

Financial Results (Consolidated) for the Fiscal Year ended March 31, 2006

Date of board meeting for the fiscal year ended March 31, 2006: April 27, 2006
 (Consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.)

1. Results of the Fiscal Year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)

(1) OPERATING RESULTS

Amount Unit: Millions of yen unless otherwise specified

	Revenue		Operating Income		Income before Income Taxes	
		%		%		%
Year ended March 31, 2006	2,667,495	5.5	70,436	(57.2)	79,615	(51.0)
Year ended March 31, 2005	2,527,374	(1.5)	164,442	(11.1)	162,346	(1.6)

	Net Income		Net Income Per Share of Common Stock	Net Income Per Share of Common Stock (Assuming Full Dilution)	Ratio of Net Income to Shareholders' Equity	Ratio of Income before Income Taxes to Total Assets	Ratio of Income before Income Taxes to Net Sales
		%	Yen	Yen	%	%	%
Year ended March 31, 2006	37,016	(56.2)	72.65	-	1.9	2.6	3.0
Year ended March 31, 2005	84,500	2.7	164.78	-	4.7	5.4	6.4

- Notes: 1. Equity in net earnings of affiliated companies (including unconsolidated subsidiaries)
 Year ended March 31, 2006: ¥ 5,210 million Year ended March 31, 2005: ¥ 4,146 million
2. Average number of shares:
 Year ended March 31, 2006: 509,525,143 Year ended March 31, 2005: 512,801,030
3. Change in accounting policies: None
4. Percent: Change from the corresponding period of the previous year in Revenue, Operating Income, Income before Income Taxes, and Net Income.

(2) FINANCIAL POSITION

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio to Total Assets	Shareholders' Equity per Share of Common Stock
			%	Yen
As of March 31, 2006	3,027,491	1,963,497	64.9	3,848.32
As of March 31, 2005	2,983,457	1,849,102	62.0	3,630.67

- Notes: Number of Shares Outstanding:
 As of March 31, 2006: 510,222,073 As of March 31, 2005: 509,299,992

(3) CASH FLOWS

	Net Cash provided by Operating Activities	Net Cash used in Investing Activities	Net Cash used in Financing Activities	Cash and Cash Equivalents at end of year
Year ended March 31, 2006	272,558	(272,129)	(80,309)	218,598
Year ended March 31, 2005	219,361	(312,401)	(83,406)	288,157

(4) SCOPE OF CONSOLIDATION AND EQUITY METHOD

- Consolidated Subsidiaries: 224 subsidiaries
- Companies accounted for by equity method: 98 companies

(5) CHANGE IN SCOPE OF CONSOLIDATION AND EQUITY METHOD

- Consolidation: Increase 11, Decrease 10 Equity method: Increase 12, Decrease 14

2. Forecast for the Fiscal Year ending March 31, 2007 (From April 1, 2006 to March 31, 2007)

	Revenue	Operating Income	Income before Income Taxes	Net Income
For Year ending March 31, 2007	2,740,000	80,000	80,000	38,000

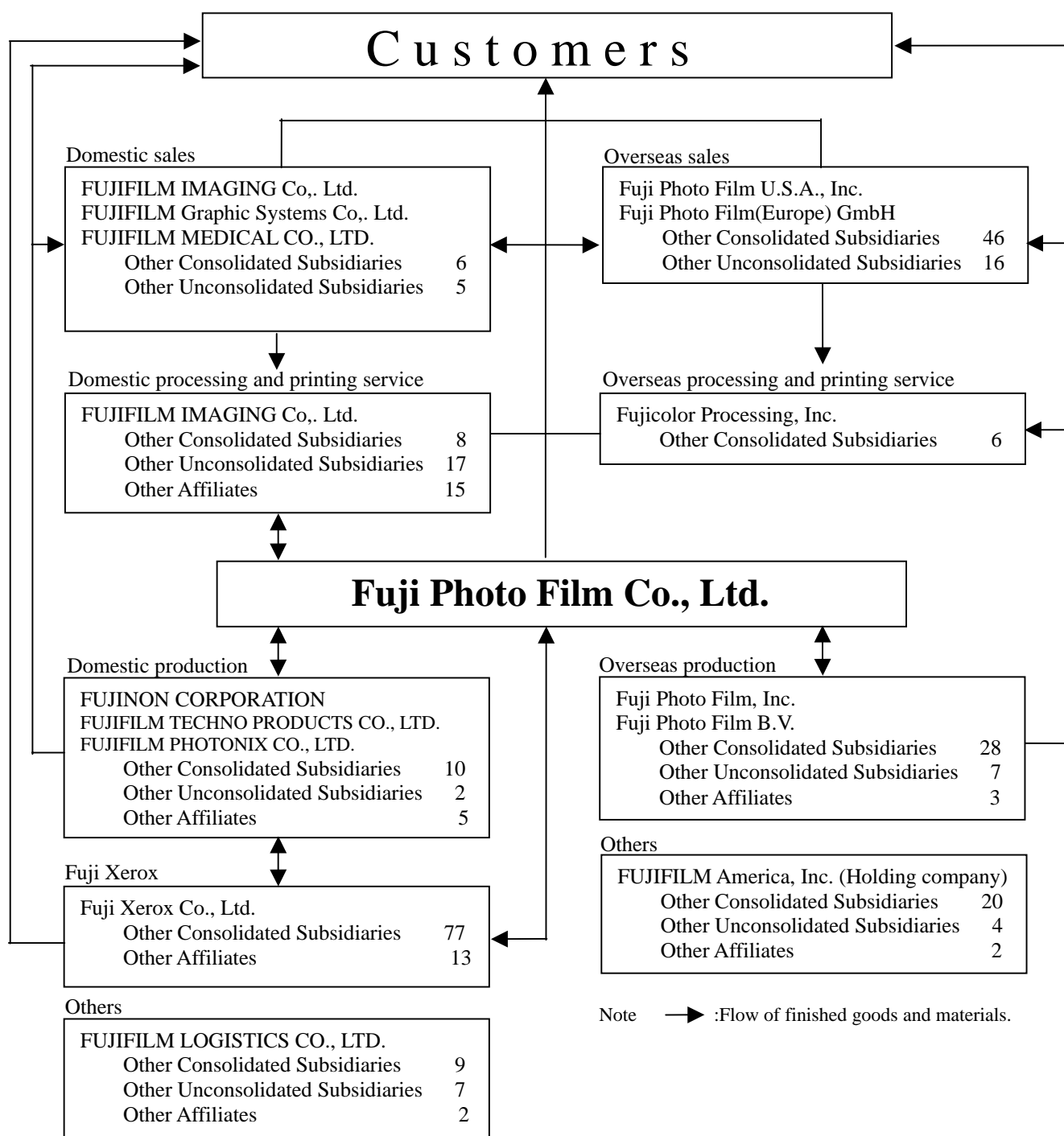
(Reference) Expected net income per share of common stock for the year ending March 31, 2007: ¥ 74.48
 The Company anticipates that its continued resolute implementation of imaging solutions operations structural reform programs undertaken during fiscal 2006, ended March 31, 2006 will entail considerable expenses. Currently, however, the precise timing of the recording of these expenses is difficult to project. Accordingly, the Company is refraining from making performance projections for the interim period of the fiscal year ending March 31, 2007.

Note: This forecast 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 differ materially from those discussed in the forward-looking statements. See the note on page 11.

1. THE FUJIFILM GROUP

The Fujifilm Group comprises Fuji Photo Co., Ltd., 282 subsidiaries and 40 affiliated companies that perform R&D, manufacturing, marketing, and service activities in the Group's core business of segments of Imaging Solutions, Information Solutions, and Document Solutions. The Fujifilm Group's main companies in each segment are outlined as follows:

	Description	Main companies
Imaging Solutions	Color film, digital camera, photofinishing Equipment, color paper and chemicals and services for photofinishing, etc.	Fuji Photo Film Co., Ltd., FUJINON CORPORATION, FUJIFILM IMAGING Co., Ltd., FUJIFILM PHOTONIX CO., LTD., Fuji Photo Film, Inc., Fuji Photo Film B.V., Fuji Photo Film U.S.A., Inc., Fuji Photo Film (Europe) GmbH, Fujicolor Processing, Inc. etc.
Information Solutions	Systems devices for graphic arts, medical imaging, and information systems, flat panel display materials and recording media, etc.	Fuji Photo Film Co., Ltd., FUJIFILM TECHNO PRODUCTS CO., LTD., FUJIFILM Graphic Systems Co., Ltd., FUJIFILM MEDICAL CO., LTD., FUJIFILM Electronic Materials Co., Ltd., Fuji Photo Film, Inc., Fuji Photo Film B. V., Fuji Photo Film U.S.A., Inc., Fuji Photo Film (Europe) GmbH, etc.
Document Solutions	Office copiers/MFPs, printers, production systems and services; paper; consumables and office services, etc.	Fuji Xerox Co., Ltd., Suzuka Fuji Xerox Co., Ltd., Fuji Xerox Office Supply Co., Ltd., Tokyo Xerox Co., Ltd., Fuji Xerox Printing Systems Co., Ltd., Fuji Xerox (China) Limited, Fuji Xerox Asia Pacific Pte Ltd., etc.



