

Financial Results (Consolidated) for Six months ended September 30, 2007

(Consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.)
Projected date of the beginning of cash dividends: December 6, 2007

1. Results of six months ended September 30, 2007 (From April 1, 2007 to September 30, 2007)

(1) OPERATING RESULTS

Amount Unit: Millions of yen unless otherwise specified
%: Changes from the corresponding period of the previous fiscal year

	Revenue		Operating Income		Income Before Income Taxes		Net Income	
		%		%		%		%
Six months ended Sept. 30, 2007	1,408,074	4.1	108,662	114.0	114,767	102.7	64,647	171.6
Six months ended Sept. 30, 2006	1,352,036	3.7	50,779	(15.4)	56,630	(10.9)	23,802	(28.1)
(Ref.) Year ended March 31, 2007	2,782,526	-	113,062	-	103,264	-	34,446	-

	Net Income per Share of Common Stock	Diluted Net Income per Share of Common Stock
	Yen	Yen
Six months ended Sept. 30, 2007	126.48	118.78
Six months ended Sept. 30, 2006	46.65	44.51
(Ref.) Year ended March 31, 2007	67.46	65.04

(Ref) Equity in net earnings of affiliated companies (including unconsolidated subsidiaries)

Six months ended Sept. 30, 2007: ¥163 million Six months ended Sept. 30, 2006: ¥1,751 million Year ended March 31, 2007: ¥3,358 million

(2) FINANCIAL POSITION

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio to Total Assets	Shareholders' Equity per Share of Common Stock
			%	Yen
As of Sept. 30, 2007	3,346,960	2,024,090	60.5	3,960.24
As of Sept. 30, 2006	3,215,801	1,983,002	61.7	3,887.73
(Ref.) As of March 31, 2007	3,319,102	1,976,508	59.5	3,867.04

(3) CASH FLOWS

	Net Cash Provided by Operating Activities	Net Cash Used in Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at the end of Period
				Yen
Six months ended Sept. 30, 2007	151,034	(113,641)	(27,221)	394,498
Six months ended Sept. 30, 2006	115,713	(173,905)	171,907	336,210
(Ref.) Year ended March 31, 2007	297,276	(298,001)	158,287	384,719

2. Cash Dividends

	1 st Quarter	Interim	3 rd Quarter	Year end	Year Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2007	-	12.50	-	12.50	25.00
Year ending March 31, 2008	-	17.50	-	-	-
Year ending March 31, 2008 (Forecast)	-	-	-	17.50	35.00

3. Forecast for the Fiscal Year ending March 31, 2008 (From April 1, 2007 to March 31, 2008)

	Revenue		Operating Income		Income Before Income Taxes		Net Income		Net Income per Share of Common Stock
		%		%		%		%	Yen
Year ending March 31, 2008	2,850,000	2.4	210,000	85.7	210,000	103.4	120,000	248.4	234.79

4. Other

- (1) Changes in status of material subsidiaries during the six months ended September 30, 2007 (Companies newly consolidated or removed from consolidation): Yes
Newly consolidated: 0, Removed: 1(Fuji Xerox Printing Systems Co., Ltd.)
- (2) Changes to consolidated financial statement principles, preparation processes, disclosure methods, etc.(Description of changes to important items fundamental to financial statement preparation)
Changes due to the changes to accounting standards: Yes
Other changes: None
- (3) Number of Shares Outstanding:
 - i. Issued (including treasury stock): As of Sept. 30, 2007: 514,625,728 As of Sept. 30, 2006: 514,625,728 As of March 31, 2007: 514,625,728
 - ii. Treasury stock, at cost: As of Sept. 30, 2007: 3,522,384 As of Sept. 30, 2006: 4,559,141 As of March 31, 2007: 3,509,582
 - iii. Average number of shares: Six months ended Sept. 30, 2007: 511,109,024 Six months ended Sept. 30, 2006: 510,205,122
Year ended March 31, 2007: 510,620,624

(Reference) Summary of Financial Results (Non-Consolidated)

Results of six months ended September 30, 2007 (From April 1, 2007 to September 30, 2007)

(1) OPERATING RESULTS

Figures are rounded down to the nearest million yen
%: Changes from the corresponding period of the previous fiscal year

	Revenue		Operating Income		Income before Income Taxes		Net Income	
		%		%		%		%
Six months ended Sept. 30, 2007	5,286	(98.6)	3,221	(91.9)	4,613	(91.6)	4,805	(83.8)
Six months ended Sept. 30, 2006	377,396	6.5	39,810	94.7	55,143	66.6	29,579	31.3
(Ref.) Year ended March 31, 2007	384,644	-	45,882	-	63,575	-	38,390	-

	Net Income per Share of Common Stock
	Yen
Six months ended Sept. 30, 2007	9.40
Six months ended Sept. 30, 2006	57.97
(Ref.) Year ended March 31, 2007	75.17

(2) FINANCIAL POSITION

	Total Assets	Net Assets	Net Assets Ratio to Total Assets	Net Assets per Share of Common Stock
			%	Yen
Six months ended Sept. 30, 2007	1,813,214	1,585,066	87.4	3,100.10
Six months ended Sept. 30, 2006	2,033,822	1,618,847	79.6	3,173.52
(Ref.) Year ended March 31, 2007	1,815,292	1,586,939	87.4	3,104.58

Notice: Regarding Non-consolidated Performance

The Company shifted to a holding company structure on October 1, 2006. Because of this, non-consolidated performance in the six months ended Sept. 30, 2007, is considerably different from in the six months ended Sept. 30, 2006.

Explanation of Appropriate Use of Forecast and Other Special Items

Any forecast stated in this report is based on the Company's current assumptions and beliefs in light of the information currently available to it, and involves known and unknown risks and uncertainties. The Company's actual results may fluctuate materially from those discussed in the forecasted statements.

1. OPERATING RESULTS

(1) Analysis of Results of Operations

During the interim fiscal period under review (April 1, 2007, through September 30, 2007), the basic trend of economic recovery in Japan continued due to such factors as a rise in capital investments amid improving corporate profitability and a recovery in personal consumption that accompanied an improvement in the employment environment.

Overseas, economic expansion continued in Asian economies centering on China. In the United States, however, economic recovery was kept to a moderate pace owing to such factors as a decrease in housing construction, and there was a rise in the perceived opacity of prospective economic trends in light of such factors as fluctuations in financial and capital markets. In Europe, economic recovery proceeded centered on the corporate sector owing to factors including a rise in capital investments.

Amid these conditions, FUJIFILM Holdings Corporation (“the Company”) dynamically expanded its operations while utilizing digital and networking technologies to provide customers with comprehensive solutions in the imaging, information, and document businesses. Noteworthy examples of how the Company worked to strengthen and broaden the scope of its operations include the implementation of a campaign to stimulate greater demand for prints from digital camera images; the execution of measures to increase sales of high-image-quality and high-sensitivity digital cameras featuring the Company’s proprietary technologies; the boosting of manufacturing capacity for flat panel display (FPD) materials and computer-to-plate (CTP) printing plates, which are in great demand; the promotion of more-widespread use of ultrasmall-diameter endoscope products that can be inserted via the nostrils; and the expanded marketing of digital color multifunctional devices for office use that offer augmented network functions.

Regarding consolidated revenue during the interim period under review, a strong performance was recorded in Information Solutions sales due to such factors as higher medical systems sales centered on digital medical imaging related products and the expansion of manufacturing capacity for FPD materials in step with growth in demand. Moreover, Document Solutions sales also grew, reflecting robust sales of color digital multifunction devices centered on sales in overseas markets. These factors and the yen’s progressive depreciation against the U.S. dollar and the euro boosted consolidated revenue, to ¥1,408.0 billion, a rise of 4.1% from the same period in the previous fiscal year. Domestic consolidated revenue totaled ¥615.2 billion, down 3.0%, and overseas consolidated revenue amounted to ¥792.8 billion, up 10.5%.

Operating income was negatively affected by the continued high price levels of such principal raw materials as aluminum and silver as well as by a rise in depreciation expense that accompanied the adoption of revised depreciation methods beginning from the second quarter of the fiscal year. However, these factors were more than offset by a rise in sales volume in principal business fields, the positive effect of yen depreciation, and a decrease in fixed costs resulting from the concentrated implementation of structural reform programs until the previous fiscal year. As a result, a large increase was achieved in operating income, which amounted to ¥108.6 billion, up 114.0% from the level in the same period of the previous fiscal year. The levels of consolidated revenue and operating income for the period under review were both record high levels of interim period performance.

Income before income taxes increased to ¥114.7 billion, up 102.7% from the level in the same period of the previous fiscal year. Net income also rose greatly, by 171.6%, to ¥64.6 billion.

The effective currency exchange rates for the U.S. dollar and the euro against the yen during the interim fiscal period were ¥119 and ¥162, respectively.

The following sections present an overview of sales trends and business development measures in each business segment.

