances for asset classified as Level 3 for the year ended March 31, 2009 is as follows:

	Millions of yen				
	Balance at beginning of year	Gains		Sales	Balance at end of year
		Realized	Unrealized		
Investment securities	¥2,548	¥803	¥(538)	¥(2,813)	¥ —

	Thousands of U.S. dollars				
	Balance at beginning of year	Gains		Sales	Balance at end of year
		Realized	Unrealized		
Investment securities	\$26,000	\$8,194	\$(5,490)	\$(28,704)	\$ —

Gross realized gains on sales of Investment securities included in Level 3 were reported in the line titled "Other, net" in the consolidated statements of income.

Financial assets and liabilities that the Company measures at fair value on a nonrecurring basis were non-marketable equity securities which the Company considered as other-than-temporary impairment at March 31, 2009. During the year ended March 31, 2009, the Company recognized impairment charge of ¥2,394 million (\$24,429 thousand) for such equity securities. Impaired non-marketable equity securities were written down to their fair value of ¥445 million (\$4,541 thousand) at March 31, 2009 and were classified as Level 3 because of using unobservable inputs.

19 Acquisitions

In order to expand its distribution channels in Japan, the United States of America, Europe and Asia and increase technological developments of certain products, the Company acquired seven, two and seven businesses and/or minority interests during the years ended March 31, 2009, 2008 and 2007, respectively. Considerations for all significant acquisitions were paid in cash or treasury stock of the Company and aggregate purchase prices for acquisitions amounted to ¥6,635 million (\$67,704 thousand), ¥98,973 million and ¥49,743 million, net of cash acquired, for the years ended March 31, 2009, 2008 and 2007, respectively. There were no significant contingent payments, options or commitments related to those acquisitions. Each acquisition that qualified as a business combination has been accounted for under the purchase method of accounting in accordance with SFAS No.141, "Business Combinations" and the excess of the purchase price over the estimated fair value of net assets acquired has been recorded as goodwill, which is primarily non tax-deductible.

Acquisitions completed during the year ended March 31, 2009 included (i) additional purchase of 39.3% of the common stock of Tianjian Medi Tech Co., Ltd based in China, which is developing, marketing and providing services for medical IT products, (ii) 100% of the common stock of Empiric Systems, LLC based in the United States of America, which is developing, marketing and providing maintenance services for radiology information systems and (iii) additional purchase of 54.7% of the common stock of Perseus Proteomics, Inc, which is developing and marketing antibody-based therapeutics, in-vitro diagnostics, research reagents and nuclear hormone receptor antibody, through the partial acquisition of Perseus's issued shares and response to the third-party allocation of new shares. The Company recognized ¥3,465 million (\$35,357 thousand) of goodwill, ¥290 million (\$2,959 thousand) of technology-based intangibles and ¥312 million (\$3,184 thousand) of customer-related intangibles on its acquisitions for the year ended March 31, 2009, including those mentioned above.

Significant acquisitions completed during the year ended March 31, 2008 included acquiring 66% of the common stock of Toyama Chemical Co., Ltd. which is a manufacturer and marketing company of pharmaceutical and healthcare products. The strategic business alliance with Toyama Chemical Co., Ltd., which has shown results of new drug development in the medical pharmaceutical business, expanded the Company's Medical Life Sciences Business from the current diagnostic and prevention focus to also include a treatment business. From acquisitions made, including Toyama Chemical Co., Ltd., during the year ended March 31, 2008, the Company recognized ¥71,768 million of goodwill, ¥43,178 million of technology-based intangibles and ¥3,745 million of marketing-related and customer-related intangibles.

The preliminary purchase price allocation of Toyama Chemical Co., Ltd. as of acquisition date was summarized as follows:

	Millions of yen
Current assets	¥ 16,145
Property, plant and equipment	20,923
Goodwill and other intangibles	116,112
Investments and other	16,979
Current liabilities	12,866
Long-term liabilities	42,947
Minority interest	16,488
Acquisition cost, net of cash acquired	97,858

In October 2008, the purchase price allocation of Toyama Chemical Co., Ltd. was completed. The final purchase price allocation of Toyama Chemical Co., Ltd. was not materially different from the preliminary purchase price allocation.