2. MANAGEMENT POLICIES

(1) Basic Management Policies

FUJIFILM is now in the process of the structural reformation. The entire Fujifilm Group is transforming its operations and structure and, in line with its objective of developing new growth paths, it has adopted the following corporate philosophy:

“We will use unique advanced technologies to provide top-quality products and services and thereby contribute to cultural, technological, and industrial progress as well as to environmental protection. In these ways, we will strive to promote sustained improvement in the quality of life of people worldwide.”

(2) Medium- and Long-Term Strategies and Essential Tasks

Aiming to strengthen its capabilities and develop new corporate growth paths amid rapid progress in the application of digital technologies and other major changes in its operating environment, Fujifilm drafted its VISION75 medium-term management plan in 2004. The plan extends to March 31, 2009—the year in which the Company will mark the 75th anniversary of its founding. Subsequently, Fujifilm has moved forward with measures in line with VISION75’s fundamental strategies of “building new growth strategies,” “implementing comprehensive structural reforms at all management levels,” and “enhancing consolidated management.” However, changes in the environment for imaging business have proceeded more quickly than originally anticipated. To respond to these changes and other factors, fundamentally reform the structure of operations in the imaging field, and accelerate the expansion of operations in growth business and new business fields by concentrating management resources in those fields, Fujifilm announced a new medium-term management plan, which is named VISION75 (2006) in April 2006. Centered on the fundamental strategies articulated in VISION75, 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, electronics materials, ink-jet inks, etc.), medical and life science, graphic arts, document solutions, and optical devices as emphasized 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 make key contributions to future performance.
- 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.

(3) Basic Policy Regarding Distribution of Profits

Fujifilm’s basic policy regarding the distribution of profits is to provide shareholders with stable dividends as well as to maintain sufficient internal reserves to strengthen the management foundation, permitting it to support an aggressive expansion of its business activities while being prepared for sudden changes in the business environment.

Regarding dividend payments upon implementation of Japanese Corporate Law (*Kaisha Ho*), Fujifilm plans to continue the current system of two dividend payments per year, based on the final day of the interim fiscal period and the final day of the fiscal year.

(4) Policy Regarding the Reduction of the Basic Trading Unit of Shares

Regarding the reduction of the basic trading unit of its shares, Fujifilm believes it is important to provide investment opportunities to a greater number of investors, particularly individuals, and to increase market liquidity. Accordingly, as of September 1, 2004, the trading unit size was reduced from 1,000 shares to 100 shares.

3. OPERATING RESULTS AND FINANCIAL POSITION

(1) Overview of the Period

During the fiscal year under review, economic recovery in Japan became increasingly evident due to such factors as a rise in corporate capital investments and a gradual improvement in personal consumption. Overseas, the U.S. economy was strong, reflecting positive conditions in the employment environment and stable growth in personal consumption, and firm conditions were seen in Asian economies, centering on China, which continued to record high growth rates supported by robust exports. In Europe, despite signs of improvement in corporate perceptions of economic conditions, personal consumption remained sluggish and the trend of economic recovery weakened. Crude oil prices remained at elevated levels, and high oil prices exerted a negative effect on a growing range of corporate activities throughout the world.

Amid these conditions, Fujifilm 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 unique technologies; the boosting of manufacturing capacity for flat panel display 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 multifunction devices for office use that offer augmented network functions.

Furthermore, Fujifilm took steps to implement structural reforms, such as measures to reorganize systems in the photosensitive materials and electronic imaging fields, where it is seeking to optimize the scale of its operations, and is also proceeding quickly and resolutely with the implementation of various medium- and long-term plans aimed at building new growth strategies such as those involving the strengthening of R&D efforts and stepping up of M&A transactions.

Regarding consolidated net sales during the fiscal year under review (April 1, 2005, through March 31, 2006), although sales of color films and digital minilabs declined, abundant demand for flat panel display materials supported a large increase in Fujifilm's sales of such materials. In addition, sales of digital color multifunction devices and office printers were strong, particularly low-priced models. Such positive factors—together with contributions from newly consolidated subsidiaries acquired during the latter half of the previous fiscal year and the positive effect of the progressive depreciation of the yen against the euro—boosted consolidated net sales to ¥ 2,667.4 billion, a rise of 5.5 % from the previous fiscal year. Domestic sales amounted to ¥ 1,329.2 billion, up 1.3%, while overseas revenue totaled ¥ 1,338.2 billion, up 10.1%. Regarding profitability, the Company strove to reduce costs through such measures as those to improve manufacturing efficiency, reduce procurement costs, and more-tightly focus spending on strategically emphasized tasks. However, cost increases in imaging solutions operations, due to structural reform measures*, rises in principal raw materials prices, and greater R&D spending with the objective of creating new products and businesses, together with cost increases in document solutions operations, due to a rise in selling, general and administrative expenses associated with the inauguration of a new mission-critical information system and the strengthening of overseas marketing systems, caused operating income to drop 57.2%, to ¥ 70.4 billion. Income before income taxes decreased 51.0%, to ¥ 79.6 billion, and net income declined 56.2%, to ¥ 37.0 billion. Another factor affecting the year-on-year comparison of profitability was Fuji Xerox's recording of non-recurring gains on the transfer of the substitutional portion of its employee pension fund liabilities in the previous year.

The effective currency exchange rates for the U.S. dollar and the euro against the yen during this fiscal year were ¥113 and ¥138, respectively.

Note*: Due to the above-mentioned structural reformation, the related expense of ¥ 86.0 billion was recognized during the year. It consists of fixed assets related cost of ¥ 65.1 billion and employee related costs of ¥ 20.9 billion including one-time additional termination benefits. In respect of expenses by the operating business segments, Imaging Solutions recognized the related expense of ¥ 77.4 billion and Information Solutions also recognized the related expenses of ¥ 8.6 billion because of the allocation of the costs related to manufacturing facilities shared with Imaging Solutions.

The trends in net sales and business development for each business segment were as follows:

Imaging Solutions

Digital camera sales greatly improved particularly in Japan, especially sales increase in high-sensitivity models was remarkable. However, this improvement was offset by drops in sales of color films, for which demand is shrinking, and digital minilabs. As a result, consolidated revenue in this segment amounted to ¥ 689.4 billion, down 7.2%.

In the imaging field, Fujifilm offers high-value-added products and services, both digital and analog and from image input to output, that meet the increasingly diverse and advanced needs of its customers. In the strategically emphasized field of digital camera prints, Fujifilm is aggressively employing TV commercials and other types of advertisements to increase the awareness of digital camera prints and their special features. At the same time, the Company worked to increase sales of Frontier series digital minilabs—key elements of its “Print at Retail” digital image printing services business—as a means of progressively augmenting the infrastructure for digital image printing business along with the scale of that business. Amid a continued increase in the market diffusion of digital cameras, the proactive implementation of these infrastructure augmentation measures generated considerable benefits, helping sustain a continued rise in digital camera print sales centered on Japan, North America, and Europe.

Although sales of Frontier minilabs decreased due to the decrease of new installations at the major customers, which already installed our products, Fujifilm stepped up its efforts to install in-store ordering terminals in print shops and expand its sales to medium- and small-scale customers while also arranging an alliance with Noritsu Koki Co., Ltd.—covering the fields of digital minilab product development and afterservice—that is expected to further strengthen the Company’s efforts to augment its “Print at retail” business.

Regarding digital cameras, customers are giving high evaluations to Fujifilm digital cameras with distinctive high-sensitivity performance, which enables attractive photos even in dim lighting conditions while reducing problems associated with camera shaking and movement of photographed objects. The FinePix F10 and FinePix Z1 models launched in spring 2005 and other high-sensitivity models recorded robust sales in Japan, and sales of these products expanded in European and Asian markets. Although fierce price competition, promoted by progressive market maturation, continued to create a harsh environment for digital camera business, Fujifilm is striving to increase its competitive power by means of its “high-sensitivity/high-image quality” strategy as well as such initiatives as those to shift manufacturing operations to China and improve supply-chain management systems.

Regarding color films, despite such positive elements as the strength of QuickSnap recyclable camera sales to mass retailers in the North American market, the overall level of global demand continued to decline.

Information Solutions

Fujifilm achieved a large rise in sales of flat panel display materials, increased its sales in the growing market for CTP plates, and recorded strong sales of medical imaging products centered on such products as endoscopes and medical diagnostic equipment and materials. Additional contributions to performance were made by consolidated subsidiaries acquired during the latter half of the previous fiscal year, such as FUJIFILM Electronic Materials U.S.A. Inc., which is developing business in materials for semiconductor manufacturing processes, and FUJIFILM Sericol UK Limited, which is handling such business as that involving inks for screen printing processes and industrial inkjet printing. Consequently, consolidated revenue in this segment grew 14.1%, to ¥ 877.3 billion, compared with the previous fiscal year.