Imaging Solutions

In Imaging Solutions segment, Fujifilm’s color paper sales grew, reflecting a rise in the Company’s market share and other factors, and sales of digital cameras were strong. However, because of such factors as declining demand for color films and digital minilabs as well as a decrease in sales from photo-processing labs’ development services, consolidated revenue in the Imaging Solutions segment amounted to ¥291.7 billion, down 5.0% from the level in the same period of the previous fiscal year.

Color paper sales increased, reflecting market share growth in principal countries and the benefits of stepped-up digital camera print business marketing promotion campaigns aimed at capturing demand for prints of photos taken by digital cameras as well as camera phones. In addition, an alliance centered on photographic printing paper products was arranged with Mitsubishi Paper Mills, Ltd., and this alliance will promote stable supplies of paper materials used in the manufacture of such products as well as to promote the creation of more-efficient manufacturing systems.

While the continued shrinkage of the color film market reduced Fujifilm's sales of color film products, marketing promotion campaigns aimed at opportunities presented by the discontinuation of color film business by competing companies supported a rise in the Company's market share.

Regarding electronic imaging business, the digital camera market remained robust, but Fujifilm continued to face severe challenges stemming from the specifications of products launched by competing companies. Beginning in August, Fujifilm launched such products as the FinePix F50fd compact digital camera with advanced Face Detection technology, the FinePix Z100fd digital camera with high-performance features in a slim body, and the FinePix S8000fd digital camera with long-zoom capabilities. These new products and FinePix Z10fd, which made strong sales in overseas market, helped differentiate the Company's products from those of competing companies and thereby supported a rise in digital camera sales volume.

Photofinishing equipment products have been affected by a cyclical weakening of demand for new installations from major customers. However, on July 1, 2007, FUJIFILM Corporation and Noritsu Koki Co., Ltd., cooperatively established N&F Techno Service Co., Ltd., to unify the two companies' domestic photofinishing equipment maintenance units. Through this move and other efforts, Fujifilm is working to build a more-efficient maintenance and support system.

Information Solutions

In Information Solutions segment, higher sales of medical systems products and services centered on endoscopes and SYNAPSE medical-use picture archiving and communications, a rise in graphic arts sales that reflected efforts to augment its manufacturing capacity in response to the increasing use of CTP products, and strong demand for FPD materials were principal factors boosting consolidated revenue to ¥542.6 billion, up 11.8% from the same period of the previous year.

With respect to medical systems/life sciences business, higher sales were recorded of such equipment and materials as FCR and dry films, particularly overseas. Amid the steadily growing use of IT related to medical facilities, sales of SYNAPSE, medical-use picture archiving and communications system, also grew. Regarding endoscope products, increased sales were recorded of the Transnasal Endoscope in Japan and other Asian countries, and such factors as the strengthening of marketing distributors networks in the North America and Europe provided additional contributions to an overall rise in sales.

In graphic arts business, Fujifilm's efforts to augment its manufacturing capacity in response to the increasing use of CTP products helped support a continued rise in the sales of this business. In April 2007, Fujifilm initiated the North American marketing of industrial-use ink-jet printers that are designed to use the products of wholly owned subsidiary FUJIFILM Sericol UK Limited, including UV inks and solvent inks with outstanding weather-resistant characteristics.

Regarding FPD materials, Fujifilm's sales of its mainstay FUJITAC and WV Film products grew, supported by abundant demand in LCD markets. In addition, FUJIFILM Kyushu Co., Ltd. began operating its No. 2 FUJITAC manufacturing plant in August 2007 and the operation of the new line commenced smoothly.

In recording media, although Fujifilm recorded higher sales of its data cartridge products used for the IBM TotalStorage[®] Enterprise Tape Drive 3592 in the high-end enterprise data storage product market, continued harsh price competition in the mid-range data storage media market somewhat weakened sales of the Company's mainstay LTO Ultrium* products.

Regarding Fujifilm's office and industrial operations, in the optical devices field, amid the trend of rising pixel counts and other sophisticated needs related to camera phones, Fujifilm's lens units for camera phones were highly evaluated in the market for their compactness, lightness, high image quality, as well as autofocus and zoom capabilities, and sales of these lens unit products grew considerably.

Note: Linear Tape-Open, LTO, the LTO logo, Ultrium, and the Ultrium logo are trademarks of Hewlett-Packard, IBM, and Quantum in the United States, other countries, or both.

Document Solutions

Strong sales of color digital multifunction devices and on-demand-publishing systems in the Asia-Pacific region including China, as well as robust exports of such products to Europe and North America were primary factors contributing to a 2.5% increase in consolidated revenue in this segment compared with the same period of the previous fiscal year, to ¥573.7 billion.

In office product business, the company increased its domestic sales of the ApeosPort-II C7500/C6500/C5400 series of medium- to high-speed color multifunction devices, which features strengthened capabilities for integration with main corporate and administrative computer systems and for better document security, and the DocuCentre C2100, a color digital multifunction device that meets rising needs for reasonably priced products with high levels of added value. Overseas, considerable increases in sales of color devices were recorded in the Asia-Pacific region including China, and a continued rise in multifunction device export shipments to Europe and North America was accompanied by an increase in consumables shipments.

With respect to office printer operations, growth was achieved in sales of our own brand office printers centered on such products as the DocuPrint C3050—a reasonably priced, A3-size paper-compatible color laser printer with space- and energy-saving characteristics. Regarding OEM sales, however, domestic sales and exports to Europe and North America decreased, owing to the impact of an overall trend of sluggish sales by OEM customers.

In production services business, sales of on-demand publishing systems in Japan's digital printing market were slightly weak, but the volume of export shipments to Europe and North America rose, reflecting the strong performance of the color entry-level DocuColor 5000 Digital Press. In the digital printing markets of the Asia-Pacific region including China, an increase was recorded in the sales volume of color entry-level product models as well as the high-speed, high-precision monochrome DocuCentre f1100 GA medium-scale system.

In the global services business, the Company sustained growth in domestic and overseas consulting and document outsourcing business designed to help customers enhance their operational processes. In addition, amid rising corporate needs for strengthening internal control systems, the Company created an internal control system advisory center, began providing internal control system project promotion support services for companies introducing Apeos PEMaster software, and took other steps to broaden the scope of service business.

Outlook for the Full-Fiscal Year

While a trend of moderate economic expansion is expected to persist, forecasting prospective conditions in the economic environment have become increasingly difficult, owing to such factors as rising concern regarding the possibility of economic deceleration in the United States following the emergence of sub-prime loan-related problems as well as the surging prices of crude oil and other raw material resources. Amid this environment, Fujifilm anticipates that it will sustain rapid growth in its Information Solutions operations while further expanding its Document Solutions sales in markets centered on the Asia-Pacific region including China. At the same time, by emphasizing its Groupwide "Slim & Strong Drive," Fujifilm expects to reduce manufacturing costs, decrease SG&A expenses, and promote the more-efficient utilization of R&D expenditures, thereby creating a slimmer and more-robust corporate constitution.

Fujifilm has partially revised the performance projections for the full fiscal year ending March 31, 2008, that it announced on April 27, 2007. While the revised projections take into account the achievement of interim performance figures exceeding the previous projections, the revised projections are also based on the consideration of such negative factors as expectations of a trend toward yen appreciation; concern regarding cost increases associated with surging prices of silver, aluminum, and other principal raw materials; and the projection that the application of revised fixed asset depreciation methods from the second quarter will boost depreciation expenses approximately ¥28.0 billion compared with the previous fiscal year.

Specifically, the company projects that it will record ¥2,850.0 billion in consolidated revenue, ¥210.0 billion in operating income, ¥210.0 billion in income before income taxes, ¥120.0 billion in net income. The figures of operating income and income before income taxes have been adjusted upwards by ¥10.0 billion since the previous performance forecast announcement, respectively. These projections are made assuming exchange rates of ¥110 to 1US\$ and ¥150 to 1Euro in the second half of the fiscal year.

**Revision to the consolidated forecast for the fiscal year ending March 31, 2008
(From April 1, 2007 to March 31, 2008)**

Amount of Unit: Millions of yen

	Revenue	Operating Income	Income before Income Taxes	Net Income
Previous forecast (A) (issued on Apr. 27, 2007)	2,850,000	200,000	200,000	120,000
Latest revised forecast (B)	2,850,000	210,000	210,000	120,000
Change (B-A)	-	10,000	10,000	-
Change (%)	-	5.0%	5.0%	-
(Ref.) Actual results for the fiscal year ended Mar. 31, 2007	2,782,526	113,062	103,264	34,446

Implementing the VISION75 (2007) Medium-Term Management Plan

In accordance with the main themes of VISION75 (2007)—“further promoting growth strategies” and “realizing a robust corporate constitution”—Fujifilm is augmenting investments in strategic business fields while implementing a “Slim and Strong Drive” designed to cut manufacturing costs, reduce the SG&A expense ratio, and increase the efficiency of R&D investment.