Significant acquisitions completed during the year ended March 31, 2007 included (i) 100% of the common stock of Dimatix, Inc. based in the United States of America, which is a manufacturer of inkjet printer heads for industrial use, (ii) 100% of the common stock of Daiichi Radioisotope Laboratories, Ltd., which is a domestic manufacturer of radiopharmaceuticals and (iii) additional purchase of 46.6% of the common stock of Fuji Xerox Taiwan Corporation, which is a marketing company of office equipment. In addition, the Company acquired 11.9% of the common stock of FUJINON Corporation which was an 88.1% owned subsidiary and has ultimately become a wholly owned subsidiary of the Company in exchange for treasury stock of the Company. The Company recognized ¥24,130 million of goodwill, ¥7,572 million of technology-based intangibles and ¥7,603 million of customer-related intangibles on its acquisitions for the year ended March 31, 2007, including those mentioned above.

The results of operations for the acquired entities since the date of the acquisitions have been included in the Company's consolidated statements of income. Pro forma results of operations have not been presented for any of the acquisitions because the results of operations related to the entities acquired were not significant to the operating results of the Company on either an individual or an aggregate annual basis.

20 Restructuring and Other Charges

Imaging Solutions Segment

Due to the significant deterioration of the business environment in the Imaging Solutions segment, management of the Company implemented restructuring activities in both photographic materials business and electric imaging business through the course of the two fiscal years ended March 31, 2007. Restructuring activities in photographic materials business consisted of plant integration, termination of certain manufacturing lines, streamlining in supply-chains including workforce reduction and cost reductions, research and development costs reduction and integration and termination of photo-finishing laboratories. Restructuring activities in electric imaging business involving digital cameras consisted of redevelopment of manufacturing to China and other supply chain and cost reduction measures. As a result, total restructuring costs of ¥163,433 million were incurred during the two fiscal years ended March 31, 2007. Restructuring costs, included in the above, amounted to ¥77,390 million, which consisted of ¥23,073 million relating to employees benefits and ¥54,317 million relating to fixed assets and other associated costs for the year ended March 31, 2007. In this regard, impairment charges of ¥12,202 million were recognized for certain manufacturing facilities and amortizable intangibles such as customer lists.

Restructuring activities had been conducted as planned and completed as of March 31, 2007 and no additional costs have been incurred during the years ended March 31, 2009, and 2008. Liability balances of the restructuring activities were ¥786 million and ¥6,682 million as of March 31, 2008 and 2007, respectively, and there were no significant balances as of March 31, 2009.

Substantially, all of the restructuring and other charges were related to the Imaging Solutions segment. However, a charge of ¥17,269 million was incurred in the Information Solutions segment for the year ended March 31, 2007, mainly related to losses on manufacturing facilities and equipment used for both of the Imaging and Information Solutions activities and certain restructuring initiatives relating to the Information Solutions segment.

Document Solutions Segment

During the year ended March 31, 2007, the Company initiated the restructuring activities in the Document Solutions segment and recognized costs of ¥16,136 million relating to employees benefits and ¥555 million relating to fixed assets. The restructuring activities were completed during the year ended March 31, 2007 and no additional costs have been incurred during the years ended March 31, 2009, and 2008. The costs accrued for the above restructuring activities were ¥16,136 million as of March 31, 2007, which were all paid during the year ended March 31, 2008.

21 Segment Information

Operating Segments

The Company has three operating segments. The Company's operating segments were determined based upon common technology, manufacturing processes as well as distribution processes and type of customers, and they reflect how management reviews the businesses and operating results and makes decisions about strategic investments and the allocation of resources. "Imaging Solutions" manufactures, develops, markets and services color films, digital cameras, photofinishing equipment, color paper, chemicals and related products, primarily for the individual consumer. "Information Solutions" manufactures, develops, markets and services equipment and materials for medical systems and life sciences, equipment and materials for graphic arts, flat panel display materials, recording media, optical devices, electronic materials, inkjet materials and related products, primarily for commercial enterprises. "Document Solutions" manufactures, develops, markets and services office copy machines/multifunction devices, printers, production systems and services, paper, consumables, office services and other related products, primarily for commercial enterprises.