In flat panel display materials, the sales of Fujifilm’s mainstay FUJITAC and WV Film products increased greatly, rising in step with the expansion of LCD markets. To respond to the strong demand for its products, Fujifilm inaugurated new FUJITAC and WV Film manufacturing facilities during the fiscal year under review, and plans call for the Company to continue proactively making capital investments aimed at further accelerating the rise in production capacity and thereby promoting the additional expansion of related business volume.

With respect to the medical imaging business, strong sales were recorded of such equipment and consumable products as FCR (Fuji Computed Radiography), dry imagers, and dry films, particularly overseas.

In endoscope products, customers gave high evaluations to Fujifilm’s lineup of distinctive products centered on the Transnasal Endoscope, which incorporates Fujifilm’s Super CCD and unique image-processing technology to realize additional improvement in image quality, and sales of these products grew steadily.

Regarding graphic arts system products, the growing use of digital products worldwide has been reducing demand for printing plate films, but Fujifilm has achieved large increases in sales of its CTP system related products. The Company is steadily creating additional CTP plate manufacturing facilities to meet the rising demand for CTP plate products, and it is also moving ahead with steps to strengthen its global manufacturing network of facilities in North America, the Netherlands, China, and Japan. As particularly rapid expansion is expected in the CTP plate product markets of Asian countries, the Company is augmenting its capabilities in that region through such measures as the establishment of a China-based marketing company.

In recording media, persistently intense competition in DVD media markets continued to create a harsh business environment. However, Fujifilm sustained firm performance in the mid-range data storage tape market, reflecting contributions from the Company's mainstay LTO Ultrium 3 products, and in the high-end enterprise data storage product market, sales of data cartridge products used for the IBM TotalStorage[®] Enterprise Tape Drive 3592 increased smoothly.

Regarding Fujifilm's office and industrial operations, in the field of optical lens products, the Company achieved a steady rise in sales of megapixel lens units, reflecting the trend of continued increase in the number of camera phones with high-resolution camera functions.

* LTO and Ultrium are trademarks of Hewlett-Packard and IBM in the US, other countries, or both.

Document Solutions

Increases in sales of digital multifunction devices and laser printers, particularly to North American and European markets, contributed to an 8.4% increase in consolidated revenue in this segment, to ¥ 1,100.7 billion, compared with the previous fiscal year.

In the office product business, following the implementation of Japan's e-Document Act and Personal Information Protection Act, the Company is strengthening its domestic lineup of equipment that responds to the requirements for better document security and integrated document management. These measures, centered on the ApeosPort-II series of multifunction devices with advanced network functions, further develop the new Apeos product concept. As a result, the Company is estimated to have maintained the top volume share of Japan's full-color multifunction device market. Regarding multifunction device business overseas, exports of full-color products to North America and Europe as well as Asia-pacific region, including China expanded substantially in volume terms, as in the previous fiscal year.

Regarding office printer operations, the volume of color printer sales overseas to North America and Europe surged, driven especially by the OEM sales volume of low-priced laser printers. Noteworthy growth in sales of low-priced units was also achieved in Asia-pacific region, including China.

In the production services business, the Company's overseas sales volume of computer printing systems and on-demand printing systems for the digital printing market rose steadily in Asia-Pacific region, including China. In Japan, the Company strengthened its lineup of equipment for professional users in the digital printing market with the launch of the DocuColor 7000 Digital Press, a full-color digital printing system.

With respect to office services operations, in Japan, the Company's document outsourcing business continued expanding and the reorganization of cities, towns, and villages helped support strong sales of household registry document administration systems to local governments. Moreover, as Japanese companies consider the strengthening of internal control systems to be an urgent management task, the Company has responded to associated needs and strengthened the foundation for its prospective expansion of office service operations by launching electronic document management systems and ArcWizShare, a Web-based, information-sharing software package that enables the management of diverse electronic information via the Internet and other media.

The volume of full-color equipment sold is rising in all sectors of document solutions operations, and plans call for designing all new Fuji Xerox copiers and multifunction devices as well as office printers to employ emulsion aggregation (EA) toner. With these plans in mind, the Company completed and put into operation a new facility for the production of EA toner to meet the expected growth in demand. As a result, the Company's annual production capacity for EA toner has been increased to 5,000 tons, more than twice the level at the end of the previous fiscal year.

VISION75 Medium-Term Management Plan

Building New Growth Strategies

In flat panel display material operations, which are the core of Fujifilm's growth, the Company acquired additional shares in Sanritz Corporation, a manufacturer of polarizers for LCDs, increasing its shareholding to approximately 30%. This increase is designed to strengthen Fujifilm's partnership with Sanritz and thereby further accelerate the development of high-performance functional materials for use with LCDs and boost the Company's competitive strength in flat panel display materials operations.

In life science operations, which are also recognized as the core of the Company's growth, Fujifilm cooperated with CMIC Co., Ltd., in establishing a joint venture—FUJIFILM CMIC HEALTHCARE Co., Ltd.—that strengthens the base of Fujifilm's life science business by providing total support for Fujifilm healthcare product development work, ranging from exploratory research through development. In addition, aiming to promote full-scale growth of antibody-based therapeutics business, the Company made an equity investment in a biopharmaceuticals start-up company, Perseus Proteomics Inc.

To further strengthen chemical product business, on January 1, 2006, Fujifilm transformed Sankio Chemical Co., Ltd., into a wholly owned subsidiary, which was renamed FUJIFILM FINECHEMICALS CO., LTD. The move to make this company, a chemical product manufacturing company, a wholly owned subsidiary will facilitate measures to reorganize and increase the efficiency of operations ranging from chemical product development through manufacturing. Besides progressively making use of the new subsidiary's development and manufacturing know-how, with respect to materials used in pharmaceuticals, in its life science business, Fujifilm is working to make effective use of the subsidiary's Chinese manufacturing bases within Group operations.

In the field of semiconductor materials, Fujifilm worked through a subsidiary—FUJIFILM Electronic Materials U.S.A., Inc.—to acquire Arch Chemicals Inc.'s 50% shareholding in Planar Solutions, LLC, which is engaged in the development and manufacture of semiconductor chemical mechanical planarization (CMP) slurries. While Fujifilm already has growing business in such fields as photoresists for semiconductor manufacturing applications, it is anticipated that demand for CMP slurry will grow greatly, and broadening the scope of Fujifilm's semiconductor-related business to encompass this promising field is expected to further augment the pace of growth in the Company's semiconductor-related business.

Regarding ink-jet ink materials, Fujifilm acquired one of the world's leading manufacturers of colorants for ink-jet printers, Avecia Inkjet Limited, which is continuing its worldwide operations developing, manufacturing, and marketing ink materials for ink-jet printers under the new corporate name FUJIFILM IMAGING COLORANTS LIMITED. Bringing this company within the Fujifilm Group as a wholly owned subsidiary will facilitate the Group's efforts to expand business in ink materials for ink-jet printers, for which demand has been greatly augmented by further increases in the popularity of household-use ink-jet printers and for which stable demand growth is expected to continue in the future.

With respect to document solutions operations, in October 2005, the Company sought to strengthen its office service business, which is considered a growth field, by revamping its domestic marketing system through measures such as the transformation of all domestic marketing companies into wholly owned subsidiaries. All domestic marketing operations have been transformed into service marketing business. Fuji Xerox's direct marketing units have been concentrated in the three major metropolitan areas of Tokyo, Nagoya, and Osaka and are now specialized in marketing primarily to corporate customers—especially large corporate customers—in Japan and overseas. At the same time, marketing subsidiaries have begun undertaking operations that are deeply rooted in their respective regions and flexibly employ integrated marketing and servicing capabilities to expand the scale of their service marketing business.

To obtain funds required for the proactive implementation of “building new growth strategies” measures, in April 2006, Fujifilm procured ¥200.0 billion through the issuance of convertible bonds with stock acquisition rights. The Company will use these funds to further strengthen M&A initiatives, capital investments, R&D programs, and other activities in strategically emphasized fields, thereby accelerating the development of businesses expected to be the core of the Company's operations in the future.