As a part of the “Slim and Strong Drive,” in July 1, 2007, Fujifilm established FUJIFILM Business Expert Corporation, a shared services company responsible for providing various services to Fujifilm Group companies and consolidating the general administration (office-support business), human resources (including employee welfare and benefit operations, etc.), insurance agency, and travel agency functions of companies under the governance of FUJIFILM Holdings Corporation. The new shared services company is expected to facilitate operational consolidation that leads to operational streamlining, standardization and integration of operations that promotes comprehensive efficiency gains, and increases to the quality and responsiveness of services. From October 1, 2007, the indirect materials purchasing operations previously handled independently by Fujifilm and Fuji Xerox have been consolidated within FUJIFILM Business Expert Corporation. Plans call for progressively augmenting the number of companies the new company serves and expanding the scope of shared services.

Regarding logistics, Fujifilm and Fuji Xerox are stepping up efforts to integrate their warehouse networks and thereby undertake cooperative warehousing, shipping, and bidding activities that help reduce logistics costs. With respect to insurance, from April 2007, Fujifilm began a global insurance program with upgraded and expanded coverage for 218 Group companies, and the merits of scale associated with this program are expected to lead to cost reductions.

Moreover, to prepare for further expansion of the digital camera market in the future by building a solid business base optimally designed for operations amid increasingly intense competition, Fujifilm has decided to reevaluate its manufacturing system and move forward with measures to consolidate manufacturing bases. Through the full-scale shift of digital camera manufacturing to China and the outsourcing of CCD front-end manufacturing to an outside specialist manufacturer, Fujifilm is working to significantly strengthen its cost-competitiveness. Concurrently, the Company is seeking to make the most of its own high level of R&D capabilities along with the high level of the outside specialist manufacturer’s technical capabilities to speedily realize additional advances in the functionality and performance of its proprietary and highly distinctive “Super CCD”. Moreover, the Company’s efforts to consolidate digital camera product-related development, procurement, and quality-assurance functions in a single facility are designed to promote stronger and more-efficient functions as well as increase the pace of product development.

The Company is undertaking the reorganization of supply product centered on copy paper and consumables marketing business associated with copy machines and multifunction devices in document solutions. Specifically, while Fuji Xerox Office Supply Co., Ltd., previously marketed copy paper and consumables to the customers of marketing subsidiaries, the Company has adopted new e-marketing methods that call for Fuji Xerox Co., Ltd. and its each marketing company to market such products via the Internet. Accompanying this change, Fuji Xerox Office Supply was dissolved at the end of September 2007. The new Internet-based marketing system is expected to increase operational efficiency as well as enable the provision of more-convenient services involving the expedited delivery of products based on small-lot orders for an increasingly diverse range of office supply products. These merits are expected to enable the Company to satisfy the increasing demand for Internet-based transactions in the office-related product field and thereby increase its sales.

(2) Financial Position

Net cash inflow provided by operating activities amounted to ¥151.0 billion, up ¥ 35.3 billion. Net cash used in investing activities totaled ¥113.6 billion, and net cash used in financing activities totaled ¥ 27.2 billion. As a result, cash and cash equivalents at the end of the interim period under review amounted to ¥394.5 billion, up ¥9.8 billion from the previous fiscal year-end.

Cash Flow Indices (consolidated)

	Year ended March 31, 2007 From April 1, 2006 To March 31, 2007	Six months ended September 30, 2007 From April 1, 2007 To September 30, 2007
Ratio of shareholders' equity to total assets (%)	59.5	60.5
Ratio of market capitalization to total assets (%)	74.2	81.1
Ratio of interest-bearing debt to operating cash flow (%)	1.3	1.2
Interest coverage ratio (times)	46.8	41.2

Notes:

1. Market capitalization equals the stock price at the end of the year multiplied by the number of shares outstanding at the end of the fiscal year.
2. Interest-bearing debt includes corporate debt securities and short- and long-term debt.
3. Interest coverage ratio: Operating cash flow divided by interest paid

(3) Basic Policy Regarding Distribution of Profits

From the current fiscal year, in which Fujifilm is realizing a sharp improvement in business performance, the Company is proactively working to distribute its growing profits to shareholders based on the "Basic Policy on the Distribution of Profits to Shareholders" explained below.

Basic Policy on the Distribution of Profits to Shareholders

In addition to reflecting consolidated performance trends, dividend levels are to be determined based on consideration of such factors as the level of cash required for capital and R&D investments 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.

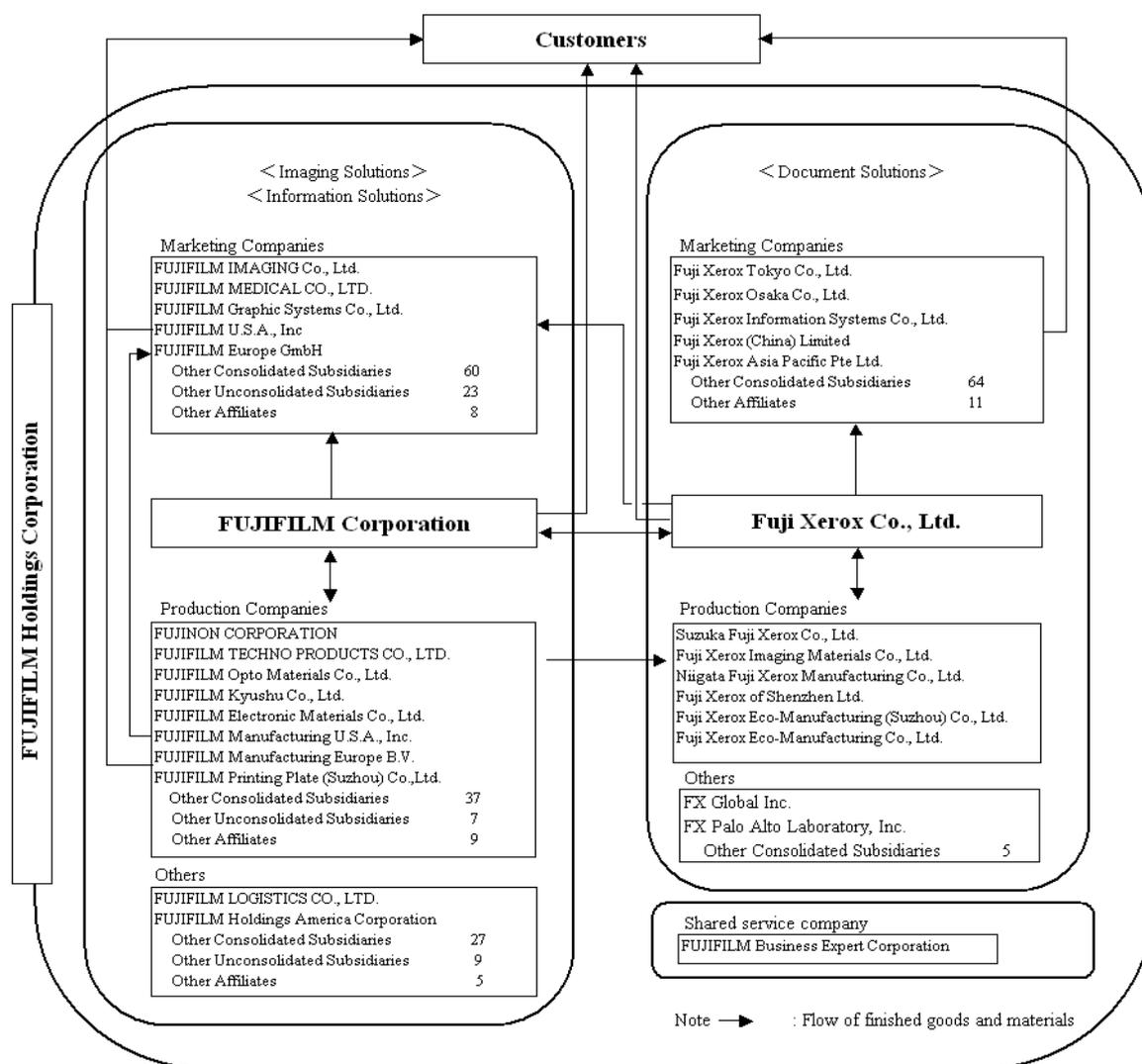
Considering the current time as a period of "Second Foundation," the Company is intensively implementing capital investments, M&A transactions, and R&D investments in its priority business fields. In view of this situation, the Company has targeted a return to shareholders ratio of 25%, which represents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

In accordance with its basic policy, the Company plans to distribute interim cash dividends of ¥17.50 per share. Together with year-end cash dividends, cash dividends applicable to the fiscal year under review will total ¥35.00 per share. In addition, during the period from October 1 to October 15, 2007, the Company acquired a total of 2.7 million shares as treasury stock at a total acquisition cost of ¥14.7 billion.

2. THE FUJIFILM GROUP

FUJIFILM Group (“ the Group”) shifted to a holding company structure as of October 1, 2006. Under FUJIFILM Holdings Corporation (“ the Company”), which is now responsible for the overall management of the Group, the Group is developing its operations through a new Group management structure centered on FUJIFILM Corporation, which is responsible for imaging solutions and information solutions operations, and Fuji Xerox Co., Ltd., (“ Fuji Xerox”) which is responsible for document solutions operations. As of September 30, 2007, the FUJIFILM Group included FUJIFILM Holdings Corporation, its 263 subsidiaries, and 33 affiliates. The positioning of the Company and its subsidiaries and affiliates as well as the relationship of Group companies to business segments are shown below.