Revenue

	Year ended March 31			Thousands of U.S. dollars
	Millions of yen			
	2009	2008	2007	2009
Revenue:				
Imaging Solutions:				
External customers	¥ 410,399	¥ 547,066	¥ 605,383	\$ 4,187,745
Intersegment	785	874	899	8,010
Total	411,184	547,940	606,282	4,195,755
Information Solutions:				
External customers	946,156	1,108,134	1,026,085	9,654,653
Intersegment	1,683	2,136	2,818	17,174
Total	947,839	1,110,270	1,028,903	9,671,827
Document Solutions:				
External customers	1,077,789	1,191,628	1,151,058	10,997,847
Intersegment	8,982	9,274	12,187	91,653
Total	1,086,771	1,200,902	1,163,245	11,089,500
Eliminations	(11,450)	(12,284)	(15,904)	(116,837)
Consolidated total	¥2,434,344	¥2,846,828	¥2,782,526	\$24,840,245

Segment Profit or Loss

	Year ended March 31			Thousands of U.S. dollars
	Millions of yen			
	2009	2008	2007	2009
Operating income (loss):				
Imaging Solutions	¥(29,310)	¥ (2,394)	¥ (42,631)	\$ (299,082)
Information Solutions	20,351	127,432	95,170	207,663
Document Solutions	49,677	86,664	61,186	506,909
Total	40,718	211,702	113,725	415,490
Corporate expenses and eliminations	(3,432)	(4,360)	(663)	(35,021)
Consolidated operating income	37,286	207,342	113,062	380,469
Other income (expenses), net	(27,844)	(8,000)	(9,798)	(284,122)
Consolidated income before income taxes	¥ 9,442	¥199,342	¥103,264	\$ 96,347

Assets

	March 31			Thousands of U.S. dollars
	Millions of yen			
	2009	2008	2007	2009
Total assets:				
Imaging Solutions	¥ 375,076	¥ 497,237	¥ 542,419	\$ 3,827,306
Information Solutions	1,366,901	1,454,928	1,242,844	13,947,969
Document Solutions	981,056	1,054,538	1,056,374	10,010,776
Total	2,723,033	3,006,703	2,841,637	27,786,051
Eliminations	(6,200)	(5,196)	(5,292)	(63,265)
Corporate assets	179,804	264,877	482,757	1,834,734
Consolidated total	¥2,896,637	¥3,266,384	¥3,319,102	\$29,557,520

Other Significant Items

	Year ended March 31			Thousands of U.S. dollars
	Millions of yen			
	2009	2008	2007	2009
Depreciation and amortization:				
Imaging Solutions	¥ 22,652	¥ 37,773	¥ 52,818	\$ 231,143
Information Solutions	111,832	107,454	88,147	1,141,143
Document Solutions	77,586	80,975	74,333	791,694
Total	212,070	226,202	215,298	2,163,980
Corporate	495	551	131	5,051
Consolidated total	¥212,565	¥226,753	¥215,429	\$2,169,031

Capital expenditures for segment assets:

Imaging Solutions	¥ 12,253	¥ 17,929	¥ 19,827	\$ 125,031
Information Solutions	59,612	101,421	95,947	608,285
Document Solutions	40,430	50,708	48,127	412,551
Total	112,295	170,058	163,901	1,145,867
Corporate	107	121	1,258	1,092
Consolidated total	¥112,402	¥170,179	¥165,159	\$1,146,959

Transfers between operating segments are generally based on market pricing. Corporate expenses are the expenses related to the Corporate Division of the Company. Corporate assets consist primarily of cash and cash equivalents as well as marketable and investment securities maintained for general corporate purposes. Corporate, in the "Other significant items" in the above table, is the depreciation and amortization or capital expenditures related to facilities and equipment which the Company holds for Company-wide use. The capital expenditures in the above table represent the purchase of fixed assets of each segment.

As described in Note 2, "Property, Plant and Equipment and Depreciation", effective July 1, 2007, the Company and its domestic subsidiaries changed the depreciation method of machinery and equipment. This change caused an increase in depreciation expense in Imaging Solutions, Information Solutions and Document Solutions by ¥4,227 million, ¥14,958 million and ¥8,128 million, respectively for the year ended March 31, 2008.

Geographic Information

Revenues, which are attributed to geographic areas based on the country of the Company or the subsidiary that transacted the sale with the external customer, operating income for the years ended March 31, 2009, 2008 and 2007 and long-lived assets at March 31, 2009, 2008 and 2007 are as follows. Although the geographic information of operating income is not required under SFAS No.131, the Company discloses this information as supplemental information in light of the disclosure requirement of the Japanese Financial Instruments and Exchange Act.