Implementing Comprehensive Structural Reforms at All Management Levels

Regarding imaging solutions operations, the severity of the operating environment has increased more quickly than originally forecasted, and the deterioration of the operating environment is expected to continue. Accordingly, Fujifilm has decided to undertake additional comprehensive restructuring measures in advance of the market changes that will eventually necessitate such restructuring. In addition to the creation of the Kanagawa factory through the integration of the Ashigara and Odawara factories, with respect to color films and other photosensitive materials, the Company is restructuring its global manufacturing network of facilities in Japan, North America, and Europe; streamlining staffing and thoroughly reducing costs at marketing and distribution units; greatly reducing R&D investment; and moving forward with the streamlining of photographic processing laboratories. Moreover, regarding digital cameras, Fujifilm is rapidly implementing measures to strengthen its lineup of products with special characteristics centered on high-sensitivity performance, shrink the domestic manufacturing network and enhance a China-based manufacturing network, thoroughly reduce operating costs, and comprehensively reduce inventory levels by upgrading SCM systems. These reforms are expected to cause the recording of a total of ¥165.0 billion in temporary restructuring costs during the two fiscal years through March 31, 2007. In addition, the Company is proceeding with measures aimed at reducing the number of personnel working in photosensitive materials business by approximately 5,000.

Fujifilm's document solutions units are continuing to progressively shift copier mass-manufacturing operations to facilities in China. Besides reducing processing expenses and improving overall manufacturing efficiency, the units are working to increase component commonality and standardization, reevaluate procurement processes, and internalize mold and die manufacturing, thereby shortening product development lead times. Through these and other efforts, the units are steadily realizing cost reductions. In addition, in May 2005, the units began operating a new mission-critical system designed to play a central role in information process reform measures that have been progressively implemented with the goal of standardizing purchasing, manufacturing, marketing, distribution, and other operational processes, thereby greatly increasing efficiency. This is enabling the creation of a common administrative platform for the integration of marketing and operational administration as well as the shrinking of selling, general and administrative costs centered on cost reductions attained through inventory reductions. In addition, the future comprehensive integration of the information systems of Fuji Xerox and its domestic marketing companies will enable the unified administration of customer information and business negotiation information.

Enhancing Consolidated Management

Aiming to create a new management system appropriate for supporting the growth of the entire Fujifilm Group, the Company is scheduled to adopt a holding-company structure as of October 1, 2006. It is intended that the new structure will facilitate the drafting of strategies that encompass the entire Group and promote more-active measures to optimize the allocation of resources. It is also expected to broaden the scope for collaboration among Group companies and promote greater personnel exchanges among those companies as well as efficiency-boosting moves to consolidate common operations, thereby effectively helping to maximize the Fujifilm Group's total corporate value.

(2) Distribution of Profits

Based on the previously described “Basic Policy Regarding Distribution of Profits,” the Company plans to disburse year-end cash dividends of ¥12.5 per share. As ¥12.5 per share interim cash dividends have already been disbursed, cash dividends applicable to the fiscal year under review will total ¥25.0 per share.

(3) Financial Position

Net cash inflow provided by operating activities amounted to ¥ 272.5 billion, up ¥ 53.1 billion. Net cash used in investing activities totaled ¥ 272.1 billion, and net cash used in financing activities totaled ¥ 80.3 billion. As a result, cash and cash equivalents at the end of the fiscal year under review amounted to ¥ 218.6 billion, down ¥ 69.6 billion from the previous fiscal year-end.

Cash flow indices (consolidated)

	Year ended March 31, 2005 From April 1, 2004 To March 31, 2005	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006
Ratio of shareholders' equity to total assets (%)	62.0	64.9
Ratio of market capitalization to total assets (%)	66.9	66.2
Ratio of interest-bearing debt to operating cash flow (years)	1.0	0.6
Interest coverage ratio (times)	47.0	70.1

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

(4) Business-Related and Other Risks

The following types of risk have the potential for affecting the Fujifilm Group's financial condition and business performance. The following contents relating to the future are based on our determination as of the end of the year ended March 31, 2006.

a) 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 50% 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.

b) Competition in Markets

Fujifilm provides diverse digital-related products and services—including digital cameras and other consumer products as well as such commercial use products as those for medical, graphic arts, and office applications — and, in recent years, the rising and broadening use of digital and networking technologies has led to a sustained rise in the share of digital products and services. In these business fields, although business volume is expanding, the intensification of competition with electronic equipment manufacturers and other companies is leading to falls in the selling prices of products during short periods of time and are also shortening product life cycles. By affecting sales, increasing R&D costs, and exerting other effects, these trends have the potential for reducing profitability. 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.

c) 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 with litigation.

If Fujifilm becomes involved with litigation, not only litigation costs would arise but also the potential for compensatory payment costs that could have an influence on performance.

d) 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, 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 regulation 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. Accordingly, these laws and regulations have the potential for affecting Fujifilm's performance.

e) 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 might be affected.

f) Structural Reforms

Fujifilm is proceeding with structural reform measures that involve the manufacturing, marketing, and service activities of Group companies and mergers of Group companies, and it intends to continue such measures with the goal of striving to increase management efficiency. Depending on the degree of progress in structural reforms, it is possible that Fujifilm might bear additional costs that would affect its performance.

(5) Outlook for the Next Fiscal Year

Largely due to such factors as the abundant demand for flat panel display materials, owing to the expanding market for LCD televisions and growing size of LCD panels, along with the strength of sales of digital color multifunction devices and office printers, Fujifilm anticipates that its information solutions operations and document solutions operations will continue to grow. In light of the rapid shrinking of demand for color films, however, imaging solution operations must place top priority on the implementation of structural reforms, and expenses associated with those reforms are expected to have a large impact on consolidated performance for the next fiscal year.

In view of these situations, the Company forecasts that it will record ¥ 2,740.0 billion in consolidated revenue, ¥ 80.0 billion in consolidated operating income, ¥ 80.0 billion in income before income taxes, and ¥ 38.0 billion in consolidated net income for the next fiscal year.

While performance projections are made difficult by such factors as currency exchange rate fluctuations and rapid rise of prices for such principal raw materials as silver, aluminum, and crude oil, Fujifilm intends to build a solid base for new business growth by resolutely implementing structural reforms while also proactively implementing investments in growth business fields and new business fields.

The above projections are made assuming exchange rates of ¥110 to US\$1, and ¥135 to 1 euro.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. Where any such forward-looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, Fujifilm cautions that assumed facts or bases almost always vary from the actual results, and differences between assumed facts or bases and actual results can be material, depending upon the circumstances. Where, in any forward-looking statement, Fujifilm or its management expresses an expectation or belief as to future results, there can be no guaranty or assurance that the statement of expectation or belief will result or be achieved or - accomplished. The words “forecast,” “project,” “believe,” “expect,” “estimate,” “anticipate,” and similar expressions may identify forward-looking statements.

Taking into account the foregoing, the following are identified as important factors, risks or uncertainties that could cause the actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, Fujifilm: competitive factors, including without limitation, pricing, implementation of Fujifilm’s product strategies, and economic trends in important markets worldwide.

Fujifilm assumes no obligation to update its forward-looking statements or to advise of any changes in the assumptions and factors on which they are based

CONSOLIDATED BALANCE SHEETS

Amount Unit: Millions of yen

	As of March 31, 2006		As of March 31, 2005		Change
ASSETS	%		%		
Current assets:					
Cash and cash equivalents	218,598		288,157		(69,559)
Marketable securities	69,829		65,729		4,100
Notes and accounts receivable:					
Trade and finance	548,586		516,228		32,358
Affiliated companies	33,272		31,514		1,758
Allowance for doubtful receivables	(15,543)		(14,517)		(1,026)
	566,315		533,225		33,090
Inventories	385,463		371,365		14,098
Deferred income taxes	96,030		88,795		7,235
Prepaid expenses and other	36,225		25,997		10,228
Total current assets	45.3 1,372,460		46.0 1,373,268		(808)
Investments and long-term receivables:					
Investments in and advances to affiliated companies	54,283		46,563		7,720
Investment securities	310,152		279,895		30,257
Long-term finance and other receivables	102,773		97,029		5,744
Allowance for doubtful receivables	(4,357)		(4,946)		589
Total investments and long-term receivables	15.3 462,851		14.0 418,541		44,310
Property, plant and equipment:					
Land	77,469		74,915		2,554
Buildings	602,585		570,140		32,445
Machinery and equipment	1,647,474		1,596,768		50,706
Construction in progress	41,742		49,002		(7,260)
	2,369,270		2,290,825		78,445
Less accumulated depreciation	(1,617,885)		(1,543,613)		(74,272)
Total property, plant and quipment	24.8 751,385		25.1 747,212		4,173
Other assets:					
Goodwill, net	233,547		227,775		5,772
Other intangible assets, net	52,767		48,851		3,916
Deferred income taxes	38,217		47,750		(9,533)
Other	116,264		120,060		(3,796)
Total other assets	14.6 440,795		14.9 444,436		(3,641)
Total Assets	100.0 3,027,491		100.0 2,983,457		44,034