	Description	Main companies
Imaging Solutions	Color films, digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing, etc.	FUJIFILM Corporation, FUJIFILM IMAGING Co., Ltd., FUJIFILM U.S.A., Inc., FUJIFILM Europe GmbH, FUJIFILM Manufacturing U.S.A., Inc., FUJIFILM Manufacturing Europe B.V. etc.
Information Solutions	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 and inkjet materials, etc.	FUJIFILM Corporation, FUJIFILM MEDICAL CO., LTD., FUJINON CORPORATION, FUJIFILM TECHNO PRODUCTS CO., LTD., FUJIFILM Graphic Systems Co., Ltd., FUJIFILM Opto Materials Co., Ltd., FUJIFILM Kyushu Co., Ltd., FUJIFILM Electronic Materials Co., Ltd., FUJIFILM U.S.A., Inc., FUJIFILM Europe GmbH, FUJIFILM Manufacturing U.S.A., Inc., FUJIFILM Manufacturing Europe B.V., FUJIFILM Printing Plate (Suzhou) Co., Ltd. etc.
Document Solutions	Office copy machines /multifunction devices, printers, production systems and services, paper, consumables and office services, etc.	Fuji Xerox Co., Ltd., Fuji Xerox Tokyo Co., Ltd., Fuji Xerox Osaka Co., Ltd., Fuji Xerox Information Systems Co., Ltd., Suzuka Fuji Xerox Co., Ltd., Fuji Xerox Imaging Materials Co., Ltd., Niigata Fuji Xerox Manufacturing Co., Ltd., Fuji Xerox (China) Limited, Fuji Xerox Asia Pacific Pte Ltd., Fuji Xerox of Shenzhen Ltd., Fuji Xerox Eco-Manufacturing (Suzhou) Co., Ltd., Fuji Xerox Eco-Manufacturing Co., Ltd., FX Global, Inc., FX Palo Alto Laboratory, Inc. etc.



3. MANAGEMENT POLICIES

Medium- and Long-Term Strategies and Essential Tasks

Noting that changes in its operating environment are proceeding even more quickly than anticipated, the Company has drafted VISION75 (2006), a new, updated version of the VISION75 medium-term management plan. Announced in April 2006, VISION75 (2006) retains VISION75's three fundamental strategies of "building new growth strategies," "implementing comprehensive structural reforms at all management levels," and "enhancing consolidated management." In addition, the new plan emphasizes the following efforts:

- We will optimize photosensitive materials operations and implement other fundamental structural reforms centered on the imaging field that thoroughly increase operational efficiency, streamline operations, and create a business structure capable of sustaining profitability growth in the future.
- We will designate highly functional materials (flat panel display materials, electronic materials, inkjet materials, chemicals etc.), medical imaging and life science, graphic arts, document solutions, and optical devices as priority business fields and powerfully promote strategic growth in those fields.
- We will further tighten the focus of R&D investment and seek to quickly create new businesses and products that will play a leading role in the future.
- We will take advantage of the shift to a holding-company structure by further strengthening consolidated management systems, with an eye to maximizing the overall value of the Fujifilm Group.

Fujifilm's VISION75 (2007) medium-term management plan is designed to promote the strategies of the VISION75 (2006) plan with still-greater vigor in a manner that ensures the Company's current and future growth and the success of the Fujifilm Group's "Second Foundation." In light of this, the Company is giving particular emphasis to the following measures.

1. To "further promote growth strategies," investments in strategic business fields are to be augmented.
2. To "realize a robust corporate constitution," the Company will continue implementing its "Slim & Strong Drive" and thereby resolutely and expeditiously proceed with Groupwide cost reforms that reduce manufacturing costs and SG&A expenses and promote the more-efficient utilization of R&D expenditures as well as concretely realizing shared services initiatives in support and administrative department operations that enable greater collaboration, more efficiency, and stronger functions.

CONSOLIDATED BALANCE SHEETS

Amount Unit: Millions of yen

	As of September 30, 2007		As of March 31, 2007		Change	As of September 30, 2006	
	%		%			%	
ASSETS							
Current assets:							
Cash and cash equivalents		394,498		384,719	9,779		336,210
Marketable securities		48,226		48,536	(310)		68,756
Notes and accounts receivable:							
Trade and finance		597,028		597,985	(957)		556,449
Affiliated companies		31,006		23,952	7,054		26,346
Allowance for doubtful receivables		(17,297)		(16,345)	(952)		(16,147)
		610,737		605,592	5,145		566,648
Inventories		416,860		393,594	23,266		407,680
Deferred income taxes		104,008		100,440	3,568		98,050
Prepaid expenses and other		49,079		52,368	(3,289)		44,366
Total current assets	48.5	1,623,408	47.8	1,585,249	38,159	47.3	1,521,710
Investments and long-term receivables:							
Investments in and advances to affiliated companies		43,372		44,782	(1,410)		42,320
Investment securities		334,510		336,886	(2,376)		337,295
Long-term finance and other receivables		112,377		106,979	5,398		104,201
Allowance for doubtful receivables		(4,029)		(3,975)	(54)		(4,352)
Total investments and long-term receivables	14.5	486,230	14.6	484,672	1,558	14.9	479,464
Property, plant and equipment:							
Land		92,431		92,400	31		79,647
Buildings		645,453		634,045	11,408		613,971
Machinery and equipment		1,702,533		1,674,487	28,046		1,658,880
Construction in progress		53,100		44,444	8,656		36,506
		2,493,517		2,445,376	48,141		2,389,004
Less accumulated depreciation		(1,718,723)		(1,672,344)	(46,379)		(1,641,840)
Total property, plant and equipment	23.1	774,794	23.3	773,032	1,762	23.2	747,164
Other assets:							
Goodwill, net		258,046		257,866	180		254,576
Other intangible assets, net		56,714		59,397	(2,683)		65,497
Deferred income taxes		52,687		53,798	(1,111)		39,660
Other		95,081		105,088	(10,007)		107,730
Total other assets	13.9	462,528	14.3	476,149	(13,621)	14.6	467,463
Total assets	100.0	3,346,960	100.0	3,319,102	27,858	100.0	3,215,801

Amount Unit: Millions of yen

	As of September 30, 2007		As of March 31, 2007		Change	As of September 30, 2006	
LIABILITIES	%		%			%	
Current liabilities:							
Short-term debt	110,559		106,043		4,516	97,650	
Notes and accounts payable:							
Trade	282,173		279,470		2,703	260,112	
Construction	49,845		49,548		297	41,326	
Affiliated companies	5,131		4,887		244	5,014	
	337,149		333,905		3,244	306,452	
Accrued income taxes	53,559		41,034		12,525	33,562	
Accrued liabilities	215,083		225,848		(10,765)	199,967	
Other current liabilities	75,784		74,534		1,250	69,244	
Total current liabilities	23.6	792,134	23.5	781,364	10,770	21.9	706,875
Long-term liabilities:							
Long-term debt	245,416		267,965		(22,549)	266,687	
Accrued pension and severance costs	68,835		84,510		(15,675)	37,680	
Deferred income taxes	47,718		54,268		(6,550)	61,246	
Customers' guarantee deposits and other	52,094		42,459		9,635	38,844	
Total long-term liabilities	12.4	414,063	13.6	449,202	(35,139)	12.6	404,457
Minority interests in subsidiaries	3.5	116,673	3.4	112,028	4,645	3.8	121,467
SHAREHOLDERS' EQUITY							
Common stock, without par value:	40,363		40,363		-	40,363	
Authorized: 800,000,000 shares							
Issued: 514,625,728 shares							
Additional paid-in capital	68,872		68,412		460	68,412	
Retained earnings	1,892,476		1,840,168		52,308	1,836,036	
Accumulated other comprehensive income(loss)	35,832		40,950		(5,118)	55,596	
Treasury stock, at cost							
As of September 30, 2006 4,559,141shares							
As of March 31, 2007 3,509,582shares							
As of September 30, 2007 3,522,384shares	(13,453)		(13,385)		(68)	(17,405)	
Total shareholders' equity	60.5	2,024,090	59.5	1,976,508	47,582	61.7	1,983,002
Total liabilities and shareholders' equity	100.0	3,346,960	100.0	3,319,102	27,858	100.0	3,215,801

Note: Details of Accumulated other comprehensive income (loss)

	As of September 30, 2007	As of March 31, 2007	Change	As of September 30, 2006
Unrealized gains on securities	36,464	46,231	(9,767)	42,720
Foreign currency translation adjustments	43,278	39,404	3,874	24,740
Minimum pension liability adjustments	-	-	-	(11,873)
Pension liability adjustments	(43,929)	(44,694)	765	-
Unrealized gains (losses) on derivatives	19	9	10	9