	Year ended March 31			Thousands of U.S. dollars 2009
	Millions of yen			
	2009	2008	2007	
Revenue:				
Japan				
External customers	¥1,460,568	¥1,643,710	¥1,666,182	\$14,903,755
Intersegment	424,314	513,364	459,120	4,329,735
Total	1,884,882	2,157,074	2,125,302	19,233,490
The Americas				
External customers	392,876	500,910	491,129	4,008,939
Intersegment	20,084	19,847	25,021	204,939
Total	412,960	520,757	516,150	4,213,878
Europe				
External customers	280,560	347,028	340,246	2,862,857
Intersegment	12,934	16,565	18,536	131,980
Total	293,494	363,593	358,782	2,994,837
Asia and others				
External customers	300,340	355,180	284,969	3,064,694
Intersegment	307,656	368,011	316,774	3,139,347
Total	607,996	723,191	601,743	6,204,041
Eliminations	(764,988)	(917,787)	(819,451)	(7,806,001)
Consolidated total	¥2,434,344	¥2,846,828	¥2,782,526	\$24,840,245

	Year ended March 31			Thousands of U.S. dollars 2009
	Millions of yen			
	2009	2008	2007	
Operating income (loss):				
Japan	¥16,635	¥146,222	¥ 86,999	\$169,745
The Americas	(4,015)	5,133	(12,927)	(40,969)
Europe	2,315	(1,798)	(2,356)	23,622
Asia and others	19,845	55,303	41,056	202,500
Eliminations	2,506	2,482	290	25,571
Consolidated total	¥37,286	¥207,342	¥113,062	\$380,469

	March 31			Thousands of U.S. dollars 2009
	Millions of yen			
	2009	2008	2007	
Long-lived assets:				
Japan	¥556,476	¥613,239	¥588,054	\$5,678,326
The Americas	37,733	45,122	58,001	385,031
Europe	54,569	62,546	71,084	556,827
Asia and others	49,228	55,460	55,893	502,326
Consolidated total	¥698,006	¥776,367	¥773,032	\$7,122,510

Transfers between geographic areas are generally based on market pricing.

Primarily all of the revenue and long-lived assets of The Americas are related to operations in the United States of America.

Revenue to external customers, which are attributed to geographic areas based on the location of the customers for the years ended March 31, 2009, 2008 and 2007, are as follows:

	Year ended March 31			Thousands of U.S. dollars
	Millions of yen			
	2009	2008	2007	2009
Revenue:				
Japan	¥1,134,192	¥1,259,506	¥1,303,647	\$11,573,388
The Americas	447,677	557,203	572,797	4,568,133
Europe	350,548	449,241	422,965	3,577,020
Asia and others	501,927	580,878	483,117	5,121,704
Consolidated total	¥2,434,344	¥2,846,828	¥2,782,526	\$24,840,245

Major Customers and Other

No single customer of the Company accounted for more than 10% of consolidated revenue for each of the three years in the period ended March 31, 2009.

The Document Solutions subsidiary sold certain copy machines and other equipment to a minority shareholder and also purchased certain equipment from a minority shareholder, which amounted to ¥212,265 million (\$2,165,969 thousand) and ¥12,321 million (\$125,724 thousand), ¥232,923 million and ¥21,310 million, and ¥209,111 million and ¥20,871 million for the years ended March 31, 2009, 2008 and 2007, respectively.

In conjunction with a license agreement and other arrangements between the Document Solutions subsidiary and a minority shareholder, certain expenses of ¥13,040 million (\$133,061 thousand), ¥13,200 million and ¥14,782 million, which primarily related to royalty and research expenses, were incurred and certain expenses of ¥2,865 million (\$29,235 thousand), ¥3,139 million and ¥2,529 million, which primarily related to research expenses, were reimbursed for the years ended March 31, 2009, 2008 and 2007, respectively. Notes and accounts receivable from the minority shareholder at March 31, 2009 and 2008 were ¥36,872 million (\$376,245 thousand) and ¥46,151 million, respectively. Notes and accounts payable to the minority shareholder at March 31, 2009 and 2008 were ¥4,995 million (\$50,969 thousand) and ¥5,262 million, respectively.

22 Subsequent Event

The Company's Board of Directors approved a program to implement structural reforms throughout the entire Group and all of its businesses on April 30, 2009. The Company anticipates that restructuring costs of approximately ¥145.0 billion (\$1,479,592 thousand) will be incurred for the year ending March 31, 2010 under this program.

Report of Independent Auditors



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The Board of Directors and Shareholders
FUJIFILM Holdings Corporation

We have audited the accompanying consolidated balance sheets of FUJIFILM Holdings Corporation and subsidiaries (the "Company") as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2009, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of FUJIFILM Holdings Corporation and subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, during the year ended March 31, 2008, the Company changed its method of accounting for depreciation.