Amount Unit: Millions of yen

	As of March 31, 2006		As of March 31, 2005		Change
LIABILITIES	%		%		
Current liabilities:					
Short-term debt	99,088		123,592		(24,504)
Notes and accounts payable:					
Trade	255,423		274,260		(18,837)
Construction	49,764		47,846		1,918
Affiliated companies	7,322		10,035		(2,713)
	312,509		332,141		(19,632)
Accrued income taxes	36,547		31,193		5,354
Accrued liabilities	214,993		192,809		22,184
Other current liabilities	59,769		54,365		5,404
Total current liabilities	23.9	722,906	24.6	734,100	(11,194)
Long-term liabilities:					
Long-term debt	74,329		96,040		(21,711)
Accrued pension and severance costs	44,215		105,084		(60,869)
Deferred income taxes	64,348		48,224		16,124
Customers' gurantee deposits and other	38,647		34,941		3,706
Total long-term liabilities	7.3	221,539	9.5	284,289	(62,750)
Minority interests in subsidiaries	3.9	119,549	3.9	115,966	3,583
SHAREHOLDERS' EQUITY					
Common stock, without par value:					
Authorized: 800,000,000 shares	40,363		40,363		-
Issued: 514,625,728 shares					
Additional paid-in capital	68,412		68,135		277
Retained earnings	1,818,610		1,794,385		24,225
Accumulated other comprehensive income (loss)	52,917		(33,525)		86,442
Treasury stock, at cost					
As of March 31, 2005: 5,325,736 shares					
As of March 31, 2006: 4,403,655 shares	(16,805)		(20,256)		3,451
Total shareholders` equity	64.9	1,963,497	62.0	1,849,102	114,395
Total Liabilities and Shareholders` Equity	100.0	3,027,491	100.0	2,983,457	44,034

Note: Details of Accumulated other comprehensive income (loss)

	As of March 31, 2006	As of March 31, 2005	Change
Unrealized gains on securities	53,119	25,808	27,311
Foreign currency translation adjustments	11,865	(25,458)	37,323
Minimum pension liability adjustments	(12,078)	(33,900)	21,822
Unrealized gains (losses) on derivatives	11	25	(14)

CONSOLIDATED STATEMENTS OF INCOME

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Revenue:	%		%			
Sales		2,300,842		2,172,003	128,839	5.9
Rentals		366,653		355,371	11,282	3.2
	100.0	2,667,495	100.0	2,527,374	140,121	5.5
Cost of sales:						
Sales		1,435,757		1,365,601	70,156	5.1
Rentals		158,047		145,080	12,967	8.9
	59.8	1,593,804	59.8	1,510,681	83,123	5.5
Gross profit	40.2	1,073,691	40.2	1,016,693	56,998	5.6
Operating expenses:						
Selling, general and administrative	27.6	735,058	30.4	767,363	(32,305)	(4.2)
Research and development	6.8	182,154	6.6	168,017	14,137	8.4
Restructuring and other charges	3.2	86,043		-	86,043	-
Subsidy related to transfer of substitutional portion of employee pension fund liabilities		-	(3.3)	(83,129)	83,129	-
	37.6	1,003,255	33.7	852,251	151,004	17.7
Operating income	2.6	70,436	6.5	164,442	(94,006)	(57.2)
Other income (expenses):						
Interest and dividend income		8,133		6,080	2,053	
Interest expense		(3,886)		(4,668)	782	
Foreign exchange gains (losses), net		7,526		1,862	5,664	
Other, net		(2,594)		(5,370)	2,776	
	0.4	9,179	(0.1)	(2,096)	11,275	-
Income before income taxes	3.0	79,615	6.4	162,346	(82,731)	(51.0)
Income taxes						
Current		52,756		55,083	(2,327)	(4.2)
Deferred		(17,732)		8,806	(26,538)	-
	1.3	35,024	2.5	63,889	(28,865)	(45.2)
Income before minority interests and equity in net earnings of affiliated companies	1.7	44,591	3.9	98,457	(53,866)	(54.7)
Minority interests	(0.5)	(12,785)	(0.8)	(18,103)	5,318	29.4
Equity in net earnings of affiliated companies	0.2	5,210	0.2	4,146	1,064	25.7
Net income	1.4	37,016	3.3	84,500	(47,484)	(56.2)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006	Year ended March 31, 2005 From April 1, 2004 To March 31, 2005	Change
Operating activities			
Net income	37,016	84,500	(47,484)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	225,434	182,286	43,148
Impairment losses for long-lived assets and goodwill	42,121	-	42,121
Deferred income taxes	(17,732)	8,806	(26,538)
Minority interests	12,785	18,103	(5,318)
Equity in net earnings of affiliated companies, less dividends received	(3,899)	(2,031)	(1,868)
Subsidy related to transfer of substitutional portion of employee pension fund liabilities	-	(83,129)	83,129
Changes in operating assets and liabilities:			
Notes and accounts receivable	(7,223)	19,593	(26,816)
Inventories	15,118	(5,964)	21,082
Notes and accounts payable - trade	(33,486)	(23,320)	(10,166)
Accrued income taxes and other liabilities	(9,909)	20,869	(30,778)
Other	12,333	(352)	12,685
Subtotal	235,542	134,861	100,681
Net cash provided by operating activities	272,558	219,361	53,197
Investing activities			
Purchases of property, plant and equipment	(186,980)	(150,915)	(36,065)
Purchases of software	(16,693)	(33,050)	16,357
Proceeds from sales and maturities of marketable and investment securities	83,629	40,733	42,896
Purchases of marketable and investment securities	(58,757)	(85,287)	26,530
Increase in investments in and advances to affiliated companies	(19,237)	(1,156)	(18,081)
Acquisitions of businesses and minority interests, net of cash acquired	(40,587)	(58,010)	17,423
Other	(33,504)	(24,716)	(8,788)
Net cash used in investing activities	(272,129)	(312,401)	40,272
Financing activities			
Proceeds from long-term debt	1,728	1,940	(212)
Repayments of long-term debt	(21,452)	(19,085)	(2,367)
Decrease in short-term debt, net	(43,119)	(31,042)	(12,077)
Cash dividends paid	(12,734)	(12,831)	97
Cash dividends paid to minority shareholders	(4,941)	(7,091)	2,150
Purchases of stock for treasury, net	209	(15,297)	15,506
Net cash used in financing activities	(80,309)	(83,406)	3,097
Effect of exchange rate changes on cash and cash equivalents	10,321	2,839	7,482
Net decrease in cash and cash equivalents	(69,559)	(173,607)	104,048
Cash and cash equivalents at beginning of year	288,157	461,764	(173,607)
Cash and cash equivalents at end of year	218,598	288,157	(69,559)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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, 2004	40,363	68,135	1,722,692	(76,121)	(5,187)	1,749,882
Comprehensive income:						
Net income	-	-	84,500	-	-	84,500
Net increase in unrealized gains on securities	-	-	-	2,948	-	2,948
Foreign currency translation adjustments	-	-	-	12,669	-	12,669
Minimum pension liability adjustments	-	-	-	26,801	-	26,801
Change in net unrealized gains (losses) on derivatives	-	-	-	178	-	178
Net comprehensive income						127,096
Purchases of stock for treasury	-	-	-	-	(15,370)	(15,370)
Sales of stock from treasury	-	-	(25)	-	301	276
Cash dividends applicable to earnings of the year	-	-	(12,782)	-	-	(12,782)
Balance at March 31, 2005	40,363	68,135	1,794,385	(33,525)	(20,256)	1,849,102
Comprehensive income:						
Net income	-	-	37,016	-	-	37,016
Net increase in unrealized gains on securities	-	-	-	27,311	-	27,311
Foreign currency translation adjustments	-	-	-	37,323	-	37,323
Minimum pension liability adjustments	-	-	-	21,822	-	21,822
Change in net unrealized gains (losses) on derivatives	-	-	-	(14)	-	(14)
Net comprehensive income						123,458
Purchases of stock for treasury	-	-	-	-	(80)	(80)
Sales of stock from treasury	-	-	(46)	-	3,531	3,485
Cash dividends applicable to earnings of the year	-	-	(12,745)	-	-	(12,745)
Other	-	277	-	-	-	277
Balance at March 31, 2006	40,363	68,412	1,818,610	52,917	(16,805)	1,963,497

DETAILS OF CONSOLIDATED REVENUE

(1) Revenue by product

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Revenue:						
Imaging Solutions	25.8%	689,458	29.4%	742,993	(53,535)	(7.2)
Information Solutions	32.9%	877,366	30.4%	768,680	108,686	14.1
Document Solutions	41.3%	1,100,671	40.2%	1,015,701	84,970	8.4
Consolidated total	100.0%	2,667,495	100.0%	2,527,374	140,121	5.5

Note: Major products and services of each operating segments are as follows:

- Imaging Solutions Color films, digital cameras, photofinishing equipment
and color paper, chemicals and services for photofinishing
- Information Solutions System devices for graphic arts, medical imaging and information systems,
flat panel display materials and recording media
- Document Solutions Office copiers/MFPs, printers, production systems and services, paper,
consumables and office services