CONSOLIDATED STATEMENTS OF INCOME

Amount Unit: Millions of yen

	Six months ended September 30, 2007 From April 1, 2007 To Sept. 30, 2007		Six months ended September 30, 2006 From April 1, 2006 To Sept. 30, 2006		Change		Year ended March 31, 2007 From April 1, 2006 To March 31, 2007	
					Amount	%		
Revenue:	%		%				%	
Sales		1,211,858		1,162,221	49,637	4.3		2,399,636
Rentals		196,216		189,815	6,401	3.4		382,890
	100.0	1,408,074	100.0	1,352,036	56,038	4.1	100.0	2,782,526
Cost of sales:								
Sales		752,625		713,466	39,159	5.5		1,478,828
Rentals		81,875		79,651	2,224	2.8		159,509
	59.3	834,500	58.7	793,117	41,383	5.2	58.9	1,638,337
Gross profit	40.7	573,574	41.3	558,919	14,655	2.6	41.1	1,144,189
Operating expenses:								
Selling, general and administrative	26.6	374,139	27.7	375,566	(1,427)	(0.4)	27.3	760,042
Research and development	6.4	90,773	6.7	90,592	181	0.2	6.4	177,004
Restructuring and other charges	-	-	3.1	41,982	(41,982)	-	3.3	94,081
	33.0	464,912	37.5	508,140	(43,228)	(8.5)	37.0	1,031,127
Operating income	7.7	108,662	3.8	50,779	57,883	114.0	4.1	113,062
Other income (expenses):								
Interest and dividend income		7,146		4,715	2,431			11,376
Interest expense		(3,668)		(2,915)	(753)			(6,351)
Foreign exchange gains (losses), net		(114)		3,579	(3,693)			6,746
Decline in value of investment securities		(359)		(402)	43			(23,946)
Other, net		3,100		874	2,226			2,377
	0.5	6,105	0.4	5,851	254	4.3	(0.4)	(9,798)
Income before income taxes	8.2	114,767	4.2	56,630	58,137	102.7	3.7	103,264
Income taxes	3.1	43,239	2.0	27,201	16,038	59.0	2.1	59,533
Income before minority interests and equity in net earnings of affiliated companies	5.1	71,528	2.2	29,429	42,099	143.1	1.6	43,731
Minority interests	(0.5)	(7,044)	(0.5)	(7,378)	334	4.5	(0.5)	(12,643)
Equity in net earnings of affiliated companies	0.0	163	0.1	1,751	(1,588)	(90.7)	0.1	3,358
Net income	4.6	64,647	1.8	23,802	40,845	171.6	1.2	34,446

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amount Unit: Millions of yen

	Six months ended	Six months ended	Year ended
	Sept. 30, 2007 From April 1, 2007 To Sept. 30, 2007	Sept. 30, 2006 From April 1, 2006 To Sept. 30, 2006	March 31, 2007 From April 1, 2006 To March 31, 2007
Operating activities			
Net income	64,647	23,802	34,446
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	109,005	109,941	215,429
Impairment losses for long-lived assets and goodwill	-	-	12,202
Decline in value of investment securities	359	402	23,946
Deferred income taxes	(3,407)	(3,259)	(3,377)
Minority interests	7,044	7,378	12,643
Equity in net earnings of affiliated companies, less dividends received	1,329	(619)	(1,987)
Changes in operating assets and liabilities:			
Notes and accounts receivable	(4,379)	17,623	(9,637)
Inventories	(20,718)	(8,252)	10,976
Notes and accounts payable - trade	5,007	(3,797)	12,700
Accrued income taxes and other liabilities	(14,321)	(28,289)	1,326
Other	6,468	783	(11,391)
Subtotal	86,387	91,911	262,830
Net cash provided by operating activities	151,034	115,713	297,276
Investing activities			
Purchases of property, plant and equipment	(78,501)	(79,232)	(172,572)
Purchases of software	(11,316)	(9,406)	(20,483)
Proceeds from sales and maturities of marketable and investment securities and other investments	28,168	52,199	109,116
Purchases of marketable and investment securities and other investments	(40,249)	(96,913)	(146,911)
(Increase) decrease in investments in and advances to affiliated companies	(2,118)	5,138	1,383
Acquisitions of businesses and minority interests, net of cash acquired	-	(31,643)	(45,741)
Other	(9,625)	(14,048)	(22,793)
Net cash used in investing activities	(113,641)	(173,905)	(298,001)
Financing activities			
Proceeds from long-term debt	2,602	199,938	200,568
Repayments of long-term debt	(9,127)	(23,237)	(29,725)
Increase (decrease) in short-term debt, net	(12,107)	4,928	6,120
Cash dividends paid	(6,389)	(6,378)	(12,754)
Subsidiaries' cash dividends paid to minority interests	(2,133)	(2,744)	(5,220)
Net purchases of stock for treasury	(67)	(600)	(702)
Net cash provided by (used in) financing activities	(27,221)	171,907	158,287
Effect of exchange rate changes on cash and cash equivalents	(393)	3,897	8,559
Net increase in cash and cash equivalents	9,779	117,612	166,121
Cash and cash equivalents at beginning of period	384,719	218,598	218,598
Cash and cash equivalents at end of period	394,498	336,210	384,719

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended March 31, 2007 and Six months ended September 30, 2007

Amount Unit: 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:						
Net income	-	-	34,446	-	-	34,446
Net decrease in unrealized gains on securities	-	-	-	(6,888)	-	(6,888)
Foreign currency translation adjustments	-	-	-	27,539	-	27,539
Minimum pension liability adjustments	-	-	-	(13,729)	-	(13,729)
Change in net unrealized gains (losses) on derivatives	-	-	-	(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 EITF No. 06-2, net of tax	-	-	(3,394)	-	-	(3,394)
Comprehensive income:						
Net income	-	-	64,647	-	-	64,647
Net decrease in unrealized gains on securities	-	-	-	(9,767)	-	(9,767)
Foreign currency translation adjustments	-	-	-	3,874	-	3,874
Pension liability adjustments	-	-	-	765	-	765
Change in net unrealized gains (losses) on derivatives	-	-	-	10	-	10
Net comprehensive income						59,529
Purchases of stock for treasury	-	-	-	-	(72)	(72)
Sales of stock from treasury	-	1	-	-	4	5
Dividends applicable to earnings of the period	-	-	(8,945)	-	-	(8,945)
Issuance of stock acquisition rights	-	459	-	-	-	459
Balance at September 30, 2007	40,363	68,872	1,892,476	35,832	(13,453)	2,024,090

Six months ended September 30, 2006

Amount Unit: 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:						
Net income	-	-	23,802	-	-	23,802
Net decrease in unrealized gains on securities	-	-	-	(10,399)	-	(10,399)
Foreign currency translation adjustments	-	-	-	12,875	-	12,875
Minimum pension liability adjustments	-	-	-	205	-	205
Change in net unrealized gains (losses) on derivatives	-	-	-	(2)	-	(2)
Net comprehensive income						26,481
Purchases of stock for treasury	-	-	-	-	(602)	(602)
Sales of stock from treasury	-	0	-	-	2	2
Dividends applicable to earnings of the period	-	-	(6,376)	-	-	(6,376)
Balance at September 30, 2006	40,363	68,412	1,836,036	55,596	(17,405)	1,983,002

DETAILS OF CONSOLIDATED REVENUE

(1) Revenue by product

Amount Unit: Millions of yen

	Six months ended September 30, 2007 From April 1, 2007 To Sept. 30, 2007		Six months ended September 30, 2006 From April 1, 2006 To Sept. 30, 2006		Change	
					Amount	%
Revenue:						
Imaging Solutions	20.7%	291,769	22.7%	307,148	(15,379)	(5.0)
Information Solutions	38.5%	542,593	35.9%	485,187	57,406	11.8
Document Solutions	40.8%	573,712	41.4%	559,701	14,011	2.5
Consolidated total	100.0%	1,408,074	100.0%	1,352,036	56,038	4.1

Note: The major products and services of each operating segment are as follows:

Imaging Solutions	Color films, digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing, etc.
Information Solutions	Equipment and materials for medical systems and life science, equipment and materials for graphic arts, flat panel display materials, recording media, optical devices, electronic materials and inkjet materials, etc.
Document Solutions	Office copy machines/multifunction devices, printers, production systems and services, paper, consumables and office services, etc.