We also have reviewed the translation of the consolidated financial statements mentioned above into United States dollars on the basis described in Note 3. In our opinion, such statements have been translated on such basis.

We also have audited, in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2009 of FUJIFILM Holdings Corporation and subsidiaries, and our report dated June 26, 2009 expressed an unqualified opinion thereon.

June 26, 2009

Ernst & Young ShinNihon LLC

Management's Report on Internal Control Over Financial Reporting

FUJIFILM Holdings Corporation and Subsidiaries

Basic Framework of Internal Control Over Financial Reporting

FUJIFILM Holdings Corporation's Representative Director and President, Shigetaka Komori, and Representative Director, Executive Vice President and Chief Financial Officer, Toshio Takahashi, fully understand that they are responsible for the design and operation of internal control over financial reporting for the consolidated financial statements of FUJIFILM Holdings Corporation and subsidiaries (the "Company"). The Company has designed and operates internal control over financial reporting in accordance with the basic framework prescribed in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" released by the Business Accounting Council. Internal control over financial reporting is a process to provide reasonable assurance of achieving its objectives through the design and implementation of all basic components of internal control and confirming all components are operating effectively as a whole.

However, as internal control has certain inherent limitations, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Scope of Assessment, Assessment Date, and Assessment Procedures

The Company evaluated its internal control over financial reporting for the accompanying consolidated financial statements as of March 31, 2009, the assessment date and the fiscal year end of the Company, in accordance with generally accepted assessment standards for internal control in Japan.

Based on the assessment results of the internal controls that could materially affect the consolidated financial reporting process (company-level controls), the Company selected business processes to be evaluated. After the analysis of these selected business processes, the Company identified key controls that could have a material impact on the reliability of financial reporting, and evaluated the effectiveness of internal control by assessing the design and operation of the key controls.

The scope of assessment of internal control over financial reporting was determined by selecting the Company itself, its consolidated subsidiaries and equity-method affiliates in consideration of their quantitative and qualitative impacts on financial reporting. The scope of assessment of internal control over business processes was reasonably determined based on the assessment of company-level controls of the Company, its consolidated subsidiaries and equity-method affiliates. Certain consolidated subsidiaries and equity-method affiliates were excluded from the scope of assessment of the company-level controls since their quantitative and qualitative impacts were judged to be insignificant.

With regard to the scope of assessment of internal control over business processes, 50 locations or business units were determined as "significant business locations," which consist of the locations or business units in descending order based on sales (after elimination of intercompany sales transactions) for the fiscal year ended March 31, 2008, whose combined sales account for up to approximately two-thirds of the total sales on a consolidated basis of the fiscal year ended March 31, 2008, and also other locations or business units considering their qualitative materiality and regional characteristics. For the selected significant business locations, business processes related to sales, accounts receivable, and inventory were primarily included in the scope of assessment as the aforementioned accounts are closely associated with the Company's business objectives. In addition, with regard to the scope including not only the significant business locations but also other group locations or business units, business processes that could result in a misstatement in significant components of the financial statements, business processes relating to significant accounts involving estimates and management's judgment, and business processes relating to businesses or operations dealing with high-risk transactions were added to the scope of assessment as business processes with a significant effect on financial reporting. The Company also ensured that the scope of assessment was adequate based on financial results and business operations for the fiscal year ended March 31, 2009.

Result of Assessment

As the result of the assessment above, the Company has concluded that its internal control over financial reporting for the accompanying consolidated financial statements is effective as of March 31, 2009, the fiscal year end.

Report of Independent Auditors



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The Board of Directors and Shareholders
FUJIFILM Holdings Corporation

We have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of March 31, 2009 of FUJIFILM Holdings Corporation and subsidiaries (the "Company") (the "Management's Report"). The Company's management is responsible for designing and operating internal control over financial reporting and preparing the Management's Report. Our responsibility is to express an opinion on the Management's Report based on our audit. Internal control over financial reporting may not prevent or detect misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free of material misstatement. An internal control audit includes examining, on a test basis, the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting for the consolidated financial statements as of March 31, 2009 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

We also have audited, in accordance with auditing standards generally accepted in the United States and auditing standards generally accepted in Japan, the accompanying consolidated balance sheets of FUJIFILM Holdings Corporation and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2009, all expressed in Japanese yen, and our report dated June 26, 2009 expressed an unqualified opinion thereon.

June 26, 2009

Ernst & Young ShinNihon LLC