(2) Domestic and overseas revenue

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Revenue:						
Domestic	49.8%	1,329,284	51.9%	1,311,893	17,391	1.3
Overseas						
The Americas	20.9%	558,702	20.4%	515,169	43,533	8.5
Europe	14.1%	375,516	13.8%	349,903	25,613	7.3
Asia and others	15.2%	403,993	13.9%	350,409	53,584	15.3
Subtotal	50.2%	1,338,211	48.1%	1,215,481	122,730	10.1
Consolidated total	100.0%	2,667,495	100.0%	2,527,374	140,121	5.5

SEGMENT INFORMATION

(1) Operating segments

(a) Revenue and Operating Income

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Revenue:						
Imaging Solutions:						
External customers	25.8%	689,458	29.4%	742,993	(53,535)	(7.2)
Intersegment		618		306	312	-
Total		690,076		743,299	(53,223)	(7.2)
Information Solutions:						
External customers	32.9%	877,366	30.4%	768,680	108,686	14.1
Intersegment		2,965		4,414	(1,449)	-
Total		880,331		773,094	107,237	13.9
Document Solutions:						
External customers	41.3%	1,100,671	40.2%	1,015,701	84,970	8.4
Intersegment		12,478		13,560	(1,082)	-
Total		1,113,149		1,029,261	83,888	8.2
Eliminations		(16,061)		(18,280)	2,219	-
Consolidated total	100.0%	2,667,495	100.0%	2,527,374	140,121	5.5

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Operating Income (Loss)*:						
Imaging Solutions	(11.0)%	(75,713)	(1.0)%	(7,101)	(68,612)	(966.2)
Information Solutions	9.0%	79,056	9.2%	71,089	7,967	11.2
Document Solutions	6.0%	67,026	9.8%	100,407	(33,381)	(33.2)
Total		70,369		164,395	(94,026)	(57.2)
Eliminations		67		47	20	-
Consolidated total	2.6%	70,436	6.5%	164,442	(94,006)	(57.2)

*Operating income (loss) in Imaging solutions and Information solutions for the fiscal year ended March 31, 2006 was affected by the restructuring charges of ¥77,401 million and ¥8,642 million respectively.

Note: Major products and services of each operating segments are as follows:

Imaging Solutions	Color films, digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing
Information Solutions	System devices for graphic arts, medical imaging and information systems, flat panel display materials and recording media
Document Solutions	Office copiers/MFPs, printers, production systems and services, paper, consumables and office services

(b) Assets

Amount Unit: Millions of yen

	As of March 31, 2006	As of March 31, 2005	Change	
			Amount	%
Total assets:				
Imaging Solutions	610,536	706,698	(96,162)	(13.6)
Information Solutions	1,031,933	857,993	173,940	20.3
Document Solutions	984,906	978,820	6,086	0.6
Subtotal	2,627,375	2,543,511	83,864	3.3
Eliminations	(4,207)	(4,623)	416	-
Corporate assets	404,323	444,569	(40,246)	(9.1)
Consolidated total	3,027,491	2,983,457	44,034	1.5

(c) Depreciation and amortization, and Capital expenditures

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006	Year ended March 31, 2005 From April 1, 2004 To March 31, 2005	Change	
			Amount	%
Depreciation and amortization:				
Imaging Solutions	75,339	62,870	12,469	19.8
Information Solutions	80,879	59,625	21,254	35.6
Document Solutions	69,216	59,791	9,425	15.8
Consolidated total	225,434	182,286	43,148	23.7
Capital expenditures:				
Imaging Solutions	24,901	41,964	(17,063)	(40.7)
Information Solutions	114,124	83,190	30,934	37.2
Document Solutions	40,783	32,266	8,517	26.4
Consolidated total	179,808	157,420	22,388	14.2

(2) Geographic information

(a) Revenue and Operating income

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Revenue:						
Japan						
External customers	62.5%	1,666,130	64.3%	1,624,748	41,382	2.5
Intersegment		385,242		338,601	46,641	-
Total		2,051,372		1,963,349	88,023	4.5
The Americas						
External customers	17.1%	456,461	16.9%	428,361	28,100	6.6
Intersegment		26,575		15,520	11,055	-
Total		483,036		443,881	39,155	8.8
Europe						
External customers	11.5%	307,535	10.7%	271,438	36,097	13.3
Intersegment		13,279		11,707	1,572	-
Total		320,814		283,145	37,669	13.3
Asia and others						
External customers	8.9%	237,369	8.1%	202,827	34,542	17.0
Intersegment		236,060		143,699	92,361	-
Total		473,429		346,526	126,903	36.6
Eliminations		(661,156)		(509,527)	(151,629)	-
Consolidated total	100.0%	2,667,495	100.0%	2,527,374	140,121	5.5

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Operating Income (Loss):						
Japan	3.2%	66,169	7.0%	137,448	(71,279)	(51.9)
The Americas	(3.0)%	(14,434)	(0.4)%	(1,782)	(12,652)	(710.0)
Europe	(3.8)%	(12,300)	3.7%	10,336	(22,636)	-
Asia and others	5.5%	25,804	5.0%	17,231	8,573	49.8
Eliminations	-	5,197	-	1,209	3,988	-
Consolidated total	2.6%	70,436	6.5%	164,442	(94,006)	(57.2)

(b) Long - lived assets

Amount Unit: Millions of yen

	As of March 31, 2006	As of March 31, 2005	Change	
			Amount	%
Long - lived assets:				
Japan	562,455	538,747	23,708	4.4
The Americas	80,387	100,721	(20,334)	(20.2)
Europe	70,458	73,610	(3,152)	(4.3)
Asia and others	38,085	34,134	3,951	11.6
Consolidated total	751,385	747,212	4,173	0.6

MARKETABLE AND INVESTMENT SECURITIES

Fair Value on Marketable and Investment Securities

Amount Unit: Millions of yen

	As of March 31, 2006				As of March 31, 2005			
	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	20,042	2	9	20,035	5,000	-	0	5,000
Corporate debt securities	49,771	73	50	49,794	60,569	246	86	60,729
Total marketable securities	69,813	75	59	69,829	65,569	246	86	65,729
Investment securities:								
Government debt securities	37,713	6	276	37,443	37,728	75	-	37,803
Corporate debt securities	58,253	98	1,309	57,042	82,549	473	415	82,607
Equity securities	83,502	95,355	397	178,460	77,687	47,085	284	124,488
Total investment securities	179,468	95,459	1,982	272,945	197,964	47,633	699	244,898
Total	249,281	95,534	2,041	342,774	263,533	47,879	785	310,627

Note: This statement is prepared in accordance with accounting principles generally accepted in the United States America. All debt and equity securities held by Fuji Photo Film Co., Ltd. and subsidiaries are classified as available-for-sale securities.

<Reference>

CONSOLIDATED STATEMENTS OF INCOME (The Fourth Quarter)

Amount Unit: Millions of yen

	Three montes ended March 31, 2006 From January 1, 2006 To March 31, 2006		Three montes ended March 31, 2005 From January 1, 2005 To March 31, 2005		Change	
					Amount	%
Revenue:						
Sales		589,085		543,635	45,450	8.4
Rentals		93,105		90,786	2,319	2.6
	100.0	682,190	100.0	634,421	47,769	7.5
Cost of sales:						
Sales		364,741		355,546	9,195	2.6
Rentals		43,974		37,384	6,590	17.6
	59.9	408,715	61.9	392,930	15,785	4.0
Gross profit	40.1	273,475	38.1	241,491	31,984	13.2
Operating expenses:						
Selling, general and administrative	26.9	183,633	28.4	180,377	3,256	1.8
Research and development	6.6	44,857	6.6	41,524	3,333	8.0
Restructuring charges	11.2	76,213		-	76,213	-
	44.7	304,703	35.0	221,901	82,802	37.3
Operating income (loss)	(4.6)	(31,228)	3.1	19,590	(50,818)	-
Other income (expenses):						
Interest and dividend income		1,917		1,690	227	
Interest expense		(800)		(1,667)	867	
Foreign exchange gains, net		580		3,672	(3,092)	
Other, net		(760)		(4,883)	4,123	
	0.2	937	(0.2)	(1,188)	2,125	-
Income (loss) before income taxes	(4.4)	(30,291)	2.9	18,402	(48,693)	-
Income taxes	(1.4)	(9,758)	1.2	7,796	(17,554)	-
Income (loss) before minority interests and equity in net earnings of affiliated companies	(3.0)	(20,533)	1.7	10,606	(31,139)	-
Minority interests	(0.6)	(4,224)	(0.6)	(3,805)	(419)	(11.0)
Equity in net earnings of affiliated companies	0.2	1,548	0.6	4,206	(2,658)	(63.2)
Net income (loss)	(3.4)	(23,209)	1.7	11,007	(34,216)	-

<Reference>

CONSOLIDATED STATEMENTS OF CASH FLOW (The Fourth Quarter)