(2) Domestic and overseas revenue

Amount Unit: Millions of yen

	Six months ended September 30, 2007 From April 1, 2007 To Sept. 30, 2007		Six months ended September 30, 2006 From April 1, 2006 To Sept. 30, 2006		Change	
					Amount	%
Revenue:						
Domestic	43.7%	615,243	46.9%	634,441	(19,198)	(3.0)
Overseas						
The Americas	20.2%	284,166	21.0%	283,598	568	0.2
Europe	15.9%	223,942	15.2%	205,445	18,497	9.0
Asia and others	20.2%	284,723	16.9%	228,552	56,171	24.6
Subtotal	56.3%	792,831	53.1%	717,595	75,236	10.5
Consolidated total	100.0%	1,408,074	100.0%	1,352,036	56,038	4.1

SEGMENT INFORMATION

(1) Operating segments

Amount Unit: Millions of yen

	Six months ended September 30, 2007 From April 1, 2007 To Sept. 30, 2007		Six months ended September 30, 2006 From April 1, 2006 To Sept. 30, 2006		Change	
					Amount	%
Revenue:						
Imaging Solutions:						
External customers	20.7%	291,769	22.7%	307,148	(15,379)	(5.0)
Intersegment		465		511	(46)	-
Total		292,234		307,659	(15,425)	(5.0)
Information Solutions:						
External customers	38.5%	542,593	35.9%	485,187	57,406	11.8
Intersegment		1,104		1,334	(230)	-
Total		543,697		486,521	57,176	11.8
Document Solutions:						
External customers	40.8%	573,712	41.4%	559,701	14,011	2.5
Intersegment		4,922		5,355	(433)	-
Total		578,634		565,056	13,578	2.4
Eliminations		(6,491)		(7,200)	709	-
Consolidated total	100.0%	1,408,074	100.0%	1,352,036	56,038	4.1

Amount Unit: Millions of yen

	Six months ended September 30, 2007 From April 1, 2007 To Sept. 30, 2007		Six months ended September 30, 2006 From April 1, 2006 To Sept. 30, 2006		Change	
					Amount	%
Operating Income (Loss):						
Imaging Solutions	3.4%	10,016	(6.0)%	(18,507)	28,523	-
Information Solutions	12.1%	66,025	7.2%	35,079	30,946	88.2
Document Solutions	6.0%	34,596	6.0%	34,113	483	1.4
Total		110,637		50,685	59,952	118.3
Corporate expenses and eliminations		(1,975)		94	(2,069)	-
Consolidated total	7.7%	108,662	3.8%	50,779	57,883	114.0

(Ref.)

Restructuring charges included in the operating income and loss by operating segment

Amount Unit: Millions of yen

	Six months ended September 30, 2007 From April 1, 2007 To Sept. 30, 2007		Six months ended September 30, 2006 From April 1, 2006 To Sept. 30, 2006		Change
Restructuring charges:					
Imaging Solutions		-		29,741	(29,741)
Information Solutions		-		12,241	(12,241)
Consolidated total		-		41,982	(41,982)

Note: The major products and services of each operating segment are as follows:

Imaging Solutions	Color films, digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing, etc.
Information Solutions	Equipment and materials for medical systems and life science equipment and materials for graphic arts, flat panel display materials, recording media, optical devices, electronic materials and inkjet materials, etc.
Document Solutions	Office copy machines/multifunction devices, printers, production systems and services, paper, consumables and office services, etc.

(2) Geographic information

Amount Unit: Millions of yen

	Six months ended September 30, 2007 From April 1, 2007 To Sept. 30, 2007		Six months ended September 30, 2006 From April 1, 2006 To Sept. 30, 2006		Change	
					Amount	%
Revenue:						
Japan						
External customers	57.4%	808,244	60.2%	814,380	(6,136)	(0.8)
Intersegment		255,150		227,170	27,980	-
Total		1,063,394		1,041,550	21,844	2.1
The Americas						
External customers	18.0%	253,599	17.5%	236,200	17,399	7.4
Intersegment		9,657		12,975	(3,318)	-
Total		263,256		249,175	14,081	5.7
Europe						
External customers	12.4%	174,726	12.4%	168,156	6,570	3.9
Intersegment		6,209		9,561	(3,352)	-
Total		180,935		177,717	3,218	1.8
Asia and others						
External customers	12.2%	171,505	9.9%	133,300	38,205	28.7
Intersegment		181,406		150,348	31,058	-
Total		352,911		283,648	69,263	24.4
Eliminations		(452,422)		(400,054)	(52,368)	-
Consolidated total	100.0%	1,408,074	100.0%	1,352,036	56,038	4.1

Amount Unit: Millions of yen

	Six months ended September 30, 2007 From April 1, 2007 To Sept. 30, 2007		Six months ended September 30, 2006 From April 1, 2006 To Sept. 30, 2006		Change	
					Amount	%
Operating Income (Loss):						
Japan	6.9%	73,248	5.0%	51,757	21,491	41.5
The Americas	0.3%	691	(4.5)%	(11,225)	11,916	-
Euope	4.7%	8,498	(2.1)%	(3,759)	12,257	-
Asia and others	7.7%	27,148	6.6%	18,695	8,453	45.2
Eliminations		(923)		(4,689)	3,766	-
Consolidated total	7.7%	108,662	3.8%	50,779	57,883	114.0

MARKETABLE AND INVESTMENT SECURITIES

Fair Value on Marketable and Investment Securities

Amount Unit: Millions of yen

	As of September 30, 2007				As of September 30, 2006			
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Marketable securities:								
Government debt securities	32,307	8	(46)	32,269	20,031	-	(22)	20,009
Corporate debt securities	15,996	0	(39)	15,957	48,777	12	(42)	48,747
Total marketable securities	48,303	8	(85)	48,226	68,808	12	(64)	68,756
Investment securities:								
Government debt securities	41,733	126	(47)	41,812	47,484	168	(123)	47,529
Corporate debt securities	102,538	191	(714)	102,015	78,949	188	(601)	78,536
Equity securities	116,538	66,795	(1,153)	182,180	97,177	77,231	(915)	173,493
Total investment securities	260,809	67,112	(1,914)	326,007	223,610	77,587	(1,639)	299,558
Total	309,112	67,120	(1,999)	374,233	292,418	77,599	(1,703)	368,314

Note: This statement is prepared in accordance with accounting principles generally accepted in the United States of America.

All debt and equity securities held by FUJIFILM Holdings Corporation and subsidiaries are classified as available-for-sale securities.

Change in accounting principle: The Company applied EITF Issue No. 06-2 "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43" since April 1, 2007. Due to a cumulative-effect adjustment to initially apply the consensus, liabilities increased by 6,932 million yen and retained earnings decreased by 3,394 million yen as of April 1, 2007.

<Reference>

CONSOLIDATED STATEMENTS OF INCOME (The Second Quarter)

Amount Unit: Millions of yen

	Three months ended September 30, 2007 From July 1, 2007 To Sept. 30, 2007		Three months ended September 30, 2006 From July 1, 2006 To Sept. 30, 2006		Change	
					Amount	%
Revenue:		%		%		
Sales		623,393		601,942	21,451	3.6
Rentals		96,388		93,246	3,142	3.4
	100.0	719,781	100.0	695,188	24,593	3.5
Cost of sales:						
Sales		392,640		372,630	20,010	5.4
Rentals		41,192		37,328	3,864	10.4
	60.3	433,832	59.0	409,958	23,874	5.8
Gross profit	39.7	285,949	41.0	285,230	719	0.3
Operating expenses:						
Selling, general and administrative	26.4	189,958	27.1	188,460	1,498	0.8
Research and development	6.5	47,146	6.8	47,103	43	0.1
Restructuring and other charges	-	-	2.1	14,631	(14,631)	-
	32.9	237,104	36.0	250,194	(13,090)	(5.2)
Operating income	6.8	48,845	5.0	35,036	13,809	39.4
Other income (expenses):						
Interest and dividend income		2,989		2,411	578	
Interest expense		(1,996)		(1,440)	(556)	
Foreign exchange gains (losses), net		(6,429)		3,126	(9,555)	
Decline in value of investment securities		(215)		(239)	24	
Other, net		1,548		(254)	1,802	
	(0.6)	(4,103)	0.5	3,604	(7,707)	-
Income before income taxes	6.2	44,742	5.5	38,640	6,102	15.8
Income taxes	2.5	18,019	2.4	16,811	1,208	7.2
Income before minority interests and equity in net earnings of affiliated companies	3.7	26,723	3.1	21,829	4,894	22.4
Minority interests	(0.4)	(3,291)	(0.6)	(4,304)	1,013	23.5
Equity in net earnings of affiliated companies	0.0	247	0.2	1,466	(1,219)	(83.2)
Net income	3.3	23,679	2.7	18,991	4,688	24.7

<Reference>

CONSOLIDATED STATEMENTS OF CASH FLOWS (The Second Quarter)

Amount Unit: Millions of yen

	Three months ended Sept. 30, 2007 From July 1, 2007 To Sept. 30, 2007	Three months ended Sept. 30, 2006 From July 1, 2006 To Sept. 30, 2006
Operating activities		
Net income	23,679	18,991
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	59,553	51,103
Minority interests	3,291	4,304
Equity in net earnings of affiliated companies, less dividends received	394	(977)
Changes in operating assets and liabilities:		
Notes and accounts receivable	(25,974)	(19,362)
Inventories	(11,955)	11,799
Notes and accounts payable - trade	11,708	(3,586)
Accrued income taxes and other liabilities	(22,814)	(25,933)
Other	9,231	6,267
Subtotal	23,434	23,615
Net cash provided by operating activities	47,113	42,606
Investing activities		
Purchases of property, plant and equipment	(43,111)	(45,410)
Purchases of software	(6,851)	(6,036)
Proceeds from sales and maturities of marketable and investment securities and other investments	10,505	38,374
Purchases of marketable and investment securities and other investments	(17,322)	(11,473)
(Increase) decrease in investments in and advances to affiliated companies	(2,109)	4,418
Acquisitions of businesses and minority interest, net of cash acquired	-	(22,669)
Other	(1,601)	(8,490)
Net cash used in investing activities	(60,489)	(51,286)
Financing activities		
Proceeds from long-term debt	1,795	-
Repayments of long-term debt	(5,646)	(19,320)
Increase in short-term debt, net	16,645	6,951
Subsidiaries' cash dividends paid to minority interests	(57)	(279)
Net purchases of stock for treasury, net	(31)	(584)
Net cash provided by (used in) financing activities	12,706	(13,232)
Effect of exchange rate changes on cash and cash equivalents	(9,335)	3,959
Net decrease in cash and cash equivalents	(10,005)	(17,953)
Cash and cash equivalents at beginning of the period	404,503	354,163
Cash and cash equivalents at end of the period	394,498	336,210

<Reference>

DETAILS OF CONSOLIDATED REVENUE (The Second Quarter)

(1) Revenue by product

Amount Unit: Millions of yer

	Three months ended September 30, 2007 From July 1, 2007 To Sept. 30, 2007		Three months ended September 30, 2006 From July 1, 2006 To Sept. 30, 2006		Change	
					Amount	%
Revenue:						
Imaging Solutions	20.5%	147,536	22.6%	157,223	(9,687)	(6.2)
Information Solutions	39.0%	280,391	36.2%	251,556	28,835	11.5
Document Solutions	40.5%	291,854	41.2%	286,409	5,445	1.9
Consolidated total	100.0%	719,781	100.0%	695,188	24,593	3.5

Note: The major products and services of each operating segment are as follow:

Imaging Solutions	Color films, digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing, etc.
Information Solutions	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 and inkjet materials, etc.
Document Solutions	Office copy machines/multifunction devices, printers, production systems and services, paper, consumables and office services, etc.

(2) Domestic and overseas revenue

Amount Unit: Millions of yer

	Three months ended September 30, 2007 From July 1, 2007 To Sept. 30, 2007		Three months ended September 30, 2006 From July 1, 2006 To Sept. 30, 2006		Change	
					Amount	%
Revenue:						
Domestic	43.3%	311,654	46.7%	324,585	(12,931)	(4.0)
Overseas						
The Americas	20.2%	145,216	20.9%	145,563	(347)	(0.2)
Europe	15.8%	113,720	15.1%	105,266	8,454	8.0
Asia and others	20.7%	149,191	17.3%	119,774	29,417	24.6
Subtotal	56.7%	408,127	53.3%	370,603	37,524	10.1
Consolidated total	100.0%	719,781	100.0%	695,188	24,593	3.5

BALANCE SHEETS (Non-Consolidated)

Amount Unit: Millions of yen

	As of September 30, 2007		As of March 31, 2007		Change	As of September 30, 2006	
ASSETS	%		%			%	
Current assets:							
Cash on hand and in banks	90,922		101,460		(10,538)	161,195	
Trade notes receivable	-		-		-	1,841	
Trade accounts receivable	-		-		-	129,052	
Other accounts receivable	517		5,511		(4,994)	19,317	
Income taxes refundable	52		3,758		(3,706)	-	
Short-term loans receivable	26,902		26,902		-	64,734	
Marketable securities	48,225		48,505		(279)	71,726	
	9.2	166,620	10.3	186,138	(19,518)	22.0	447,866
Finished goods	-		-		-	35,316	
Semi-finished goods, work in process	-		-		-	28,684	
Raw materials	-		-		-	13,662	
Supplies	-		-		-	11,781	
	-		-		-	4.4	89,443
Advances paid	-		-		-	1,951	
Prepaid expenses	-		-		-	475	
Deferred income taxes	1,415		291		1,124	13,734	
Other current assets	113		1,200		(1,086)	381	
Allowance for doubtful receivables	-		-		-	(220)	
Total current assets	9.3	168,149	10.3	187,630	(19,481)	27.2	553,634
Fixed assets:							
Property, plant and equipment							
Buildings	1,749		1,854		(105)	114,808	
Structures	-		-		-	10,207	
Machinery and equipment	188		205		(16)	155,744	
Automotive equipment	195		233		(38)	22,077	
Land	-		-		-	27,706	
Construction in progress	-		-		-	23,835	
Subtotal	0.1	2,134	0.1	2,293	(159)	17.4	354,379
Intangible assets							
Patent	-		-		-	6,725	
Leasehold	-		-		-	1,620	
Trademark	-		-		-	4	
Software	447		383		64	30,468	
Goodwill	-		-		-	1,141	
Other	-		-		-	98	
Subtotal	0.0	447	0.0	383	64	2.0	40,058
Investments and other assets							
Investment securities	200,943		188,940		12,003	292,848	
Stock of affiliated company	1,367,206		1,367,079		127	674,327	
Bond of affiliated company	-		-		-	1,052	
Contributions to affiliated company	-		-		-	38,306	
Long-term loans receivable	62,510		57,510		5,000	66,605	
Long-term advances to employees	-		-		-	38	
Long-term prepaid expenses	-		-		-	5,061	
Prepaid pension costs	-		-		-	4,685	
Guarantees	-		-		-	1,285	
Deferred income taxes	7,542		7,105		436	-	
Other investments	4,284		4,352		(68)	2,009	
Allowance for doubtful receivables	(3)		(3)		-	(470)	
Subtotal	90.6	1,642,483	89.6	1,624,984	17,499	53.4	1,085,749
Total fixed assets	90.7	1,645,065	89.7	1,627,661	17,403	72.8	1,480,188
Total assets	100.0	1,813,214	100.0	1,815,292	(2,077)	100.0	2,033,822

	As of September 30, 2007		As of March 31, 2007		Change	As of September 30, 2006	
LIABILITIES	%		%			%	
Current liabilities:							
Trade notes payable	-	-	-	-	-	-	2,365
Trade accounts payable	-	-	-	-	-	-	65,388
Short-term debt	25,000	25,000	25,000	25,000	-	-	12,690
Advances received	-	-	-	-	-	-	580
Provision for product warranties	-	-	-	-	-	-	1,786
Other accounts payable	75	987	987	987	(911)	(911)	25,584
Accrued income taxes	-	-	-	-	-	-	3,815
Accrued expenses	441	360	360	360	81	81	48,017
Notes payable for construction	-	77	77	77	(77)	(77)	10,228
Other current liabilities	85	48	48	48	36	36	1,975
Total current liabilities	1.4	25,602	1.5	26,474	(871)	(871)	8.5 172,431
Long-term liabilities:							
Convertible bond type-bonds with stock acquisition rights	202,211	201,474	201,474	201,474	737	737	200,737
Customers' guarantee deposits	-	-	-	-	-	-	4,886
Deferred income taxes	-	-	-	-	-	-	32,152
Accrued pension and severance costs	-	-	-	-	-	-	3,290
Directors' retirement benefit	-	-	-	-	-	-	291
Other long-term liabilities	334	404	404	404	(70)	(70)	1,184
Total long-term liabilities	11.2	202,545	11.1	201,878	667	667	11.9 242,542
Total liabilities	12.6	228,148	12.6	228,352	(204)	(204)	20.4 414,974
NET ASSETS							
Shareholders' equity							
Common stock	2.2	40,363	2.2	40,363	-	-	2.0 40,363
Capital surplus							
Additional paid in capital	63,636	63,636	63,636	63,636	-	-	63,636
Other capital surplus	1	-	-	-	1	1	0
Total capital surplus	3.5	63,637	3.5	63,636	1	1	3.1 63,636
Retained earnings							
Legal reserve	10,090	10,090	10,090	10,090	-	-	10,090
Other retained earnings							
Reserve for dividends	-	280	280	280	(280)	(280)	280
Reserve for retirement allowance	-	280	280	280	(280)	(280)	280
Reserve for R&D	-	285	285	285	(285)	(285)	285
Reserve for accelerated depreciation	-	-	-	-	-	-	3,613
Reserve for deferred capital gain for reinvestment in property	-	-	-	-	-	-	3,436
Other reserve	1,458,305	1,428,305	1,428,305	1,428,305	30,000	30,000	1,428,305
Retained earnings brought forward	24,209	54,948	54,948	54,948	(30,738)	(30,738)	45,581
Total retained earnings	82.3	1,492,605	82.3	1,494,189	(1,583)	(1,583)	73.4 1,491,872
Treasury stock	(0.7)	(13,429)	(0.7)	(13,361)	(67)	(67)	(0.9) (17,381)
Total shareholders' equity	87.3	1,583,177	87.3	1,584,827	(1,650)	(1,650)	77.6 1,578,490
Valuation and translation adjustments							
Valuation difference on available-for-sale securities	0.1	1,430	0.1	2,111	(681)	(681)	2.0 40,357
Stock acquisition rights	0.0	458	-	-	458	458	-
Total net assets	87.4	1,585,066	87.4	1,586,939	(1,873)	(1,873)	79.6 1,618,847
Total liabilities and net assets	100.0	1,813,214	100.0	1,815,292	(2,077)	(2,077)	100.0 2,033,822