Amount Unit: Millions of yen

	Three months ended March 31, 2006 From January 1, 2006 To March 31, 2006	Three months ended March 31, 2005 From January 1, 2005 To March 31, 2005
Operating activities		
Net income (loss)	(23,209)	11,007
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	68,730	50,613
Impairment losses for long-lived assets and goodwill	42,121	-
Minority interests	4,224	3,805
Equity in net earnings of affiliated companies, less dividends received	(1,535)	(4,200)
Changes in operating assets and liabilities:		
Notes and accounts receivable	10,605	14,048
Inventories	16,804	10,728
Notes and accounts payable - trade	(10,166)	(3,231)
Accrued income taxes and other liabilities	13,608	(5,150)
Other	(7,195)	5,241
Subtotal	137,196	71,854
Net cash provided by operating activities	113,987	82,861
Investing activities		
Purchases of property, plant and equipment	(57,451)	(37,420)
Purchases of software	(4,507)	(15,231)
Proceeds from sales and maturities of marketable and investment securities	21,323	12,759
Purchases of marketable and investment securities	(6,644)	(22,998)
(Increase) decrease in investments in and advances to affiliated companies	(14,138)	870
Acquisitions of businesses and minority interests, net of cash acquired	(30,170)	(25,077)
Other	(10,339)	(3,967)
Net cash used in investing activities	(101,926)	(91,064)
Financing activities		
Proceeds from long-term debt	901	-
Repayments of long-term debt	(14,379)	(6,486)
Decrease in short-term debt, net	(38,818)	(17,454)
Cash dividends paid to minority shareholders	(231)	(11)
Purchases of stock for treasury, net	265	(14,999)
Net cash used in financing activities	(52,262)	(38,950)
Effect of exchange rate changes on cash and cash equivalents	922	1,205
Net decrease in cash and cash equivalents	(39,279)	(45,948)
Cash and cash equivalents at beginning of period	257,877	334,105
Cash and cash equivalents at end of period	218,598	288,157

<Reference>

DETAILS OF CONSOLIDATED REVENUE (The Fourth Quarter)

1. Revenue by Product

Amount Unit: Millions of yen

	Three months ended March 31, 2006 From January 1, 2006 To March 31, 2006		Three months ended March 31, 2005 From January 1, 2005 To March 31, 2005		Change	
					Amount	%
Revenue:						
Imaging Solutions	21.5%	146,272	23.2%	147,434	(1,162)	(0.8)
Information Solutions	35.2%	240,376	32.4%	205,478	34,898	17.0
Document Solutions	43.3%	295,542	44.4%	281,509	14,033	5.0
Consolidated total	100.0%	682,190	100.0%	634,421	47,769	7.5

Note: Major products and services of each operating segments are as follows:

Imaging Solutions	Color films, digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing
Information Solutions	System devices for graphic arts, medical imaging and information systems, flat panel display materials and recording media
Document Solutions	Office copiers/MFPs, printers, production systems and services, paper, consumables and office services

2. Domestic and Overseas Revenue

Amount Unit: Millions of yen

	Three months ended March 31, 2006 From January 1, 2006 To March 31, 2006		Three months ended March 31, 2005 From January 1, 2005 To March 31, 2005		Change	
					Amount	%
Revenue:						
Domestic	51.7%	352,953	54.9%	348,407	4,546	1.3
Overseas						
The Americas	19.1%	130,420	17.9%	113,751	16,669	14.7
Europe	13.1%	89,080	12.9%	81,759	7,321	9.0
Asia and others	16.1%	109,737	14.3%	90,504	19,233	21.3
Subtotal	48.3%	329,237	45.1%	286,014	43,223	15.1
Consolidated total	100.0%	682,190	100.0%	634,421	47,769	7.5

Financial Results (Non-Consolidated) for the Fiscal Year ended March 31, 2006

Date of board meeting for the fiscal year ended March 31, 2006: April 27, 2006
 Date of regular shareholders' Meeting: June 29, 2006
 Trading unit of the Company: 100 shares on the Tokyo Stock Exchange.
 The Company has a policy of paying interim dividends.
 Payment date of cash dividends: June 30, 2006

1. Results of the Fiscal Year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)

(1) OPERATING RESULTS Amount Unit: Millions of yen unless otherwise specified

	Net Sales		Operating Income		Ordinary Income	
		%		%		%
Year ended March 31, 2006	748,255	(1.8)	62,103	17.9	84,126	5.6
Year ended March 31, 2005	761,688	(1.2)	52,690	(29.9)	79,686	(0.2)

	Net Income		Net Income Per Share of Common Stock	Net Income Per Share of Common Stock (Assuming Full Dilution)	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Net Sales
		%	Yen	Yen	%	%	%
Year ended March 31, 2006	43,367	(20.7)	84.90	-	2.8	4.6	11.2
Year ended March 31, 2005	54,681	0.9	106.40	-	3.6	4.5	10.5

Notes: 1. Average number of shares:
 Year ended March 31, 2006: 509,592,248 Year ended March 31, 2005: 512,874,235
 2. Change in accounting policies: Applicable
 3. Percent: Change from the corresponding period of the previous year in Net Sales, Operating Income, Ordinary Income and Net Income.

(2) CASH DIVIDENDS

	Cash Dividends per Share of Common Stock			Total Cash Dividends	Pay out Ratio	Ratio of Cash Dividends To Shareholders' Equity
	Interim	Year end				
	Yen	Yen	Yen		%	%
Year ended March 31, 2006	25.00	12.50	12.50	12,745	29.4	0.8
Year ended March 31, 2005	25.00	12.50	12.50	12,782	23.5	0.8

(3) FINANCIAL POSITION

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio to Total Assets	Shareholders' Equity Per Share of Common Stock
			%	Yen
As of March 31, 2006	1,868,397	1,605,810	85.9	3,146.80
As of March 31, 2005	1,764,982	1,542,240	87.4	3,027.50

Notes: 1. Number of shares outstanding: As of March 31, 2006: 510,265,996 As of March 31, 2005: 509,373,197
 2. Number of treasury stocks: As of March 31, 2006: 4,359,732 As of March 31, 2005: 5,252,531

2. Forecast for the Fiscal Year ending March 31, 2007 (From April 1, 2006 to March 31, 2007)

While Fujifilm has progressively increased its emphasis on managing its operations on a consolidated basis, the Company's upcoming adoption of a pure holding-company structure—scheduled to be implemented on October 1, 2006—further increases the importance of managing the Company on a consolidated basis. Accordingly, from the fiscal year ended March 31, 2006, the Company has discontinued its projections of non-consolidated performance. Regarding cash dividends for the fiscal year ending March 31, 2007, based on Fujifilm's basic policy regarding the distribution of profits, the Company currently anticipates that it will distribute cash dividends amounting to ¥25 per share (including a ¥12.5 per share interim dividend.)

BALANCE SHEETS (Non-Consolidated)

Amount Unit: Millions of yen

	As of March 31, 2006		As of March 31, 2005		Change
ASSETS	%		%		
Current assets:					
Cash on hand and in banks	60,330		129,784		(69,453)
Trade notes receivable	1,872		1,978		(105)
Trade accounts receivable	152,077		141,231		10,845
Other accounts receivable	26,978		18,665		8,312
Short-term loans receivable	62,811		76,500		(13,689)
Marketable securities	69,828		65,659		4,169
	20.0	373,899	24.6	433,820	(59,920)
Finished goods	33,962		27,215		6,746
Semi-finished goods, work in process	31,001		27,904		3,097
Raw materials	13,752		13,231		521
Supplies	10,552		6,084		4,467
	4.8	89,269	4.2	74,436	14,832
Deferred income taxes	18,365		16,648		1,717
Other current assets	2,892		2,069		823
Allowance for doubtful receivables	(240)		(240)		-
Total current assets	25.9	484,187	29.8	526,735	(42,547)
Fixed assets					
Property, plant and equipment					
Buildings	111,090		88,806		22,284
Structures	9,543		8,083		1,459
Machinery and equipment	154,784		118,570		36,214
Vehicles, furniture and fixtures	24,021		27,518		(3,496)
Land	27,177		25,595		1,582
Construction in progress	22,555		32,422		(9,867)
Subtotal	18.7	349,172	17.1	300,996	48,175
Intangible assets					
Software	32,985		31,988		996
Rights of utilization	7,596		5,208		2,387
Subtotal	2.2	40,581	2.1	37,197	3,383
Investments and other assets					
Investment securities	268,999		240,940		28,058
Investments in subsidiaries	685,297		615,274		70,022
Long-term loans receivable	29,331		35,496		(6,165)
Long-term prepaid expenses	5,443		5,881		(438)
Long-term prepaid pension costs	2,753		-		2,753
Other investments	3,010		2,648		362
Allowance for doubtful receivables	(380)		(190)		(190)
Subtotal	53.2	994,455	51.0	900,052	94,402
Total fixed assets	74.1	1,384,209	70.2	1,238,247	145,962
Total Assets	100.0	1,868,397	100.0	1,764,982	103,414