STATEMENTS OF INCOME (Non-Consolidated)

Amount unit: Millions of yen

	Six months ended September 30, 2007 From April 1, 2007 To Sept. 30, 2007		Six months ended September 30, 2006 From April 1, 2006 To Sept. 30, 2006		Change		Year ended March 31, 2007 From April 1, 2006 To March 31, 2007	
					Amount	%		
	%		%				%	
Net sales	-	-	100.0	377,396	(377,396)	(100.0)	98.1	377,396
Operating revenue	100.0	5,286	-	-	5,286	-	1.9	7,248
Revenue	100.0	5,286	100.0	377,396	(372,109)	(98.6)	100.0	384,644
Cost of sales	-	-	64.0	241,674	(241,674)	(100.0)	62.8	241,674
Gross profit	100.0	5,286	36.0	135,722	(130,435)	(96.1)	37.2	142,970
Selling, general and administrative	39.1	2,065	14.3	53,785	(51,720)	(96.2)	14.3	54,962
Research and development	-	-	11.2	42,125	(42,125)	(100.0)	11.0	42,125
Total selling, general and administrative expenses	39.1	2,065	25.5	95,911	(93,846)	(97.8)	25.3	97,088
Operating income	60.9	3,221	10.5	39,810	(36,589)	(91.9)	11.9	45,882
Other income								
Interest income		2,146		2,179	(33)	(1.5)		3,412
Dividend income		-		12,704	(12,704)	(100.0)		14,348
Miscellaneous income		548		3,239	(2,690)	(83.1)		3,883
Total other income	51.0	2,694	4.8	18,122	(15,427)	(85.1)	5.6	21,644
Other expenses								
Interest expenses		1,281		1,109	171	15.5		2,255
Bank charges for export drafts discounted		-		251	(251)	(100.0)		251
Miscellaneous expenses		21		1,428	(1,407)	(98.5)		1,444
Total other expenses	24.6	1,302	0.7	2,789	(1,486)	(53.3)	1.0	3,951
Ordinary income	87.3	4,613	14.6	55,143	(50,530)	(91.6)	16.5	63,575
Extraordinary losses								
Losses on disposal of fixed assets		-		2,381	(2,381)	(100.0)		2,381
Restructuring charges		-		12,824	(12,824)	(100.0)		12,824
Total extraordinary losses	-	-	4.0	15,205	(15,205)	(100.0)	3.9	15,205
Net income before income taxes	87.3	4,613	10.6	39,937	(35,324)	(88.4)	12.6	48,369
Current income taxes	17.0	900	1.5	5,800	(4,900)	(84.5)	1.3	5,100
Deferred income taxes		(1,092)		4,558	(5,651)	(124.0)		4,878
Net income	90.9	4,805	7.8	29,579	(24,773)	(83.8)	10.0	38,390

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Amount unit: Millions of yen

	Shareholders' equity									Valuation and translation adjustments	Stock acquisition rights	Total net assets
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities		
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings*	Total retained earnings					
Balance of March 31, 2007	40,363	63,636	-	63,636	10,090	1,484,098	1,494,189	(13,361)	1,584,827	2,111	-	1,586,939
Changes in the term												
Dividends from surplus						(6,389)	(6,389)		(6,389)			(6,389)
Net income						4,805	4,805		4,805			4,805
Purchase of treasury stock								(71)	(71)			(71)
Disposal of treasury stock			1	1				4	5			5
Net change of items other than shareholders' equity										(681)	458	(222)
Total changes in the term	-	-	1	1	-	(1,583)	(1,583)	(67)	(1,650)	(681)	458	(1,873)
Balance of September 30, 2007	40,363	63,636	1	63,637	10,090	1,482,514	1,492,605	(13,429)	1,583,177	1,430	458	1,585,066

Note: Breakdown of other retained earnings

Amount unit: Millions of yen

	Reserve for dividends	Reserve for retirement allowance	Reserve for R&D	Other reserve	Retained earnings brought forward	Total other retained earnings
Balance of March 31, 2007	280	280	285	1,428,305	54,948	1,484,098
Changes in the term						
Dividends from surplus					(6,389)	(6,389)
Reversal of reserve for dividends	(280)				280	-
Reversal of reserve for retirement allowance		(280)			280	-
Reversal of reserve for R&D			(285)		285	-
Transfer to other reserve				30,000	(30,000)	-
Net income					4,805	4,805
Total changes in the term	(280)	(280)	(285)	30,000	(30,738)	(1,583)
Balance of September 30, 2007	-	-	-	1,458,305	24,209	1,482,514

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

Amount unit: Millions of yen

	Shareholder's equity							Valuation and translation adjustments	Total net assets
	Common stock	Capital Surplus	Retained earnings			Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Additional paid-in capital	Legal reserve	Other retained earnings*	Total retained earnings				
Balance of March 31, 2006	40,363	63,636	10,090	1,458,683	1,468,774	(16,780)	1,555,993	49,817	1,605,810
Changes in the term									
Dividends from surplus				(12,754)	(12,754)		(12,754)		(12,754)
Directors' bonus				(103)	(103)		(103)		(103)
Net income				38,390	38,390		38,390		38,390
Purchase of treasury stock						(711)	(711)		(711)
Disposal of treasury stock				(117)	(117)	4,131	4,013		4,013
Net change of unrealized gains on securities								(47,705)	(47,705)
Total changes in the term	-	-	-	25,414	25,414	3,419	28,834	(47,705)	(18,871)
Balance of March 31, 2007	40,363	63,636	10,090	1,484,098	1,494,189	(13,361)	1,584,827	2,111	1,586,939

*Note: Breakdown of other retained earnings

Amount unit: Millions of yen

	Reserve for dividends	Reserve for retirement allowance	Reserve for R&D	Reserve for accelerated depreciation	Reserve for deferred capital gain for reinvestment in property	Other reserve	Retained earnings brought forward	Total other retained earnings
Balance of March 31, 2006	280	280	285	3,411	3,601	1,398,305	52,521	1,458,683
Changes in the term								
Dividends from surplus							(12,754)	(12,754)
Directors' bonus							(103)	(103)
Reserve for accelerated depreciation				1,852			(1,852)	-
Reversal of reserve for accelerated depreciation				(5,264)			5,264	-
Reversal of reserve for deferred capital gain for reinvestment in property					(3,601)		3,601	-
Transfer to other reserve						30,000	(30,000)	-
Net income							38,390	38,390
Disposal of treasury stock							(117)	(117)
Total changes in the term	-	-	-	(3,411)	(3,601)	30,000	2,427	25,414
Balance of March 31, 2007	280	280	285	-	-	1,428,305	54,948	1,484,098

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Amount unit: Millions of yen

	Shareholders' equity									Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings*	Total retained earnings				
Balance of March 31, 2006	40,363	63,636	-	63,636	10,090	1,458,683	1,468,774	(16,780)	1,555,993	49,817	1,605,810
Changes in the term											
Dividends from surplus						(6,378)	(6,378)		(6,378)		(6,378)
Directors' bonus						(103)	(103)		(103)		(103)
Net income						29,579	29,579		29,579		29,579
Purchase of treasury stock								(602)	(602)		(602)
Disposal of treasury stock			0	0				2	2		2
Net change of unrealized gains on securities										(9,459)	(9,459)
Total changes in the term	-	-	0	0	-	23,098	23,098	(600)	22,496	(9,459)	13,037
Balance of September 30, 2006	40,363	63,636	0	63,636	10,090	1,481,781	1,491,872	(17,381)	1,578,490	40,357	1,618,847

Note: Breakdown of other retained earnings

Amount unit: Millions of yen

	Reserve for dividends	Reserve for retirement allowance	Reserve for R&D	Reserve for accelerated depreciation	Reserve for deferred capital gain for reinvestment in property	Other reserve	Retained earnings brought forward	Total other retained earnings
Balance of March 31, 2006	280	280	285	3,411	3,601	1,398,305	52,521	1,458,683
Changes in the term								
Dividends from surplus							(6,378)	(6,378)
Directors' bonus							(103)	(103)
Reversal for accelerated depreciation				1,852			(1,852)	-
Reversal of reserve for accelerated depreciation				(1,650)			1,650	-
Reversal of reserve for deferred capital gain for reinvestment in property					(164)		164	-
Transfer to other reserve						30,000	(30,000)	-
Net income							29,579	29,579
Total changes in the term	-	-	-	201	(164)	30,000	(6,939)	23,098
Balance of September 30, 2006	280	280	285	3,613	3,436	1,428,305	45,581	1,481,781