	As of March 31, 2006		As of March 31, 2005		Change
LIABILITIES	%		%		
Current liabilities:					
Trade notes payable		12,497		15,198	(2,701)
Trade accounts payable		71,157		56,744	14,412
Short-term debt		23,435		15,712	7,722
Other accounts payable		33,333		34,534	(1,200)
Accrued income taxes		5,984		5,854	130
Accrued expenses		62,479		53,945	8,533
Other current liabilities		4,544		4,271	273
Total current liabilities	11.4	213,432	10.5	186,260	27,171
Long-term liabilities					
Customers' guarantee deposits		4,853		7,636	(2,783)
Deferred income taxes		38,690		23,787	14,903
Accrued pension and severance costs		3,444		4,428	(984)
Directors' retirement benefit		412		628	(215)
Other long-term liabilities		1,753		-	1,753
Total long-term liabilities	2.7	49,154	2.1	36,480	12,673
Total liabilities	14.1	262,586	12.6	222,741	39,845
SHAREHOLDERS' EQUITY					
Common stock	2.2	40,363	2.3	40,363	-
Capital surplus					
Additional paid-in capital	3.4	63,636	3.3	59,036	4,599
Retained earnings					
Legal reserve	0.5	10,090	0.6	10,090	-
Reserve for dividends		280		280	-
Reserve for retirement allowance		280		280	-
Reserve for R&D		285		285	-
Reserve for accelerated depreciation		3,411		2,123	1,287
Reserve for deferred capital gain for reinvestment in property		3,601		3,720	(118)
General reserve		1,398,305		1,357,305	41,000
Total voluntary reserve	75.3	1,406,162	77.3	1,363,993	42,168
Unappropriated retained earnings	2.8	52,521	3.6	64,169	(11,648)
Total retained earnings	78.6	1,468,774	81.5	1,438,254	30,520
Unrealized gains on securities	2.7	49,817	1.4	24,805	25,011
Treasury stocks		(16,780)		(20,219)	3,438
Total shareholders' equity	85.9	1,605,810	87.4	1,542,240	63,569
Total Liabilities and Shareholders' Equity	100.0	1,868,397	100.0	1,764,982	103,414

STATEMENTS OF INCOME (Non-Consolidated)

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Operating revenues	%		%			
Net Sales	100.0	748,255	100.0	761,688	(13,432)	(1.8)
Operating expenses						
Cost of sales	65.7	491,402	66.3	504,691	(13,289)	(2.6)
Selling, general and administrative expenses	14.7	110,246	16.0	122,090	(11,843)	(9.7)
Research and development expenses	11.3	84,502	10.8	82,216	2,286	2.8
Total operating expenses	91.7	686,152	93.1	708,998	(22,846)	(3.2)
Operating income	8.3	62,103	6.9	52,690	9,413	17.9
Other income						
Interest income		3,664		2,842	822	28.9
Dividend income		19,515		25,855	(6,339)	(24.5)
Miscellaneous income		3,698		1,456	2,242	153.9
Total other income	3.6	26,878	4.0	30,153	(3,275)	(10.9)
Other expenses						
Interest expenses		199		234	(35)	(15.2)
Bank charges for export drafts discounted		446		466	(19)	(4.2)
Miscellaneous expenses		4,209		2,456	1,752	71.3
Total other expenses	0.7	4,855	0.4	3,157	1,697	53.8
Ordinary income	11.2	84,126	10.5	79,686	4,440	5.6
Extraordinary Losses						
Losses on disposal of fixed assets		4,541		5,752	(1,211)	(21.1)
Restructuring charges		16,487		3,025	13,462	445.0
Total extraordinary losses	2.8	21,028	1.2	8,777	12,250	139.6
Net income before income taxes	8.4	63,098	9.3	70,908	(7,809)	(11.0)
Current income taxes	1.8	13,400	2.1	16,100	(2,700)	(16.8)
Deferred Income taxes		6,331		126	6,204	4,885.4
Net income	5.8	43,367	7.2	54,681	(11,314)	(20.7)
Retained earnings brought forward		15,521		15,956	(434)	
Interim dividends paid		6,367		6,414	(47)	
Losses from treasury stock transactions		0		53	(52)	
Unappropriated retained earnings		52,521		64,169	(11,648)	

STATEMENTS OF RETAINED EARNINGS (Non-Consolidated)

(Proposed)

Amount Unit: Millions of yen

	Year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)		Year ended March 31, 2005 (From April 1, 2004 to March 31, 2005)	
	%		%	
Unappropriated retained earnings		52,521		64,169
Reversal of voluntary reserve				
Reversal of reserve for accelerated depreciation		950		493
Reversal of reserve for deferred capital gain for reinvestment in property		109		118
Subtotal		1,059		611
Total	100.0	53,580	100.0	64,781
Appropriation of retained earnings				
Dividends	11.9	6,378	9.8	6,367
[Dividends per share]		[12.50yen]		[12.50yen]
Bonuses for directors	0.2	96	0.2	105
Bonuses for corporate auditors	0.0	7	0.0	7
Reserve for accelerated depreciation	3.4	1,852	2.7	1,780
General reserve	56.0	30,000	63.3	41,000
Total	71.5	38,334	76.0	49,260
Retained earnings carried forward	28.5	15,246	24.0	15,521

DETAILS OF NET SALES (Non-Consolidated)

(1) Net sales by Product

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Net sales:						
Imaging Solutions	42.2%	316,097	49.0%	373,096	(56,998)	(15.3)
Information Solutions	57.8%	432,157	51.0%	388,591	43,566	11.2
Total	100.0%	748,255	100.0%	761,688	(13,432)	(1.8)

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

- Imaging Solution: Color films, digital cameras, photofinishing equipment and color paper, chemicals and services for photofinishing
- Information Solution: System devices for graphic arts, medical imaging, and information system flat panel display materials and recording media

(2) Domestic and Export Sales

Amount Unit: Millions of yen

	Year ended March 31, 2006 From April 1, 2005 To March 31, 2006		Year ended March 31, 2005 From April 1, 2004 To March 31, 2005		Change	
					Amount	%
Net sales:						
Domestic	49.3	369,019	48.6%	369,848	(829)	(0.2)
Export	50.7	379,236	51.4%	391,839	(12,603)	(3.2)
Total	100.0%	748,255	100.0%	761,688	(13,432)	(1.8)

NOTES

NOTES TO THE BALANCE SHEETS

Amount Unit: Millions of yen

	As of March 31, 2006	As of March 31, 2005	Change
Accumulated depreciation of tangible fixed assets	744,469	737,634	6,835
Contingent liabilities for guarantees	16,439	30,456	(14,017)
Amount of export drafts discounted	5,247	6,642	(1,395)
Number of treasury stocks	4,359,732 shares	5,252,531 shares	(892,799) shares

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Securities

Investments in subsidiaries and affiliated companies are stated at cost determined by the moving average method.

Other securities that have fair values are stated at fair value, with unrealized gains and losses excluded from earnings and included in a separate component of shareholders' equity on a net-of-tax basis. Realized gains and losses on sales of securities are based on the moving average cost of the securities sold.

Other securities that do not have fair values are stated at cost determined by the moving average method.

(2) Inventories

Finished goods, semi-finished goods, work in process, supplemental materials and supplies are stated at the lower of moving average cost or market. Silver nitrate included in semi-finished goods and work in process, and principal raw materials are stated at the lower of cost or market determined by the last-in, first-out method.

(3) Depreciation and amortization

Depreciation of property, plant and equipment is computed by the declining-balance method except that depreciation of buildings acquired on and after April 1, 1998 is computed by the straight-line method.

Intangible assets are amortized by the straight-line method.

(4) Reserves

Allowance for doubtful receivables

The allowance for doubtful receivables is provided at the amount of estimated uncollectible accounts, based on individual collectibility with respect to identified doubtful receivables and past experience of doubtful receivables.

Accrued pension and severance cost

Pension and severance costs for employees are accrued based on an estimate of the pension obligation and the plan assets at the end of the year.

The allowance for officers' retirement benefits is provided on the basis of the Company's internal regulations for officers' retirement benefits at the amount which would be required to be paid if all officers retired at the balance sheet date.

Directors' retirement benefits

The allowance for directors' retirement benefits is provided on the basis of the Company's internal regulations for directors' retirement benefits at the amount that would be required to be paid if all directors retired at the balance sheet date. This allowance is established under Article 43 of the Commercial Code of Japan.

(5) Accounting for consumption tax

Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.

Change in Accounting Policies

Accounting standard on the impairment loss for fixed assets

Effective the current interim period, the Company adopted the accounting standards for impairment of fixed assets.

The adoption of the accounting standard had no impact to the operating results of the Company.